1999 HOUSE INDUSTRY, BUSINESS AND LABOR

HB 1135

1999 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1135

Industry, Business and Labor

☐ Conference Committee

Hearing Date Jan. 13, 1999

Tape Number	Side A	Side B	Meter #
1		x	9.1
Committee Clerk Signature Lisa Horner			

Minutes:

HB 1135 Required level of the unemployment compensation trust fund reserve and employer contribution rates.

Chairman Berg opened the hearing on the bill.

Ms. Jennifer Gladden, Job Service ND, provided testimony in support of the bill.

(see attached written testimony)

Discussion and questions followed. The current formula is 60% of the 3 year average. Chairman Berg questioned what the 60% 3 year average meant. Ms. Gladden responded that it based on the average payout. This is how the reserve will be set. Chairman Berg asked what the difference was between positive and negative employers. Ms. Gladden responded that positive employers who are registered and have not paid benefits in excess of the account. Negative balance employers have paid an excess of benefits compared to their account. The left side of the testimony is current information, the right side of the testimony is what is proposed by legislation. Ms Gladden mentioned that the tax rate schedule will go into effect in Jan. 2000. This will provide an even distributed cost for all employers, negative, and positive.

Mr. Guy Moos, President, Baker Boy, Dickinson, testified in support of the bill. Discussed the issues of the bill. The ad hoc committee looked at trends. The three year reserves are growing with some additions to the industry, with increases. Employers with low payout would be taxed at lower amount, those with greater payout, would be taxed at a greater amount.

Mr. Bill Butcher, National Federation of Independent Businesses, testified in favor on the bill.

Mr. Curt Peterson, Associated General Contractors, testified and opposed the bill. They are negative side employers. He believes that all employers should share equally and not separate into positive and negative.

Mr. Ron Ness, ND Retail Association, testified in opposition of the bill.

(see attached written testimony)

Chairman Berg closed the hearing on the bill.

General Discussion

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

Date			
Tape Number	Side A	B Side	Meter #
1		x	25.7-END
2	x		0-39.0
Committee Clerk Signature			

Minutes:

1B: 25.7 Chairman Berg opened the discussion on House Bill 1135.

Committee Discussion on amendments: The amendments deal with the trust fund balance, replacing line 16-18, with "beginning on October 1, 1999". Targeted trust fund amount: $80 million. Job Service noted they would have to make up an additional $6 million. Committee talked about charging an additional $3 million dollars to employers in premiums, so there would be $ 3 million interest built in equaling the $6 million. Current average tax rate is 1.14% and eventually raise to 1.28% to get to level. There would be different classification rates. Time period will be drawn up to come up with ideal plan for trust fund target. Discussion of changes in classification structure. Committee commented decisions need to be made on building the trust fund back up and rate schedule.

1999 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1135 2-10-99

House Industry, Business and Labor Committee

❑ Conference Committee

Hearing Date 2-10-99

Tape Number	Side A	Side B	Meter #
1		x	25.7 - end
2	x		0 - 39.0
Committee Clerk Signature Lisa Horner			

Minutes: Chairman Berg opened the discussion of HB 1135.

Committee discussion on amendments: The amendments deal with the trust fund balance, replacing line 16-18, with "beginning on October 1, 1999". Targeted trust fund amount: $80 million. Job Service noted they would have to make up an additional $6 million. Committee talked about charging an additional $3 million to employers in premiums, so there would be $3 million interest built in equaling the $6 million. Current average tax rate is 1.14% and eventually raise to 1.28% to get to level. There would be different classification rates. Time period will be drawn up to come up with ideal plan for trust fund target. Discussion of changes in classification structure. Committee commented decisions need to be made on building the trust fund back up and rate schedule.

Chairman Berg closed the discussion.

1999 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1135 2-11-99

House Industry, Business and Labor Committee

❑ Conference Committee

Hearing Date 2-11-99

Tape Number	Side A	Side B	Meter #
1	x		0 - 2047
Committee Clerk Signature	Lisa Horner		

Minutes: Committee discussion on HB 1135.

Chairman Berg: Handed out a spread sheet showing the new array classification rate and the estimated dollars which would be generated. (See attachments)

The amendments were prepared by the sub committee made up of Rep. Glassheim, Rep. Keiser and Chairman Berg.

The objectives of the amendments were as follows:

- Establish a formula to determine an appropriate trust fund balance
- Reach the appropriate balance gradually over 7 years
- Positive balance employers would pick up $3.5 million of the annual deficit
- Negative balance employers would shift to the array tax system

The trust fund balance would be set using a modified high cost multiple formula. An average of the single worst year in the last twenty and the two worst years in the last ten would determine the HCM. This would then apply to the total taxable wages to determine the target trust fund balance.

To establish a fund balance which cushions a recession and builds during strong economic times. The amendments include a trust fund trigger. When unemployment exceeds 3% and has increased by 110% during the last two years then half of the increase in benefits would be picked up by the trust fund and half of the benefits would be picked up by an increase in premiums. When the economy picks up and unemployment drops below 3%, tax rates would remain the same until the trust fund was restored. Then rates would be adjusted to reflect benefits paid.

The objective of the amendment is to reach the target trust fund balance in seven years. Currently the trust fund is at $35 million. It is estimated an appropriate balance should be approximately $80 million, therefor if we increase employer contributions by $3 million per year and pick up approximately $3 million a year in interest we should be able to average a $6 million dollar annual increase to the trust fund per year.

The change in the classification rate for positive balance employer's was made to equally distribute them. This would cause their rates to be more responsive to actual individual experience.

The change in the classification rates for the negative employer's is to put them into an array rate which should also cause their tax rate to be more reflective of their actual experience.

Both positive and negative employer's would be put into their group according to their total experience (positive or negative) then they would be placed into the array system based on their last six year's experience.

New positive employer's are currently paying a rate equal to 2.2%. The change to the new array system for positive employer has a max. rate at .9%, therefor new employer's rate will be set at 1.5 times the high rate which would be less than 1.5% or less than the rate they would currently pay.

The rate changes also reflect a shifting of the annual deficit from the positive balance employers to the negative employers. The future amount of the deficit positive employers will be required to pick up is $3.5 million.

Rep. Lemieux: Asked why the positive employers were picking up less then was presented in the handout the previous day?

Rep. Keiser: The previous spread sheet was trying to reach the trust fund balance in 5 years versus the current spread sheet is set to reach the target in 7 years.

Rep. Stefonowicz: The language in the amendments seem rather heavy and complicated, are we sure it address's the issue in the way we intend?

Chairman Berg: These amendments were prepared by Job Service and reviewed and put in this form by the Legislative Council. I'm confident our intentions from the sub committee were clear and these amendments reflect our intentions.

Rep. Keiser: Just so the new members on the committee understand, our discussion here is almost as important as the amendments themselves. If there is any question about this bill, people will review our discussion here to understand what our exact intentions were.

Rep. Glassheim: If the amendment says that each year we move 14% closer to the target trust fund balance we may never reach the target amount as there would always be a gap.

Chairman Berg: I had this same question and Job Service informed me they interpret this language to mean our objective is to reach the target balance in seven years, so they would use the current year as a base year and pickup one seventh of the difference each year over the next seven years.

No Further discussion on the amendments.

Amendments were adopted on a voice vote. 14 yea, 0 nay, 1 absent.

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

Rep. Severson seconded the motion.

Roll call vote was 14 yea, 0 nay, 1 absent.

FISCAL NOTE

(Return original and 10 copies)
Bill/Resolution No:______ **Amendment To:** HB 1135

Requested by Legislative Council **Date of Request:** 4-26-99

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: The information for the next two biennium includes five (5) quarters of the 1999-2001 biennium and in all eight (8) quarters of the 2001-2003 biennium. The Special Fund is the Unemployment Insurance Trust Fund. The addition of SECTION 4. AMENDMENT will increase expenditures (benefits) up to $48,000. The impact of the hold harmless provision will cost the fund $231,000 in less revenue in CY 2000, 2001 and 2002. The early sunset of the 1.5% additional tax on special SIC 161 employers (December 31, 1999 rather than December 31, 2000) will result in a $400,000 decrease in revenue to the fund in CY2000. Along with the above changes actual data from the most recent reporting period, the fourth quarter of 1998, show that unemployment insurance contributions received are $1,168,787 less than projected and benefits paid are $3,911,881 more than projected. This results in a trust fund reserve that is $5,080,668 less than projected. All these factors have increased the projected revenues needed for the next two biennium significantly from the 1999-2001 $5,381,000 and 2001-2003 $9,377,000 presented in the previous fiscal note.

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	$10,300,000	0	$17,377,000
Expenditures:	0	0	0	$48,000	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
No effect			**No effect**			**No effect**		

If additional space is needed, attach a supplemental sheet.

Date Prepared: 4-28-99

Signed Jennifer L Gladden
Typed Name Jennifer L Gladden
Department Job Service N.D.
Phone Number 328-2836

FISCAL NOTE

(Return original and 10 copies)

Bill/Resolution No.: ______________ Amendment to: Eng. HB 1135

Requested by Legislative Council Date of Request: 3-25-99

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: The amendment does not affect the Fiscal Note submitted on February 16, 1999.

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:	← NO AFFECT →					
Expenditures:	← NO AFFECT →					

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: NO AFFECT
   b. For the 1999-2001 biennium: NO AFFECT
   c. For the 2001-03 biennium: NO AFFECT

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**
← NO AFFECT →								

If additional space is needed, attach a supplemental sheet.

Date Prepared: 3-25-99

Signed Jennifer L. Gladden

Typed Name Jennifer Gladden

Department Job Service North Dakota

Phone Number 328-2877

FISCAL NOTE

(Return original and 10 copies)
Bill/Resolution No:______________ Amendment To: HB 1135

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: This bill creates an Unemployment Insurance Trust Fund reserve target. This target is higher than the current required amount. The projected average tax rate to reach the target is 1.28% as compared to the current tax rate of 1.14%. The bill also intends to stabilize the tax rates when the target reserve is met and to shift contributions to a more equitable distribution based on an employer's experience with the program. The additional income from the next two bienniums to build the reserve to reach the target would be collected in five (5) quarters of the 1999-2001 biennium and in all eight (8) quarters of the 2001-2003 biennium. The Special Fund is the Unemployment Insurance Trust Fund.

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	$5,381,000	0	$9,377,000
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
No effect			No effect			No effect		

If additional space is needed, attach a supplemental sheet.

Signed Wayne Kindem
Typed Name Wayne Kindem
Department Job Service
Phone Number 328-3033

Date Prepared: 2/17/99

FISCAL NOTE

(Return original and 10 copies)
Bill/Resolution No: HB 1135 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 will generate approximately the same amount of contributions to the unemployment insurance fund, but is intended to shift contributions to a more equitable distribution based on an employers experience with the program. The average tax rate currently is 1.14% the proposed average tax rate would be 1.17%. The special fund is the unemployment insurance fund. The new tax rate would be in full effect for one year of the next biennium and the two full years of the 2001-03 biennium.

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	$1,022,000	0	$2,044,000
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
	No effect			No effect			No effect	

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

98109.0101
Title.

Prepared by the Legislative Council staff for Representative Berg
February 11, 1999

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1135

Page 1, line 15, replace "each October first after October 1, 2000," with "October 1, 1999, the required amount of the trust fund reserve becomes a targeted amount as determined under this subsection. The solvency target is an average high cost multiple of one. The average high cost multiple is the number of years the bureau could pay unemployment compensation, based on the reserve ratio, if the bureau paid the compensation at a rate equivalent to the average benefit cost rate in the one calendar year during the preceding twenty calendar years and the two calendar years during the preceding ten calendar years in which the benefit cost rates were the highest. "Reserve ratio" means the ratio determined by dividing the balance in the trust fund reserve at the end of the calendar year by the total covered wages in the state for that year. "Benefit cost rate" means the rate determined by dividing the unemployment compensation benefits paid during a calendar year by the total covered wages in the state for that year. The computation of the reserve ratio and benefit cost rate must exclude the wages and unemployment compensation paid by employers covered under section 3309 of the Internal Revenue Code of 1986, as amended, [26 U.S.C. 3309]. Progress towards achieving the targeted amount of the trust fund reserve is measured by reducing any difference between one and the average high cost multiple of the state by an amount that is at least fourteen percent of this difference. If the trust fund reserve reaches or exceeds the targeted amount and if the calendar year annual average insured unemployment rate is above three percent and has increased one hundred ten percent of the average of the preceding two calendar years, a tax rate will be set to provide for fifty percent of the additional revenue needed for the trust fund to be derived from tax rate increases and the remaining fifty percent becomes a drawdown against the trust fund reserve. When the trust fund reserve is being rebuilt, rates will not be lowered until the target level is reached."

Page 1, remove lines 16 through 18

Page 2, replace lines 1 and 2 with "If the positive employer maximum rate is at least one percent, the positive employer minimum rate is the positive employer maximum rate minus nine-tenths of one percent. If the positive employer maximum rate is less than one percent, the range for the positive employer minimum rate must be at least one-tenth of one percent and must be less than two-tenths of one percent (the minimum of one-tenth of one percent plus the increment of one-tenth of one percent), with the positive employer minimum rate equal to the positive employer maximum rate minus a multiple of the increment one-tenth of one percent as provided in subsection 2 of section 52-04-06 to fall within the range described above. A future rate schedule that would generate less income than any past rate schedule may not be used."

Page 2, line 3, remove "whichever is greater."

Page 2, line 4, replace "six" with "five"

Page 2, line 9, replace "one and eight-tenths" with "three and six-tenths"

Page 3, line 8, remove the overstrike over "~~a rate~~" and insert immediately thereafter "that is one hundred fifty percent" and remove the overstrike over "~~of~~"

Page 3, line 9, after "rate" insert "or a rate of one percent, whichever is greater,"

Page 4, line 6, replace "each October first after October 1, 2000," with "October 1, 1999, the required amount of the trust fund reserve becomes a targeted amount as determined under this subsection. The solvency target is an average high cost multiple of one. The average high cost multiple is the number of years the bureau could pay unemployment compensation, based on the reserve ratio, if the bureau paid the compensation at a rate equivalent to the average benefit cost rate in the one calendar year during the preceding twenty calendar years and the two calendar years during the preceding ten calendar years in which the benefit cost rates were the highest. "Reserve ratio" means the ratio determined by dividing the balance in the trust fund reserve at the end of the calendar year by the total covered wages in the state for that year. "Benefit cost rate" means the rate determined by dividing the unemployment compensation benefits paid during a calendar year by the total covered wages in the state for that year. The computation of the reserve ratio and benefit cost rate must exclude the wages and unemployment compensation paid by employers covered under section 3309 of the Internal Revenue Code of 1986, as amended, [26 U.S.C. 3309]. Progress towards achieving the targeted amount of the trust fund reserve is measured by reducing any difference between one and the average high cost multiple of the state by an amount that is at least fourteen percent of this difference. If the trust fund reserve reaches or exceeds the targeted amount and if the calendar year annual average insured unemployment rate is above three percent and has increased one hundred ten percent of the average of the preceding two calendar years, a tax rate will be set to provide for fifty percent of the additional revenue needed for the trust fund to be derived from tax rate increases and the remaining fifty percent becomes a drawdown against the trust fund reserve. When the trust fund reserve is being rebuilt, rates will not be lowered until the target level is reached."

Page 4, remove lines 7 through 9

Page 4, replace lines 16 and 17 with "If the positive employer maximum rate is at least one percent, the positive employer minimum rate is the positive employer maximum rate minus nine-tenths of one percent. If the positive employer maximum rate is less than one percent, the range for the positive employer minimum rate must be at least one-tenth of one percent and must be less than two-tenths of one percent (the minimum of one-tenth of one percent plus the increment of one-tenth of one percent), with the positive employer minimum rate equal to the positive employer maximum rate minus a multiple of the increment one-tenth of one percent as provided in subsection 2 of section 52-04-06 to fall within the range described above. A future rate schedule that would generate less income than any past rate schedule may not be used."

Page 4, line 18, remove "whichever is greater."

Page 4, line 19, replace "six" with "five"

Page 4, line 24, replace "one and eight-tenths" with "three and six-tenths"

Page 5, line 16, remove the overstrike over "~~a rate~~" and insert immediately thereafter "that is one hundred fifty percent" and remove the overstrike over "~~of~~"

Page 5, line 17, after "rate" insert "or a rate of one percent, whichever is greater,"

Page 6, line 13, overstrike "cumulative" and insert immediately thereafter "six-year"

Page 6, line 15, overstrike "cumulative" and insert immediately thereafter "six-year"

Page 7, line 1, replace "two-tenths" with "one-tenth"

Page 7, line 3, replace "two-tenths" with "one-tenth"

Page 7, line 9, replace "two-tenths" with "four-tenths"

Page 7, line 11, replace "two-tenths" with "four-tenths"

Renumber accordingly

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

1999 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1135

House Industry, Business and Labor Committee

☐ Subcommittee on ______
or
☐ Conference Committee

Legislative Council Amendment Number ______

Action Taken do pass as amended

Motion Made By Lemieux Seconded By Severson

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 Berg

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

REPORT OF STANDING COMMITTEE

HB 1135: 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 1135 was placed on the Sixth order on the calendar.

Page 1, line 15, replace "each October first after October 1, 2000," with "October 1, 1999, the required amount of the trust fund reserve becomes a targeted amount as determined under this subsection. The solvency target is an average high cost multiple of one. The average high cost multiple is the number of years the bureau could pay unemployment compensation, based on the reserve ratio, if the bureau paid the compensation at a rate equivalent to the average benefit cost rate in the one calendar year during the preceding twenty calendar years and the two calendar years during the preceding ten calendar years in which the benefit cost rates were the highest. "Reserve ratio" means the ratio determined by dividing the balance in the trust fund reserve at the end of the calendar year by the total covered wages in the state for that year. "Benefit cost rate" means the rate determined by dividing the unemployment compensation benefits paid during a calendar year by the total covered wages in the state for that year. The computation of the reserve ratio and benefit cost rate must exclude the wages and unemployment compensation paid by employers covered under section 3309 of the Internal Revenue Code of 1986, as amended, [26 U.S.C. 3309]. Progress towards achieving the targeted amount of the trust fund reserve is measured by reducing any difference between one and the average high cost multiple of the state by an amount that is at least fourteen percent of this difference. If the trust fund reserve reaches or exceeds the targeted amount and if the calendar year annual average insured unemployment rate is above three percent and has increased one hundred ten percent of the average of the preceding two calendar years, a tax rate will be set to provide for fifty percent of the additional revenue needed for the trust fund to be derived from tax rate increases and the remaining fifty percent becomes a drawdown against the trust fund reserve. When the trust fund reserve is being rebuilt, rates will not be lowered until the target level is reached."

Page 1, remove lines 16 through 18

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Page 2, line 3, remove "whichever is greater."

Page 2, line 4, replace "six" with "five"

Page 2, line 9, replace "one and eight-tenths" with "three and six-tenths"

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Page 7, line 11, replace "two-tenths" with "four-tenths"

Renumber accordingly

1999 SENATE INDUSTRY, BUSINESS AND LABOR

HB 1135

1999 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB1135

Senate Industry, Business and Labor Committee

☐ Conference Committee

Hearing Date March 2, 1999

Tape Number	Side A	Side B	Meter #
1	x	x	5000-end, 0-end
Committee Clerk Signature			

Minutes:

Senator Mutch opened the hearing on HB1135. All senators were present.

Representative Berg introduced the bill to the committee. He said that for the trust fund they used a high cost multiplier. They would go back and look at the three worst years (in terms of benefits paid out) and take that average and apply it to the current wage base. That tells them what they should have in a bad year. Using a high cost multiplier, currently they would need $117,000,000 in the trust fund. He told the committee that they now have $35,000,000. He said that was a big step so the House IBL committee decided to look at the one worst year in the last twenty and the two worst years in the last ten. He said that HB1135 creates a formula on what the balance should be. It also looks at benefits paid out as compared to total taxable wages. He said that this bill sets forth a 7 year gradual increase of the trust fund to reach that balance. Representative Berg said that this bill does this two ways. One way is that it takes $3,000,000 and applies it to a premium increase of $3,000,000 per year. It is anticipated that they would then have about $3,000,000 of interest of the fund. The fund would increase about $6,000,000 every year for the next 7 years. He said that the bill also includes a trust fund trigger that says that if the unemployment exceeds 3% and it is increased by 110% over the last 2 years, 1/2 of future benefits can be paid out of the trust fund and the other 1/2 will be paid out of increased premium taxes. When unemployment drops below 3% the tax rate will remain the same until the trust fund balance is restored.

Representative Berg said that the next area is a classification rate. He said that all employers are put into two groups, positive balance employers and deficit employers. Positive balance employer are taxed on an arrayed system. Negative balance employers have a fixed static rate. The problem comes when you have an employer that lays off all of his employees and another employer that lays off only two or three. The both pay exactly the same rate, so, there is really no incentive or disincentive for an employer to try to control their employees use of the unemployment system. He says that this bill makes it so there is both employers will have an arrayed rate. Last year the negative balance employers paid in $7,000,000 less than there employees received in benefits. This bill says that the positive balance employers will pick up $3,500,000, but no more than that. The deficit balance employer will pay premiums that equal their benefits less $3,500,000.

Senator Heitkamp asked Representative Berg if there was anything in this legislation that would limit the power of the governor to go to his administrator of this and tell him to cut the rates back. He was told that this would remove some of the discretion from the administrator. Prior to this year, they could set the rates to wherever they wanted them to be as long as they didn't go below $19,000,000. He felt that the only reason the governor would cut the rates would be if we were in an economic slow down and high unemployment and they needed to get the engine started. That's why there is a trigger in this bill that says that, if we are in that period, we are going to dip into that trust fund to pay part of the benefits.

Senator Sand asked Representative Berg if they would be doing North Dakota business a favor by passing HB1135. He said that he felt that they would be. Providing solvency in the fund is going to benefit those individuals who are unemployed as well as cushion those businesses when they are in a tough time.

Ray Gaudejtes, spoke for Jim Hirsch, manager of the customer service area V for Job Service of North Dakota. His testimony is included.

Senator Mutch asked him if any new business that is starting out would pay a rate of 1.47% to start. Mr. Gaudejtes told Senator Mutch that he was correct for non construction businesses. A new construction new employer would pay 9.68%

Senator Mathern asked him if this will change being able to buy down your rate by putting more into reserve ratio. He told her that it will not change that.

Ray Gaudejtes proposed an amendment to the committee to clarify some language in the bill. The amendment is attached.

Senator Krebsbach indicated that she would like to see another column that shows the unemployment rate for each year that is on the table that Representative Berg brought to the committee.

Guy Moos, President of Baker Boy Supply in Dickinson, testified in support of HB1135. He said that as the AD HOC work group looked at the reasons that trust fund balances or the reserves were lowering they noticed that the amounts of money the positive balance employers were subsidizing the deficit balance employers has been increasing. He said that it grew from $4.5 million in 1994 to $8.7 million 1997.

Curt Peterson, Association of General Contractors of North Dakota, testified in a neutral position on HB1135. He said that he understand the situation at Job Service in terms of the fund. He said that there has been mention that they, as an industry, should try to stabilize their work force. He said that it can't be done because they can't work during the winter. He said that they are always going to be, more than likely, deficit employers. He said that they are currently paying the highest rate and that they probably always will.

Senator Mutch closed the hearing on HB1135.

Senator Sand motioned for a do pass committee recommendation. Senator Klein seconded his motion. The motion was successful with a 7-0-0 vote.

Senator Mathern will carry the bill.

Prepared by Job Service
North Dakota for Senate
Industry, Business and
Labor Committee
March 2, 1999

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1135

Page 3, line 1, replace "A future rate schedule that would" with "Within the table of rate schedules for each calendar year, a rate schedule may not be used if it would generate less income than any rate schedule preceding it on the table of rate schedules."

Page 3, line 2, remove "generate less income than any past rate schedule may not be used."

Page 6, line 18, replace "A future rate schedule that would" with "Within the table of rate schedules for each calendar year, a rate schedule may not be used if it would generate less income than any rate schedule preceding it on the table of rate schedules."

Page 6, line 19, remove "generate less income than any past rate schedule may not be used."

Renumber accordingly

SR 535495

Date: 3/22
Roll Call Vote #:

1999 SENATE STANDING COMMITTEE ROLL CALL VOTES
HOUSE **BILL/RESOLUTION NO.** 1135

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 Klein

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 Mathern

REPORT OF STANDING COMMITTEE

HB 1135, as engrossed: Industry, Business and Labor Committee (Sen. Mutch, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (7 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). Engrossed HB 1135 was placed on the Sixth order on the calendar.

Page 3, line 1, replace "A future rate schedule that would" with "Within the table of rate schedules for each calendar year, a rate schedule may not be used if it would generate less income than any rate schedule preceding it on the table of rate schedules"

Page 3, line 2, remove "generate less income than any past rate schedule may not be used"

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Page 6, line 19, remove "generate less income than any past rate schedule may not be used"

Renumber accordingly

1999 HOUSE INDUSTRY, BUSINESS AND LABOR

HB 1135

CONFERENCE COMMITTEE

1999 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1135 CC

House Industry, Business and Labor Committee

X Conference Committee

Hearing Date 4-1-99

Tape Number	Side A	Side B	Meter #
1	x		

Committee Clerk Signature Lisa Horner

Minutes: **HB 1135**

Chairman Berg opened the discussion about the amendments to HB 1135.

By changing the rate schedule there is a chance that the rates would go down.

The committee talked about maintaining the array and the two triggers that can't fall below a certain number. If we don't make these changes then we would have to increase the rates of have to borrow from the federal reserves. The federal money should be a last resort.

They also talked about how many years it takes to rebuild and stabilize the trust fund.

They want Job Service to recalculate their rates schedule and bring it back to committee.

The committee adjourned.

1999 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1135-cc-a

House Industry, Business and Labor Committee

☒ Conference Committee

Hearing Date 4-5-99

Tape Number	Side A	Side B	Meter #
1	x		0.7-59.6
1		x	0.1-7.9
Committee Clerk Signature Pam Dever			

Minutes: Chairman Berg called the conference committee to order with other members present: Rep. Keiser, Rep. Glassheim, Sen. Mutch, Sen. Sand, and Sen. D. Mathern.

Chairman Berg : I asked Jim to brings some revised amendments for us to look over.

Jim Hirsch, Manager of Customer Service, Job Service : 1.6 Explained to the conference committee how and why he drafted the amendments he distributed to the group. (See attached tables and supporting documents) Jim talked about the rate increases being shared equally by each end of the spectrum. Those employers needing a lot out of the trust fund will pay a higher percent rate and those at the lower end will have an increase, but are will still be at a lower rate. Job Service was concerned about the margin of error in the annual fund. He said they could live with $9M margin of error.

Rep. Glassheim : 3.5 If it reaches the $9M then you take it from the trust fund.

Rep. Berg : No money comes out of the trust fund. Everyone will get a premium increase, as far as I understand.

Rep. Glassheim : Does it say anywhere how high it can go or does it give just the floor? Is it automatic or does the director have discretion?

Jim : As spelled out in the amendment, in setting tax rates the amount of the trust fund reserve may not be allowed to fall below 200% from a standard margin of error for the targeted amount of the trust fund reserve. The executive director is authorized to make reasonable adjustments to the tax rates set for a calendar year to prevent significant rate variations between calendar years. If we draw from the trust fund the tax rate will stay in effect, and there will be a freeze until we get back to positive.

Rep. Berg : We purposely set it up for a certain rate to freeze. Trust fund is the average of the three worst years. Now it is $80M. The trend the last 8 or 9 years has been good. We had a bad year in 1986.

Rep. Glassheim : On the way down you are setting the rates for half the slide.

Rep. Keiser : I think that is right.

Rep. Berg : Well, when you hit the $9M you no longer take trust fund money.

Jim : He went on to explain rest of amendments.

Sen. Sand : I want us to be self supporting. I don't want us to go to the federal government.

Jim : We don't want to go to the feds either.

Sen. Sand : Does the rate go up for the ones that are causing all the problems? Can the lower end pay less? (He drew a picture on the board to make his point.)

Rep. Berg : No. From the whole big picture, we are moving the trust fund from $35M to $80M. (He went to the board to revise the illustration.) Everyone pays another $3M. If we look at the two groups, the positives and the negatives, 50% of the people at the high end are paying more and 50 % are paying less; and 50% at the low end are also paying more and 50% are paying less. We need everyone to get on board and get on the positive end. That's what's wrong with the system now, is too many negatives.

Sen. Sand : Does the companies history play a part in rates?

Jim : Yes.

Rep. Keiser : I have a concern that the 200% margin of error is not high enough. Making it 300% gives more of a cushion and doesn't cost much more.

Jim : We went back to the worst years when we came up with the 200% standard margin of error. We think we're O.K.

Rep. Keiser : We don't ever want to get down to the limit, do we.

Jim : It would be $4 1/2 M margin of error. 200% is $9M.

Rep. Keiser : I still think 300% is better. It gives us more of a cushion.

Jim : The conference committee will have to change the amendment if they want 300%. It's fine with me.

Rep. Berg : We don't want to fall below zero. It would be bad news if our margin of error worked against us two years in a row. We don't want the floor so high, either.

Jim : Many variables affect that.

Rep. Keiser : Jim, any time we are in a building mode, this would apply as in the amendments?

Jim : Once you got to that level the rate will then be 50% of the slide.

Rep. Keiser : If I'm in the negative posture now, can I go to Job Service and fill out a recommendation or request saying I want to improve and move to the positive from now on?

Jim : Not retroactive. The employer has to have a history of three years in the plus, then he can file a plan with us. The three years is the federal law currently to establish experienced rating. This is a minimum.

Rep. Keiser : If this works, do they get a discount and get re-rated if they have a three year history?

Jim : That language is not contained in any bill or amendment at present.

Rep. Berg : We are looking for a meaningful incentive to get everyone in the positive, right.

Rep. Keiser : That could be a significant increase.

Jim : Could be.

Rep. Berg : We need to do two things. One, be vague in our language, and two, make sure that this be a substantial issue that should be a legislative decision for the next session to decide on.

Rep. Keiser : Maybe we should recommend a study in the interim.

Jim : We can try and draft language that addresses the rates on the negative accounts differently.

Sen. Mathern : Do you think we'd run into problems because in N.D. our weather has a big effect on certain businesses during the winter?

Rep. Keiser : Some contractors go out of business during the winter months and some job share. We need to give incentives for employers to stay positive and not be a big draw. Keep them viable. Right now they are in a state of despair.

Jim : Looking at the chart, 9.68% to 1.2% is a big rate drop.

Sen. Sand : What we were really talking about earlier was cost shifting. Who are we really hurting, is my concern.

Rep. Keiser : We will be helping us and them. The program pays people by utilization. If we had zero unemployment, we wouldn't need the fund.

Sen. Mathern : You need to remember, also, that with more employment we have more income tax revenue coming in.

Rep. Glassheim : Do you think we could be clearer in amendments and say three years instead of subject to law. The average person reading this isn't a lawyer and won't know it's three years. Why not say it and we all will know the length of time.

Rep. Berg : I would like you, Jim, to look at four areas.

1 - 300% instead of 200%

2- attach a study resolution to interim commerce committee

3 - look at Rep. Glassheim's 3 year language suggestion

4 - look for language dealing with the negative employers

Rep. Keiser : I think we need to do some things now. The key is to get an incentive for the negative employers now. Whatever we do we need to report at some point to the legislature. We need to be more productive and have merit to our reporting and build something into our existing system. If everybody is in the positive then everybody wins.

Rep. Glassheim : Maybe the department should do self research.

Rep. Berg : This should be an ongoing thing that never ends.

Rep. Glassheim : Do we have a cost for this, if our only incentive is to lay people off?

Rep. Berg : The money will not come out of the trust fund. Jim, can we get a balance sheet that shows if the net is $3.5M needed.

Jim : No, the trust fund balance doesn't tie into individual accounts.

Rep. Berg : Shouldn't the pluses and the minuses together give you the $35M when you look at the over all history?

Jim : Only true is every one started at zero.

Rep. Keiser : The big problem is that some are paying so much more into the fund and these are the positive people, which is so unfair.

Sen. Mathern : Where are we at to date, Jim.

Jim : At the end of this quarter we are $23M. You have to remember this quarter is the lowest income and also the biggest draw quarter.

Rep. Berg : If they have been with you for three years and have a history and have improved their rating, and they get 30% discount; do you know what the fiscal impact is? Please find that out for me, Jim.

Rep. Glassheim : Could you give the people that have greatly improved a kind of rebate as an incentive.

Sen. Mathern : Only work is the fund was healthy.

Rep. Berg : We need to have consequences and rewards to make people want to be more responsible.

Rep. Keiser : We need to look at the big picture for the long term.

Rep. Berg : If you are $8M in the hole it would take you a long time to get out. Is the $3.5M from the positive to the negative balance in statute?

Jim : That is built into the rate schedule not in code. You will always have shifting taking place. I'll work on the drafts for next time.

Rep. Berg : Meeting is closed.

1999 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1135-cc-b

House Industry, Business, and Labor Committee

☑ Conference Committee

Hearing Date 4-7-99

Tape Number	Side A	Side B	Meter #
1-part of tape eaten	x		0.1--46.9
2	x		0.0--1.0
Committee Clerk Signature Pam Dever			

Minutes: Chairman Berg called the conference committee to order with other members present: Rep. Keiser, Rep. Glassheim, Sen. Mutch, Sen. Sand, and Sen. D. Mathern.

Rep. Berg : I had LC draft the new amendments you have before you. Jim will explain them.

Jim : Walked the group through each page and line that was changed. (see attached)

Sen. Sand : When you do 1/7 the first year and 1/5 going down, so you're putting more money into it every year?

Jim : We would try to determine what the difference is between the trust fund balance and the targeted amount and apply that ratio, depending upon what year we're in, as we are moving to the trust fund. We want to make sure we get to the trust fund reserve level by the end of the seventh year in positive times.

Sen. Sand : So in reality, it doesn't always mean there is a change in money, but it just defines it differently. Could it be the same dollars each year?

Jim : 3.3 No it wouldn't. We have a floating target so projection changes will vary each year. Can't divide it equally. We hope not to have such a big of a spread.

Rep. Berg : 5.4 (Went to the board and to draw an illustration for Sen. Sand.) If we're at $35M and our target is $80M, we need to raise $45M over seven years which averages out to be $6M/yr. we need to go up. That is $3M interest and $3M from increased rates.

Rep. Keiser : 6.0 Here's an important point to clarify. It's conceivable you could have to raise more money and it's equally conceivable you will have to raise less money. Your reserve can come down. You're basing your reserve on three terrible years. If for some reason you had a terrible year that drops out of that 20 year cycle, suddenly your reserve requirements could drop from 80 to 65. And yet you would still be doing your calculations. We don't always have to be negative about this. This could also be good. It's going to float each year. And that difference is going to be calculated in seven positive years it will be re-calculated based on how many years are left. The percentages are going to stay fairly constant. It won't swing too much.

Rep. Berg : 6.9 If the economy in the state is good and positive things work smoothly, and we will reach that trust fund in seven years; but if we have one or two bad years, that's a different story.

Sen. Sand : Then why don't we use the seventh as a constant, rather then go down to 5 or 4?

Rep. Keiser : 7.1 Because utilization changes every year. Whatever we put in this year may be too much or too little based on actual usage. This has to be recalculated after each year. We don't have a static environment, but a dynamic environment. In a static one we wouldn't have to address these issues.

Sen Mathern : Gave Sen. Sand an example to explain.

Rep. Sand : 7.9 So the ¼ could be the same money amount as the 1/7. Will we be able to reduce the premium cost?

Rep. Berg : 8.3 No, that's not our objective. We want to put financial solvency into the trust fund so we have a reserve that's appropriate in relationship to the benefits that are paid out. Once we reach that balance, then interest earned off that trust fund will reduce premiums. But it also provides a cushion if we go in to a down cycle.

Sen. Sand : As we get closer to being balanced, we should gradually reduce premiums. Couldn't we possibly have a cliff effect on premiums at the end?

Rep. Berg : 9.0 That's why we have given the director the authority, if he sees that problem, they can take a three yar average and do that, so we don't have ups and downs.

Jim : 16.5 He explained the incentive language on page 2, line 7. Also, changed the 200% to 300%. Then on page 3, line 1, we insert the hold harmless language we talked about. The future rate schedule would not generate less then the proceeding rate schedule.

Rep. Berg : Does this language create any problems if you're lowering the tax rate across the board. If you go from a 1.28 to a 1.4.

Jim : I don't think it would because we've got other language that expands those tax rates.

Rep. Keiser : I think we need to be sure. Can't be, "I think we have it covered". We need to be sure we can go both directions in this language. Jim, with your answer, I wasn't real confortable.

Jim : I will check that out for you. Going on to the hold harmless section in amendment.

Rep. Keiser : Can you add "three" consecutive years instead of just consecutive years?

Jim : 17.2 It should say three consecutive years. We'll have to correct that.

Rep. Berg : Our objective in this, is any negative employer that's seen their rate go up substancially and has a huge negative balance, there is a light at the end of the tunnel if an employer gets aggressive and can move into the positive balance.

Sen. Mutch : That would give you some flexibility to deal with that individual account.

Rep. Berg : Hopefully we will see some creative ideas by business owners to get aggressive to get into the positive.

Rep. Keiser : 18.8 Do we need a fiscal note on these new amendments, since there is quite a big change.

Rep. Berg : I don't think it would hurt, even though these are all special funds. We want to be in an arena where everyone is treated fairly. We want to limit the decrease in the employers rate. Let's go over the two sheets I handed out on 10% and 30%. (explaination followed)

Rep. Keiser : 20.4 I don't think I see how the 30% hold harmless language is useful for the positive employers. It's more meaningful on the negative employers. What we are doing to the positive is not harmless but instead harmful.

Jim : 21.4 He explained the chart he handed out on hold harmless percentages, etc.

Rep. Berg : Remember to think about the whole picture and what's fair. In one sense if we're treating both baskets the same way, it may not be appropriate for us to say we're going to cap the increases on the negative balance and we're going to limit the decreases on the positive balance. It benefits the negative balance employers and it reduces the benefit to the positive balance employers. We could say we are going to hold everyone harmless on the downside.

Rep. Keiser : As I see it, the hold harmless is being harmed on the downside in the 10% chart.

Rep. Berg : Let's look at the 30%.

Rep. Glassheim : 28.7 Do we know how much the hold harmless of the negative employers cost the fund as opposed to paying the full.

Rep. Berg : 30.1 I think it's $700,000. We need to be paying a fair share and treat both groups somewhat the same.

Rep. Keiser : The hold harmless is a transition period when you go to a new type of system.

Rep. Glassheim : So it may take 1 or 2 or 3 years to get the system to where it should be.

Rep. Berg : Agreed. My guess is if we did a 20% hold harmless going up for both positive and negative employers, and we did a 20% limit to the reduction, then we'd end up with exactly the same dollars in the universe; as if we didn't do any of that. We could strive to limit the increase and decrease so we have a smoother rate. Do we want to soften the increase? We can't increase more than 30%. Your array system allows for more than 30%. There has to be an increase, although it's not much, even for the positive employers.

Rep. Keiser : explained how he sees the hold harmless working at both ends.

Jim : Or maybe you could use a separate rate chart for the positives and the negatives.

Rep. Berg : Still will have the problem of the positives paying in much more than is fair and they have not been drawing out.

Rep. Keiser : 38.4 I think it's still better to have the positives paying a little increase because this helps us as a whole get healthier faster. It isn't that much of a change. No matter what we do, someone wins and someone loses. It's simply a policy question. What works and what minimizes the damage and keeps everything we legislate clean and clear.

(At this point the tape was eaten by machine. Went to Tape 2, side 1 to finish.)

Tape 2-Rep. Berg : 0.5 Our main objective is a smooth transition to another system. Adjourn.

1999 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1135-cc-c

House Industry, Business, and Labor Committee

☒ Conference Committee

Hearing Date 4-8-99

Tape Number	Side A	Side B	Meter #
1	x		0.1--20.4
Committee Clerk Signature Pam Dever			

Minutes: Rep. Berg called the conference committee to order with other members present: Rep. Keiser, Rep. Glassheim, Sen. Mutch, Sen. Sand, and Sen. D. Mathern.

Rep. Berg : Handed out the changes prepared by Job Service. We added the word "consecutive" to the language and also the word "immediately" was added at the start of the next line. So it is clear when the three period would run. In the second paragraph, is just a duplication of the first. The other issue we talked about was the special duration. The 1.5 that is added on for construction. This amendment would allow someone who is job attached, and is on unemployment and getting that special duration, the ability to get another job without loosing the extra duration. Current language says they have to receive all their wages from a 161 employer. What the new language says is 60% of their base period earnings need to be from a 161 employer. This encourages people to take a short term job.

Sen. Mutch : 2.6 What is the penalty against their unemployment compensation?

Rep. Berg : No penalty. Actually a benefit against that employer, because it wouldn't be drawing as much unemployment. I'll let Jim explain the rest.

Jim Hirsch, Job Service : 3.0 Current law keeps people from accepting short term jobs. This allows them to earn some income and will be in one of their base periods when they filed a claim. Keep in mind that the special duration does have a sunset of Dec. 31. It would be good to have that in law so that some reference point could be made to it.

Sen. Sand : If a person takes a short term job, but the hourly pay is much lower then when he has his full time job; will that hurt his average or level of workmen's comp?

Jim : Won't effect the weekly benefit amount. But at some point when he files a new claim it could effect the duration; the number of weeks he could be eligible for. If he has 16 weeks of eligibility, and he draws 10 week and works two weeks, he still has the additional 6 weeks that he can draw. He doesn't loose any maximum benefits, just extends the time that he might be able to access those benefits.

Rep. Keiser : 7.5 I think this is a great policy. It gives seasonal workers incentive to stay around in the state, which is in the market and be available year round. We are keeping skilled employees in the state, so we all benefit.

Rep. Berg : 8.6 (handed out chart to committee) We talked about cushioning the increases and decreases yesterday. I asked Jim to take a look at what the total cost would be. I wanted to keep the increases and decreases for the positive employers balanced within their basket. I tried to do the same with the negative, but we couldn't. They don't have the decreases.

10.8--16.9 - The committee discussed, back and forth, the array system.

Rep. Lemieux : 17.0 (here as proxy) What the amendments do is prevent shell shock, from the negative employers. If we come in with this new array system and your rates double, you will go into immediate shock. We will ease this in over a three year period.

Rep. Keiser : There is general consensus on the shell shock issue. That's on the negative side. Where I don't agree with this is that I would prefer the rate go from 1.28 to 1.29 for all positives, or whatever it is, to make it balance. Don't like this 10% vs 30% on the positive side. We are going to balance this, because this is the formula we are putting in place. I would rather see the positives go to their array and allow them to do the recalculation of what the rate needs to be for them to generate the dollars that are needed. Don't cap the positives. Let the rate determine the dollars. To me that's fair for everybody. You give the window of three years to correct their behavior.

Rep. Berg : We need all of these amendments put into one set for next time. Meeting adjourned.

1999 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1135-cc-d

House Industry, Business, and Labor Committee

X Conference Committee

Hearing Date 4-9-99

Tape Number	Side A	Side B	Meter #
1	x		0.5--24.0
Committee Clerk Signature Pam Dever			

Minutes: Chairman Berg called the conference committee to order with other members present: Rep. Keiser, Rep. Glassheim, Sen. Mutch, Sen. Sand, and Sen. D. Mathern.

Rep. Berg : 0.5 You all have a copy of the amendments. There are no changes other than what we talked about last time. I had LC draft in the correct language. Rep. Berg went through each amendment line for line and explained this to the committee. (0.5-4.6)

Sen. Sand : 5.1 When we have a down turn, we're not going to put the full load on. We'll carry half the load until the economy starts going up again, then we can assume the load. This factor will also keep the economy flowing.

Rep. Berg : (went to the board to give example) In 1986, the trust fund balance went below zero. We are out of money and our economy was bad, so we increased tax rates. Some of the tax rates went up 45% in one year. We drug the economy down more. Our objective with this bill is not to take everything from the employers, but take some of it from the trust fund, also. When times are bad, we can use the trust fund. When times are good, we can keep it maintained. What has happened in the 1990's is the times have been good and we have been reducing the trust fund when the times have been good. This has put us in a difficult position, if the economy goes bad. It will drain the trust fund, too much.

Sen. Sand : 8.5 I really like a word you used, Rep. Berg. You said we can use this to push the economy. That's the whole purpose of it. If you are pushing, you don't want to carry any dead weight.

Rep. Berg : What does the committee want to do?

ACTION: Sen. Mathern made a motion that the HOUSE ACCEDE to the SENATE amendments and further amend. Sen. Mutch seconded the motion.

ROLL CALL VOTE: 6 YES and 0 NO. PASSED. Rep. Berg will carry.

1999 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1135-cc-e

House Industry, Business, and Labor Committee

☒ Conference Committee

Hearing Date 4-12-99

Tape Number	Side A	Side B	Meter #
1	x		0.1--4.5
Committee Clerk Signature Pam Dever			

Minutes: Rep. Berg called the conference committee to order with other members present: Rep. Keiser, Rep. Glassheim, Sen. Mutch, and Sen. Sand. Sen. D. Mathern was absent.

Rep. Berg : 0.5 The reason we are back. We got the amendments last time toward the end of our meeting. The amendments we adopted said that there would be no more than a 10% decrease for any employers. For the negative employers, their increase would not go up more than 30%. My intention was that no employer would go up no more than 30% and no employer would go down by more than 10%. After we took the vote and adjourned, Jim Hirsch came to me and said on the amendments, it said "negative employer". It should have said "an employer". From a management stand point, we needed to come together to take that off and put the new ones on.

Rep. Keiser 1.8 I move we reconsider our actions on which we approved 98109.0203 and Sen. Mutch seconded the motion.

VOICE VOTE: ALL YES. PASSED.

Rep. Berg : We now have a conference report back before us. We need to reconsider the amendments.

Rep. Keiser : 2.3 I move that we recede from our amendments and further amend as proposed in 98109.0205. Sen. Mutch seconded the motion.

Rep. Berg : 3.2 We now have a motion to reconsider the amendments that we placed on there.

VOICE VOTE: ALL YES. That amendment carries.

Rep. Keiser made a motion to adopt .0205 and Sen. Mutch seconded the motion.

Rep. Berg : 3.6 Any discussion? VOICE VOTE: ALL YES. Motion carries.

ACTION: The House accedes to Senate amendments and further amends.

ROLL CALL VOTE: 5 YES and 0 NO with 1 ABSENT. PASSED. Rep. Berg carrier.

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1135

Page 1, line 15, replace "October" with "January" and replace "1999" with "2000" → Ties in with Dept of Labor [illegible]

Page 2, line 6, remove "Progress towards achieving the targeted amount"

Page 2, replace lines 7 through 9 with "The trust fund reserve target will be achieved over a seven year period from January 1, 2000. Progress toward achieving the targeted amount of the trust fund reserve is measured by reducing any difference between one and the average high cost multiple of the state by an amount that is at least equal to the ratio of the number of years left to reach the targeted amount of the trust fund reserve to the difference between the trust fund reserve and the targeted amount."

Page 2, line 10, replace "amount and if" with "If"

Page 2, line 15, after the underscored period insert: "In setting tax rates the amount of the trust fund reserve may not be allowed to fall below twenty-five percent of the targeted amount of the trust fund reserve." ?

Page 2, line 16, after the underscored period insert: "If while achieving the trust fund reserve target, the trigger of above three percent insured unemployment rate and an increase of more than one hundred ten percent of the average of the two preceding years has been in effect for two or more consecutive years, the period of time to achieve the trust fund reserve target will be extended to seven years from the end date of the last year in which the trigger was in effect. If the trigger described above has been in effect for one year then the amount of tax increase towards achieving the targeted amount of the trust fund reserve must be determined using the number of years remaining of the seven year period, excluding the year the trigger is in effect."

Page 5, line 8, replace "October" with "January" and replace "1999" with "2000"

Page 5, line 23, remove "Progress towards achieving the targeted amount"

Page 5, replace lines 24 through 26 with "The trust fund reserve target will be achieved over a seven year period from January 1, 2000. Progress toward achieving the targeted amount of the trust fund reserve is measured by reducing any difference between one and the average high cost multiple of the state by an amount that is at least equal to the ratio of the number of years left to reach the targeted amount of the trust fund reserve to the difference between the trust fund reserve and the targeted amount."

Page 5, line 27, replace "amount and if" with "If"

Page 6, line 1, after the underscored period insert: "In setting tax rates the amount of the trust fund reserve may not be allowed to fall below twenty-five percent of the targeted amount of the trust fund reserve."

Page 6, line 2, after the underscored period insert: "If while achieving the trust fund reserve target, the trigger of above three percent insured unemployment rate and an increase of more than one hundred ten percent of the average of the two preceding years has been in effect for two or more consecutive years, the period of time to achieve the trust fund reserve target will be extended to seven years from the end date of the last year in which the trigger was in effect. If the trigger described above has been in effect for one year then the amount of tax increase towards achieving the targeted amount of the trust fund reserve must be determined using the number of years remaining of the seven year period, excluding the year the trigger is in effect."

Renumber accordingly

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REPORT OF CONFERENCE COMMITTEE
(ACCEDE/RECEDE) - 420
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07398

(Bill Number) HB 1135 (, as (re)engrossed):

Your Conference Committee

For the Senate:	attends 4-7	4-5	Vote	For the House:	attends 4-7	4-5	Vote
Sen. Mutch	✓	✓		Rep. Berg	✓	✓	
Sen. Sand	✓	✓		Rep. Keiser	✓	✓	
Sen. Mathern	✓	✓		Rep. Glassheim		✓	

☐ recommends that the (SENATE/HOUSE) (ACCEDE to) (RECEDE from)
723/724 725/726 S724/H726 S723/H725
the (Senate/House) amendments on (SJ/HJ) page(s) ______ - ______

☐ and place ________ on the Seventh order.
727

☐ , adopt (further) amendments as follows, and place
________ on the Seventh order:

☐ having been unable to agree, recommends that the committee be discharged and a new committee be appointed. 690/515

((Re)Engrossed) ________ was placed on the Seventh order of business on the calendar.

==========================

DATE: ____/____/____

CARRIER: ____________________

LC NO. ________ . ______ of amendment

LC NO. ________ . ______ of engrossment

Emergency clause added or deleted _____

Statement of purpose of amendment _____

4-5-99
no action

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(1) LC (2) LC (3) DESK (4) COMM.

Prepared by Job Service
North Dakota
April 7, 1999

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1135

Page 1, line 1, replace "and 52-04-09"" with "52-04-09, and 52-06-05"

Page 1, line 3, replace "and" with a comma and after "rates" insert: ", and maximum potential benefits

Page 11, after line 23, insert:

SECTION 4. AMENDMENT. Section 52-06-05 of the 1997 Supplement to the North Dakota Century Code is amended and reenacted as follows:

52-06-05. (Effective through December 31, 1999) Maximum potential benefits.
1. Except as provided in subsection 2, any otherwise eligible individual is entitled during the individual's benefit year to benefits for the number of times the individual's weekly benefit amount appearing in the following table on the line that includes the individual's ratio of total base-period wages to highest quarter base-period wages:

Ratio of Total Base-Period Wages to High Quarter	Times Weekly Benefit Amount
1.50 to 2.29	12
2.30 to 2.44	14
2.45 to 2.59	16
2.60 to 2.74	18
2.75 to 2.89	20
2.90 to 3.04	22
3.05 to 3.19	24
3.20 or more	26

2. Any otherwise eligible individual ~~whose entire~~ with at least sixty percent of the individual's base-period earnings ~~were~~ paid by an employer belonging to industry group number 161, highway and street construction, except elevated highways, pursuant to the standard industrial classification manual is entitled during the individual's benefit year to benefits for the number of times the individual's weekly benefit amount appearing in the following table on the line that includes the individual's ratio of total base-period wages to highest quarter base-period wages:

Ratio of Total Base-Period Wages to High Quarter	Times Weekly Benefit Amount
1.50 to 1.73	12
1.74 to 1.97	14
1.98 to 2.21	16
2.22 to 2.45	18
2.46 to 2.69	20

2.70 to 2.93	22
2.94 to 3.17	24
3.18 or more	26

(Effective after December 31, 1999) Maximum potential benefits. Any otherwise eligible individual is entitled during the individual's benefit year to benefits for the number of times the individual's weekly benefit amount appearing in the following table on the line which includes the individual's ratio of total base-period wages to highest quarter base-period wages:

Ratio of Total Base-Period Wages to High Quarter	Times Weekly Benefit Amount
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2.30 to 2.44	14
2.45 to 2.59	16
2.60 to 2.74	18
2.75 to 2.89	20
2.90 to 3.04	22
3.05 to 3.19	24
3.20 or more	26

Renumber accordingly

from april 7

98109.0202
Title.

Prepared by the Legislative Council staff for Representative Berg
April 6, 1999

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1135

That the House accede to the Senate amendments as printed on page 1012 of the House Journal and page 838 of the Senate Journal and that Engrossed House Bill No. 1135 be further amended as follows:

Page 1, line 7, replace "**2000**" with "**1999**"

Page 1, line 15, replace "October" with "January" and replace "1999" with "2000"

Page 2, line 6, replace "Progress towards achieving the targeted amount" with "The trust fund reserve target will be achieved over a seven-year period from January 1, 2000. Progress toward achieving the targeted amount of the trust fund reserve is measured by reducing any difference between one and the average high-cost multiple of the state by an amount that is at least equal to the ratio of the number of years left to reach the targeted amount of the trust fund reserve to the difference between the trust fund reserve and the targeted amount."

Page 2, remove lines 7 through 9

Page 2, line 10, replace "amount and if" with "If"

Page 2, line 15, after the underscored period insert "In setting tax rates, the amount of the trust fund reserve may not be allowed to fall below three hundred percent from a standard margin of error for the targeted amount of the trust fund reserve. The executive director may make reasonable adjustments to the tax rates set for a calendar year to prevent significant rate variations between calendar years."

Page 2, line 16, after the underscored period insert "If while achieving the trust fund reserve target the trigger of above three percent insured unemployment rate and an increase of more than one hundred ten percent of the average of the two preceding years has been in effect for two or more consecutive years, the period of time to achieve the trust fund reserve target is extended to seven years from the end date of the last year in which the trigger was in effect. If this trigger has been in effect for one year, the amount of tax increase towards achieving the targeted amount of the trust fund reserve must be determined using the number of years remaining of the seven-year period, excluding the year the trigger is in effect."

Page 3, line 1, replace "A future rate schedule that would" with "Within the table of rate schedules for each calendar year, a rate schedule may not be used if the rate schedule would generate less income than any preceding rate schedule on the table of rate schedules"

Page 3, line 2, remove "generate less income than any past rate schedule may not be used"

Page 4, line 5, after the period insert "During the building of the trust fund reserve, the rate assigned to a negative employer may not exceed one hundred thirty percent of the previous year's rate for that employer. The executive director may provide any negative

consecutive
employer whose contributions paid into the trust fund are greater than the benefit charges against that employer's account, for a minimum of three years or subject to the law as required, with up to a thirty percent reduction to that employer's rate for any year if that employer has in place a plan approved by the bureau which addresses substantive changes to that employer's business operation and ensures that any rate reduction provided will not put the employer account back into a negative status."

Page 4, line 31, replace "**2000**" with "**1999**"

Page 5, line 8, replace "October" with "January" and replace "1999" with "2000"

Page 5, line 23, replace "Progress towards achieving the targeted amount" with "The trust fund reserve target will be achieved over a seven-year period from January 1, 2000. Progress toward achieving the targeted amount of the trust fund reserve is measured by reducing any difference between one and the average high-cost multiple of the state by an amount that is at least equal to the ratio of the number of years left to reach the targeted amount of the trust fund reserve to the difference between the trust fund reserve and the targeted amount."

Page 5, remove lines 24 through 26

Page 5, line 27, replace "amount and if" with "If"

Page 6, line 1, after the underscored period insert "In setting tax rates, the amount of the trust fund reserve may not be allowed to fall below three hundred percent from a standard margin of error for the targeted amount of the trust fund reserve. The executive director may make reasonable adjustments to the tax rates set for a calendar year to prevent significant rate variations between calendar years."

Page 6, line 2, after the underscored period insert "If while achieving the trust fund reserve target the trigger of above three percent insured unemployment rate and an increase of more than one hundred ten percent of the average of the two preceding years has been in effect for two or more consecutive years, the period of time to achieve the trust fund reserve target is extended to seven years from the end date of the last year in which the trigger was in effect. If this trigger has been in effect for one year, the amount of tax increase towards achieving the targeted amount of the trust fund reserve must be determined using the number of years remaining of the seven-year period, excluding the year the trigger is in effect."

Page 6, line 18, replace "A future rate schedule that would" with "Within the table of rate schedules for each calendar year, a rate schedule may not be used if the rate schedule would generate less income than any preceding rate schedule on the table of rate schedules"

Page 6, line 19, remove "generate less income than any past rate schedule may not be used"

Page 7, line 15, after the period insert "During the building of the trust fund reserve, the rate assigned to a negative employer may not exceed one hundred thirty percent of the previous year's rate for that employer. The executive director may provide any negative employer whose contributions paid into the trust fund are greater than the benefit charges against that employer's account, for a minimum of three years or subject to the law as required, with up to a thirty percent reduction to that employer's rate for any year if that employer has in place a plan approved by the bureau which addresses substantive changes to that employer's business operation and ensures that any rate reduction provided will not put the employer account back into a negative status."

Page 11, after line 21, insert:

"**SECTION 4. JOB SERVICE NORTH DAKOTA - REPORT TO LEGISLATIVE COUNCIL.** During the 1999-2000 interim, job service North Dakota shall review possible incentives to encourage an employee to decrease the length of time that employee receives unemployment compensation benefits and to encourage a negative employer to become a positive employer and job service North Dakota shall report the results of this review to the legislative council. The legislative council shall report its recommendations, together with any legislation required to implement the recommendations, to the fifty-seventh legislative assembly."

Renumber accordingly

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REPORT OF CONFERENCE COMMITTEE
(ACCEDE/RECEDE) - 420
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07398

(Bill Number) HB 1135 (, as (re)engrossed):

Your Conference Committee

For the Senate: attends 4-7 4-5 Vote

Sen. Mutch ✓ ✓

Sen. Sand ✓ ✓

Sen. Mathern ✓ ✓

For the House: attends 4-7 4-5 Vote

Rep. Berg ✓ ✓

Rep. Keiser ✓ ✓

Rep. Glassheim ✓

☐ recommends that the (SENATE/HOUSE) (ACCEDE to) (RECEDE from)
723/724 725/726 S724/H726 S723/H725
the (Senate/House) amendments on (SJ/HJ) page(s) ______ - ______

☐ and place ________ on the Seventh order.
727

☐ , adopt (further) amendments as follows, and place

________ on the Seventh order:

☐ having been unable to agree, recommends that the committee be discharged and a new committee be appointed. 690/515

((Re)Engrossed) ________ was placed on the Seventh order of business on the calendar.

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4-7-99
no action

DATE: ____/____/____

CARRIER: ______________________

LC NO. ________ . ______ of amendment

LC NO. ________ . ______ of engrossment

Emergency clause added or deleted _____

Statement of purpose of amendment _____

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(1) LC (2) LC (3) DESK (4) COMM.

4-8-99

Prepared by Job Service
North Dakota
April 7, 1999

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1135

Page 1, line 1, replace "and 52-04-09"" with "52-04-09, and 52-06-05"

Page 1, line 3, replace "and" with a comma and after "rates" insert: ", and maximum potential benefits

Page 11, after line 23, insert:

SECTION 4. AMENDMENT. Section 52-06-05 of the 1997 Supplement to the North Dakota Century Code is amended and reenacted as follows:

52-06-05. (Effective through December 31, 1999) Maximum potential benefits.
1. Except as provided in subsection 2, any otherwise eligible individual is entitled during the individual's benefit year to benefits for the number of times the individual's weekly benefit amount appearing in the following table on the line that includes the individual's ratio of total base-period wages to highest quarter base-period wages:

Ratio of Total Base-Period Wages to High Quarter	Times Weekly Benefit Amount
1.50 to 2.29	12
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2.60 to 2.74	18
2.75 to 2.89	20
2.90 to 3.04	22
3.05 to 3.19	24
3.20 or more	26

2. Any otherwise eligible individual ~~whose entire~~ <u>with at least sixty percent of the individual's</u> base-period earnings ~~were~~ paid by an employer belonging to industry group number 161, highway and street construction, except elevated highways, pursuant to the standard industrial classification manual is entitled during the individual's benefit year to benefits for the number of times the individual's weekly benefit amount appearing in the following table on the line that includes the individual's ratio of total base-period wages to highest quarter base-period wages:

Ratio of Total Base-Period Wages to High Quarter	Times Weekly Benefit Amount
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1.98 to 2.21	16
2.22 to 2.45	18
2.46 to 2.69	20

2.70 to 2.93	22
2.94 to 3.17	24
3.18 or more	26

(Effective after December 31, 1999) Maximum potential benefits. Any otherwise eligible individual is entitled during the individual's benefit year to benefits for the number of times the individual's weekly benefit amount appearing in the following table on the line which includes the individual's ratio of total base-period wages to highest quarter base-period wages:

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2.60 to 2.74	18
2.75 to 2.89	20
2.90 to 3.04	22
3.05 to 3.19	24
3.20 or more	26

Renumber accordingly

4-8-99

Prepared by Job Service
North Dakota
April 7, 1999

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1135

Page 1, line 7, replace "2000" with "1999"

Page 4, line 6, after the period insert: "When the trust fund reserve is being built the rate assigned to a negative employer may not exceed one hundred and thirty percent of the previous year's rate for that employer. The executive director is authorized to provide any negative employer whose contributions paid into the trust fund have been greater than the benefit charges against their account, for a minimum of three consecutive years immediately preceding the computation date, or subject to the law as required, with up to a thirty percent reduction to its rate for any year if the employer has in place a plan approved by the bureau which addresses substantive changes to its business operation and insures that any rate reduction provided will not put the employer account back into a negative status."

Page 5, line 1, replace "2000" with "1999"

Page 7, line 17, after the period insert: "When the trust fund reserve is being built the rate assigned to a negative employer may not exceed one hundred and thirty percent of the previous year's rate for that employer. The executive director is authorized to provide any negative employer whose contributions paid into the trust fund have been greater than the benefit charges against their account, for a minimum of three consecutive years immediately preceding the computation date, or subject to the law as required, with up to a thirty percent reduction to its rate for any year if the employer has in place a plan approved by the bureau which addresses substantive changes to its business operation and insures that any rate reduction provided will not put the employer account back into a negative status."

Renumber accordingly

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REPORT OF CONFERENCE COMMITTEE
(ACCEDE/RECEDE) - 420
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07398

(Bill Number) HB 1135 (, as (re)engrossed):

Your Conference Committee 4-8-99 no action

For the Senate:	Vote	For the House:	Vote
Sen. Mutch ✓		Rep. Berg ✓	
Sen. Sand ✓		Rep. Keiser ✓	
Sen. Mathern ✓		Rep. Glassheim ✓	

☐ recommends that the (SENATE/HOUSE) (ACCEDE to) (RECEDE from)
723/724 725/726 S724/H726 S723/H725
the (Senate/House) amendments on (SJ/HJ) page(s) ______ - ______

☐ and place __________ on the Seventh order.
727

☐ , adopt (further) amendments as follows, and place

__________ on the Seventh order:

☐ having been unable to agree, recommends that the committee be discharged and a new committee be appointed.
690/515

((Re)Engrossed) __________ was placed on the Seventh order of business on the calendar.

===

DATE: ____/____/____

CARRIER: ____________________

LC NO. __________ . ______ of amendment

LC NO. __________ . ______ of engrossment

Emergency clause added or deleted ______

Statement of purpose of amendment ______

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(1) LC (2) LC (3) DESK (4) COMM.

Prepared by the Legislative Council staff for
Representative Berg
April 9, 1999

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1135

That the House accede to the Senate amendments as printed on page 1012 of the House Journal and page 838 of the Senate Journal and that Engrossed House Bill No. 1135 be further amended as follows:

Page 1, line 1, remove the second "and" and after "52-04-09" insert ", 52-06-05"

Page 1, line 3, replace "and" with a comma and after "rates" insert ", and maximum potential benefits"

Page 1, line 7, replace "**2000**" with "**1999**"

Page 1, line 15, replace "<u>October</u>" with "<u>January</u>" and replace "<u>1999</u>" with "<u>2000</u>"

Page 2, line 6, replace "<u>Progress towards achieving the targeted amount</u>" with "<u>The trust fund reserve target will be achieved over a seven-year period from January 1, 2000. Progress toward achieving the targeted amount of the trust fund reserve is measured by reducing any difference between one and the average high-cost multiple of the state by an amount that is at least equal to the ratio of the number of years left to reach the targeted amount of the trust fund reserve to the difference between the trust fund reserve and the targeted amount.</u>"

Page 2, remove lines 7 through 9

Page 2, line 10, replace "<u>amount and if</u>" with "<u>If</u>"

Page 2, line 15, after the underscored period insert "<u>In setting tax rates, the amount of the trust fund reserve may not be allowed to fall below three hundred percent from a standard margin of error for the targeted amount of the trust fund reserve. The executive director may make reasonable adjustments to the tax rates set for a calendar year to prevent significant rate variations between calendar years.</u>"

Page 2, line 16, after the underscored period insert "<u>If while achieving the trust fund reserve target the trigger of above three percent insured unemployment rate and an increase of more than one hundred ten percent of the average of the two preceding years has been in effect for two or more consecutive years, the period of time to achieve the trust fund reserve target is extended to seven years from the end date of the last year in which the trigger was in effect. If this trigger has been in effect for one year, the amount of tax increase towards achieving the targeted amount of the trust fund reserve must be determined using the number of years remaining of the seven-year period, excluding the year the trigger is in effect.</u>"

Page 4, line 5, after the period insert "<u>During the building of the trust fund reserve, the rate assigned to a negative employer may not exceed one hundred thirty percent of the previous year's rate for that employer and an employer may not receive more than a ten percent decrease in that employer's rate from the previous year's tax rate, for the calendar years 2000, 2001, and 2002. The executive director may provide any negative employer whose contributions paid into the trust fund are greater than the benefit charges against that employer's account, for a minimum of three consecutive years</u>

immediately preceding the computation date or subject to the law as required, with up to a thirty percent reduction to that employer's rate for any year if that employer has in place a plan approved by the bureau which addresses substantive changes to that employer's business operation and ensures that any rate reduction provided will not put the employer account back into a negative status."

Page 4, line 31, replace "**2000**" with "**1999**"

Page 5, line 8, replace "October" with "January" and replace "1999" with "2000"

Page 5, line 23, replace "Progress towards achieving the targeted amount" with "The trust fund reserve target will be achieved over a seven-year period from January 1, 2000. Progress toward achieving the targeted amount of the trust fund reserve is measured by reducing any difference between one and the average high-cost multiple of the state by an amount that is at least equal to the ratio of the number of years left to reach the targeted amount of the trust fund reserve to the difference between the trust fund reserve and the targeted amount."

Page 5, remove lines 24 through 26

Page 5, line 27, replace "amount and if" with "If"

Page 6, line 1, after the underscored period insert "In setting tax rates, the amount of the trust fund reserve may not be allowed to fall below three hundred percent from a standard margin of error for the targeted amount of the trust fund reserve. The executive director may make reasonable adjustments to the tax rates set for a calendar year to prevent significant rate variations between calendar years."

Page 6, line 2, after the underscored period insert "If while achieving the trust fund reserve target the trigger of above three percent insured unemployment rate and an increase of more than one hundred ten percent of the average of the two preceding years has been in effect for two or more consecutive years, the period of time to achieve the trust fund reserve target is extended to seven years from the end date of the last year in which the trigger was in effect. If this trigger has been in effect for one year, the amount of tax increase towards achieving the targeted amount of the trust fund reserve must be determined using the number of years remaining of the seven-year period, excluding the year the trigger is in effect."

Page 7, line 15, aft~~er the period insert~~ "During the building of the trust fund reserve, the rate assigned to a negative employer may not exceed one hundred thirty percent of the previous year's rate for that employer and an employer may not receive more than a ten percent decrease in that employer's rate from the previous year's rate, for the calendar years 2000, 2001, and 2002. The executive director may provide any negative employer whose contributions paid into the trust fund are greater than the benefit charges against that employer's account, for a minimum of three consecutive years immediately preceding the computation date or subject to the law as required, with up to a thirty percent reduction to that employer's rate for any year if that employer has in place a plan approved by the bureau which addresses substantive changes to that employer's business operation and ensures that any rate reduction provided will not put the employer account back into a negative status."

Page 11, after line 21, insert:

"**SECTION 4. AMENDMENT.** Section 52-06-05 of the 1997 Supplement to the North Dakota Century Code is amended and reenacted as follows:

52-06-05. (Effective through December 31, 1999) Maximum potential benefits.

1. Except as provided in subsection 2, any otherwise eligible individual is entitled during the individual's benefit year to benefits for the number of times the individual's weekly benefit amount appearing in the following table on the line that includes the individual's ratio of total base-period wages to highest quarter base-period wages:

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2.90 to 3.04	22
3.05 to 3.19	24
3.20 or more	26

2. Any otherwise eligible individual ~~whose entire~~ with at least sixty percent of that individual's base-period earnings ~~were~~ paid by an employer belonging to industry group number 161, highway and street construction, except elevated highways, pursuant to the standard industrial classification manual is entitled during the individual's benefit year to benefits for the number of times the individual's weekly benefit amount appearing in the following table on the line that includes the individual's ratio of total base-period wages to highest quarter base-period wages:

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2.70 to 2.93	22
2.94 to 3.17	24
3.18 or more	26

(Effective after December 31, 1999) Maximum potential benefits. Any otherwise eligible individual is entitled during the individual's benefit year to benefits for the number of times the individual's weekly benefit amount appearing in the following table on the line which includes the individual's ratio of total base-period wages to highest quarter base-period wages:

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2.90 to 3.04	22
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3.20 or more	26

SECTION 5. JOB SERVICE NORTH DAKOTA - REPORT TO LEGISLATIVE COUNCIL - LEGISLATIVE COUNCIL RECOMMENDATIONS. During the 1999-2000 interim, job service North Dakota shall review possible incentives to encourage an

employee to decrease the length of time that employee receives unemployment compensation benefits and to encourage a negative employer to become a positive employer and job service North Dakota shall report the results of this review to the legislative council. The legislative council shall report its recommendations, together with any legislation required to implement the recommendations, to the fifty-seventh legislative assembly."

Renumber accordingly

REPORT OF CONFERENCE COMMITTEE
(ACCEDE/RECEDE) - 420

07398

(Bill Number) HB 1135 (, as (re)engrossed):

Your Conference Committee date: 4-9-99

For the Senate:		Vote	For the House:		Vote
Sen. Mutch	✓	Yes	Rep. Berg	✓	Yes
Sen. Sand	✓	Yes	Rep. Keiser	✓	Yes
Sen. Mathern	✓	Yes	Rep. Glassheim	✓	Yes

☐ recommends that the (SENATE/HOUSE) (ACCEDE to) (RECEDE from)
723/724 725/726 S724/H726 S723/H725
the (Senate/House) amendments on (SJ/HJ) page(s) 1012 - ____

☐ and place ________ on the Seventh order.
727

☒, adopt (further) amendments as follows, and place
________ on the Seventh order:

☐ having been unable to agree, recommends that the committee be discharged and a new committee be appointed. 690/515

((Re)Engrossed) ________ was placed on the Seventh order of business on the calendar.

DATE: 4/9/99

CARRIER: Rep Berg

LC NO. 98109 . 0203 of amendment

LC NO. ________ . ______ of engrossment

Emergency clause added or deleted ______

Statement of purpose of amendment ______

on hold

(1) LC (2) LC (3) DESK (4) COMM.

REPORT OF CONFERENCE COMMITTEE
(ACCEDE/RECEDE) - 420

07398

(Bill Number) HB 1135 (, as (re)engrossed):

Your Conference Committee

For the Senate:	4-9	4-7 attends	4-5	Vote
Sen. Mutch	✓	✓	✓	Yes
Sen. Sand	✓	✓	✓	Yes
Sen. Mathern	✓	✓		Yes

For the House:	4-9	4-7 attends	4-5	Vote
Rep. Berg	✓	✓	✓	Yes
Rep. Keiser	✓	✓	✓	Yes
Rep. Glassheim	✓			Yes

☐ recommends that the (SENATE/HOUSE) (ACCEDE to) (RECEDE from)
723/724 725/726 S724/H726 S723/H725
the (Senate/House) amendments on (SJ/HJ) page(s) 1012 - _____

☐ and place _________ on the Seventh order.
727

☒ , adopt (further) amendments as follows, and place

_________ on the Seventh order:

☐ having been unable to agree, recommends that the committee be discharged and a new committee be appointed. 690/515

((Re)Engrossed) _________ was placed on the Seventh order of business on the calendar.

DATE: ____/____/____

CARRIER: ____________________

LC NO. ________ . ______ of amendment

LC NO. ________ . ______ of engrossment

Emergency clause added or deleted _____

Statement of purpose of amendment _____

(1) LC (2) LC (3) DESK (4) COMM.

98109.0206
Title.0500

Prepared by the Legislative Council staff for
Representative Berg
April 9, 1999

VR
4/12/99
1 of 4

CONFERENCE COMMITTEE AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1135 **4-13-99 IBL**

That the House accede to the Senate amendments as printed on page 1012 of the House Journal and page 838 of the Senate Journal and that Engrossed House Bill No. 1135 be further amended as follows:

Page 1, line 1, remove the second "and" and after "52-04-09" insert ", and 52-06-05"

Page 1, line 3, replace "and" with a comma and after "rates" insert ", and maximum potential benefits"

Page 1, line 7, overstrike "**2000**" and insert immediately thereafter "**1999**"

Page 1, line 15, replace "October" with "January" and replace "1999" with "2000"

CONFERENCE COMMITTEE AMENDMENTS TO ENGR. HB 1135 4-13-99 IBL

Page 2, line 6, replace "Progress towards achieving the targeted amount" with "The trust fund reserve target will be achieved over a seven-year period from January 1, 2000. Progress toward achieving the targeted amount of the trust fund reserve is measured by reducing any difference between one and the average high-cost multiple of the state by an amount that is at least equal to the ratio of the number of years left to reach the targeted amount of the trust fund reserve to the difference between the trust fund reserve and the targeted amount."

Page 2, remove lines 7 through 9

Page 2, line 10, replace "amount and if" with "If"

Page 2, line 15, after the underscored period insert "In setting tax rates, the amount of the trust fund reserve may not be allowed to fall below three hundred percent from a standard margin of error for the targeted amount of the trust fund reserve. The executive director may make reasonable adjustments to the tax rates set for a calendar year to prevent significant rate variations between calendar years."

Page 2, line 16, after the underscored period insert "If while achieving the trust fund reserve target the trigger of above three percent insured unemployment rate and an increase of more than one hundred ten percent of the average of the two preceding years has been in effect for two or more consecutive years, the period of time to achieve the trust fund reserve target is extended to seven years from the end date of the last year in which the trigger was in effect. If this trigger has been in effect for one year, the amount of tax increase towards achieving the targeted amount of the trust fund reserve must be determined using the number of years remaining of the seven-year period, excluding the year the trigger is in effect."

CONFERENCE COMMITTEE AMENDMENTS TO ENGR. HB 1135 4-13-99 IBL

Page 4, line 5, after the period insert "During the building of the trust fund reserve, the rate assigned to an employer may not exceed one hundred thirty percent of the previous year's rate for that employer and an employer may not receive more than a ten percent decrease in that employer's rate from the previous year's tax rate, for the calendar years 2000, 2001, and 2002. The executive director may provide any negative employer whose contributions paid into the trust fund are greater than the benefit charges against that employer's account, for a minimum of three consecutive years immediately preceding the computation date or subject to the law as required, with up to a thirty percent reduction to that employer's rate for any year if that employer has in place a plan approved by the bureau which addresses substantive changes to that employer's business operation and ensures that any rate reduction provided will not put the employer account back into a negative status."

Page 4, line 31, overstrike "**2000**" and insert immediately thereafter "**1999**"

Page 5, line 8, replace "October" with "January" and replace "1999" with "2000"

Page 5, line 23, replace "Progress towards achieving the targeted amount" with "The trust fund reserve target will be achieved over a seven-year period from January 1, 2000. Progress toward achieving the targeted amount of the trust fund reserve is measured by reducing any difference between one and the average high-cost multiple of the state by an amount that is at least equal to the ratio of the number of years left to reach the targeted amount of the trust fund reserve to the difference between the trust fund reserve and the targeted amount."

Page 5, remove lines 24 through 26

Page 5, line 27, replace "amount and if" with "If"

Page 6, line 1, after the underscored period insert "In setting tax rates, the amount of the trust fund reserve may not be allowed to fall below three hundred percent from a standard margin of error for the targeted amount of the trust fund reserve. The executive director may make reasonable adjustments to the tax rates set for a calendar year to prevent significant rate variations between calendar years."

Page 6, line 2, after the underscored period insert "If while achieving the trust fund reserve target the trigger of above three percent insured unemployment rate and an increase of more than one hundred ten percent of the average of the two preceding years has been in effect for two or more consecutive years, the period of time to achieve the trust fund reserve target is extended to seven years from the end date of the last year in which the trigger was in effect. If this trigger has been in effect for one year, the amount of tax increase towards achieving the targeted amount of the trust fund reserve must be determined using the number of years remaining of the seven-year period, excluding the year the trigger is in effect."

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Page 11, after line 21, insert:

"**SECTION 4. AMENDMENT.** Section 52-06-05 of the 1997 Supplement to the North Dakota Century Code is amended and reenacted as follows:

52-06-05. (Effective through December 31, 1999) Maximum potential benefits.

1. Except as provided in subsection 2, any otherwise eligible individual is entitled during the individual's benefit year to benefits for the number of times the individual's weekly benefit amount appearing in the following table on the line that includes the individual's ratio of total base-period wages to highest quarter base-period wages:

Ratio of Total Base-Period Wages to High Quarter	Times Weekly Benefit Amount
1.50 to 2.29	12
2.30 to 2.44	14
2.45 to 2.59	16
2.60 to 2.74	18
2.75 to 2.89	20
2.90 to 3.04	22
3.05 to 3.19	24
3.20 or more	26

2. Any otherwise eligible individual ~~whose entire~~ with at least sixty percent of that individual's base-period earnings ~~were~~ paid by an employer belonging to industry group number 161, highway and street construction, except elevated highways, pursuant to the standard industrial classification manual is entitled during the individual's benefit year to benefits for the number of times the individual's weekly benefit amount appearing in the following table on the line that includes the individual's ratio of total base-period wages to highest quarter base-period wages:

Ratio of Total Base-Period Wages to High Quarter	Times Weekly Benefit Amount
1.50 to 1.73	12
1.74 to 1.97	14
1.98 to 2.21	16
2.22 to 2.45	18
2.46 to 2.69	20
2.70 to 2.93	22
2.94 to 3.17	24
3.18 or more	26

(Effective after December 31, 1999) Maximum potential benefits. Any otherwise eligible individual is entitled during the individual's benefit year to benefits for the number of times the individual's weekly benefit amount appearing in the following table on the line which includes the individual's ratio of total base-period wages to highest quarter base-period wages:

Ratio of Total Base-Period Wages to High Quarter	Times Weekly Benefit Amount
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3.05 to 3.19	24
3.20 or more	26

SECTION 5. JOB SERVICE NORTH DAKOTA - REPORT TO LEGISLATIVE COUNCIL - LEGISLATIVE COUNCIL RECOMMENDATIONS. During the 1999-2000 interim, job service North Dakota shall review possible incentives to encourage an employee to decrease the length of time that employee receives unemployment compensation benefits and to encourage a negative employer to become a positive employer and job service North Dakota shall report the results of this review to the legislative council. The legislative council shall report its recommendations, together with any legislation required to implement the recommendations, to the fifty-seventh legislative assembly."

Renumber accordingly

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REPORT OF CONFERENCE COMMITTEE
(ACCEDE/RECEDE) - 420
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07398

(Bill Number) HB 1135 (, as (re)engrossed):

Your Conference Committee - e 4-12-99 ACTION

For the Senate:	Attend.	Vote	For the House:	Attend.	Vote
SEN. Mutch	✓	✓	Rep. Berg	✓	✓
SEN. Sand	✓	✓	Rep. Keiser	✓	✓
SEN. D. Mathern	A	A	Rep. Glassheim	✓	✓

☐ recommends that the (SENATE/HOUSE) (ACCEDE to) (RECEDE from)
723/724 ~~725/726~~ ~~S724/H726~~ S723/H725
the (Senate/House) amendments on (SJ/HJ) page(s) 1012 - ____

☐ and place ________ on the Seventh order.
727

☒ , adopt (further) amendments as follows, and place
1135 on the Seventh order:

☐ having been unable to agree, recommends that the committee be discharged and a new committee be appointed. 690/515

((Re)Engrossed) 1135 was placed on the Seventh order of business on the calendar.

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DATE: 4/12/99

CARRIER: Berg

LC NO. 98109 . 0206 of amendment

LC NO. ________ . ______ of engrossment

Emergency clause added or deleted ______

Statement of purpose of amendment ______

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(1) LC (2) LC (3) DESK (4) COMM.

REPORT OF CONFERENCE COMMITTEE

HB 1135, as engrossed: Your conference committee (Sens. Mutch, Sand, D. Mathern and Reps. Berg, Keiser, Glassheim) recommends that the **HOUSE ACCEDE** to the Senate amendments on HJ page 1012, adopt further amendments as follows, and place HB 1135 on the Seventh order:

That the House accede to the Senate amendments as printed on page 1012 of the House Journal and page 838 of the Senate Journal and that Engrossed House Bill No. 1135 be further amended as follows:

Page 1, line 1, remove the second "and" and after "52-04-09" insert ", and 52-06-05"

Page 1, line 3, replace "and" with a comma and after "rates" insert ", and maximum potential benefits"

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Page 1, line 15, replace "October" with "January" and replace "1999" with "2000"

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Page 4, line 5, after the period insert "During the building of the trust fund reserve, the rate assigned to an employer may not exceed one hundred thirty percent of the previous year's rate for that employer and an employer may not receive more than a ten percent decrease in that employer's rate from the previous year's tax rate, for the calendar years 2000, 2001, and 2002. The executive director may provide any negative employer whose contributions paid into the trust fund are greater than the benefit charges against that employer's account, for a minimum of three consecutive years immediately preceding the computation date or subject to the law as required, with up to a thirty percent reduction to that employer's rate for any year if that employer has in place a plan approved by the bureau which addresses substantive changes to that employer's business operation and ensures that any rate reduction provided will not put the employer account back into a negative status."

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employee to decrease the length of time that employee receives unemployment compensation benefits and to encourage a negative employer to become a positive employer and job service North Dakota shall report the results of this review to the legislative council. The legislative council shall report its recommendations, together with any legislation required to implement the recommendations, to the fifty-seventh legislative assembly."

Renumber accordingly

Engrossed HB 1135 was placed on the Seventh order of business on the calendar.

1999 TESTIMONY

HB 1135

HOUSE BILL 1135
HOUSE OF REPRESENTATIVES
BUSINESS, INDUSTRY & LABOR COMMITTEE
REPRESENTATIVE RICK BERG, CHAIRMAN
JANUARY 13, 1999

Mr. Chairman, members of the committee. My name is Jennifer Gladden, Executive Director, with Job Service North Dakota. House Bill Number 1135 amends North Dakota Century Code Sections 52-04-05, 52-04-06, and 52-04-09. Otherwise known as the "New Tax Rate Bill".

The Executive Director of Job Service North Dakota, under current legislation, is required to report to the North Dakota Legislature whenever the Unemployment Insurance Trust Fund is expected to fall below $40 million dollars. The report must identify those actions which the agency plans to take to restore the Trust Fund to the $40 million dollar level. A report was provided to the Budget Committee in November of 1997. In that report, I presented a three-prong approach to restore the trust fund to the target level.

1. A tax rate increase would be recommended. This rate increase went into effect January 1, 1998, and is in effect for 1999. It moved the minimum tax rate from .1% to .2% for positive balance employers only. It did not change the tax rate for new or negative balance employers.

.01%?

2. I had made a commitment to look at those things which we, as an agency, could do through policy and administratively to impact positively on the trust fund. This resulted in two initiatives, one directed at claimants and one directed at employers. The reemployment initiative is directed at getting claimants back to work earlier by ensuring that the level of service they need to help them become re-employed is provided immediately upon filing their claim for benefits. The Risk Management/Cost Containment initiative is directed at employers and is designed to help them more effectively manage their costs associated with the unemployment compensation program.

3. I had committed to appointing an Unemployment Insurance Issues Ad Hoc Workgroup to look at all issues related to the unemployment compensation program and to make recommendation for legislation.

This bill is the result of the work of the Unemployment Insurance Issues Ad Hoc Workgroup and reflects a consensus of the members of that workgroup. Members of the workgroup included:

Mr. Guy Moos, Baker Boy Supply
Mr. Joe Satrom, Satrom Travel
Mr. Richard Tschider, St. Alexius Medical Center
Mr. Bill Butcher, North Dakota Federation of Independent Business
Mr. Richard Bergstad, Electrical Workers Union Local 714
Representative Gerald Sveen

The Unemployment Insurance Issues Ad Hoc Workgroup met during the summer of 1998, and reviewed issues related to an adequate trust fund level and tax rates to maintain an adequate trust fund level.

Section 1, amendment of 52-04-05(1) is to provide that on each October first, after October 1, 2000, the targeted amount of the trust fund is one and one-fourth times the highest actual or projected benefit pay-out year during the previous three calendar years.

The issue of adequate reserves involves decisions about the size of the reserves and the responsiveness of the tax system to changes in fund balances. There is no universally agreed upon "best" definition of adequate reserves. The Department of Labor believes the best way to assess fund solvency is to use a statistical model to simulate a variety of future situations.

Two such models are the "High Cost Multiple" (HCM) which was developed by the Interstate Conference of Employment Security Agencies' (ICESA's) Benefit Financing Committee and the Average High Cost Multiple (AHCM). The High Cost Multiple model divides the reserve ratio (the balance of the fund as a percent of total covered wages) by the highest historical annual cost rate (the "cost rate" is benefits as a percent of total covered wages). The High Cost Multiple tells us the number of years that a State could pay benefits, without additional revenues, at a rate equal to its highest historical pay-out rate. The committee recommended states maintain trust fund balances that result in High Cost Multiple's of between 1.5 and 3.0.

The Average High Cost Multiple (AHCM) shows a less severe "bad case" threat. The Average High Cost Multiple is the reserve ratio divided by the average high cost rate, which is the average of the highest three annual cost rates in the last twenty years or over the last three business cycles (whichever is longer). The Average High Cost Multiple tells us the number of years a state could pay benefits, without additional revenues, at a rate equal to the average of its worst three recent years and provides an indicator of the likelihood of borrowing in an economic downturn.

The Ad Hoc Workgroup, after looking at the various options and models, recommended a targeted trust fund level equal to one and one-fourth times the highest actual or projected benefit pay-out year during the pervious three calendar years.

Using a projected high pay-out year of $32 million dollars, the targeted amount of the trust fund would be $40 million dollars. Job Service North Dakota projects that the highest pay-out year during the previous three calendar years will be slightly over $32 million dollars.

Sections 1, 2, and 3, of the bill provide for a new tax rate schedule that would replace the current ARRAY tax rate schedule. This rate would be effective starting with calendar year 2000.

The Unemployment Insurance Ad Hoc Workgroup reviewed a number of issues related to the setting of equitable tax rates. A basic benefit funding principle is that Unemployment Insurance programs be self-financing. This is typically taken to mean that funds should be accumulated during periods of economic growth so they will be available to pay benefits during economic downturns. Employers share in or pool the risk of unemployment by contributing to a state unemployment fund which pays out benefits. The individual employer generally does not pay the full cost of the event that is insured against at the time the event occurs, although over time their tax rates will reflect their experience with unemployment.

Under experience rating, each employer has an account in the state's Unemployment Insurance fund. Generally, whenever a worker collects benefits, the employers account is charged. The more charges to the employer's account, the higher the tax rate. If the employer has a stable workforce and fewer charges, the tax rate will be lower. Experience rating was built into the system for several reasons: To encourage employers to stabilize their work force; to ensure an equitable distribution of the cost of the system among employers; and to encourage employers to participate in the unemployment insurance system, since their account will directly affect their tax rates.

The proposed tax rate schedule provides for different rate groups and provides for an evenly distributed indexed tax rate schedule for both positive and negative balance employers. Under this tax rate schedule, negative balance employers pick up a larger portion of the contributions to the Job Insurance fund.
Negative balance employers have $7 million in negative charges annually to the Unemployment Insurance fund when cumulative contributions paid by negative balance employers are compared to cumulative benefits paid out to claimants filing against their accounts. The new tax rate schedule will shift approximately $3 million of this annual deficit to negative balance employers. Positive balance employers will pick up the remaining amount of the deficit.

The current ARRAY tax rate schedule has inherent problems which create inequities in the distribution of the costs of the system to employers and creates the potential for increased negative balance employers. First, this occurs because 78% of the positive balance employers' prior year's taxable wages are required to be grouped into tax groups that are at or below the average array tax rate. Low payments by some positive balance employers over the past several years have reduced their cumulative positive balances to the point where they could become negative balance employers. Second, when tax rate increases are required, they are applied only to positive balance employer accounts and do not result in tax rate increases for negative balance employers or for new employer accounts.

The proposed tax rate schedule, which would go into effect beginning January 1, 2000, would provide for an evenly distributed contributions rate schedule which is indexed for both positive and negative balance employers. The tax rate schedule would be set as follows:

- The positive employer maximum rate is set from an income requirement determination.
- The positive employer minimum rate is 0.1% or the positive employer maximum rate minus 1.8%, whichever is greater.
- The negative employer minimum rate is the positive employer maximum rate plus 6.1%.
- The negative employer maximum rate is the negative employer minimum rate plus 1.8%.
- Taxable wages are evenly distributed in increments of 0.2%

Attachment one is the proposed table of new tax rate schedules. The tax rate schedule proposed for January 1, 2000, is the fifth schedule down from the top. If you look to the column on the right side of the page, go down to the one that is 1.17%. For the tax year beginning January 1, 2000, the proposed average tax rate is 1.17%. This compares to the current average tax rate of 1.14%.

Attachment two provides a side-by-side comparison of the current tax rate schedule to the proposed tax rate schedule. Under the new tax rate schedule, there would be only a slight increase in the overall average tax rate. Some positive balance employers would receive a decrease in their tax rate and some will receive an increase. The current rate schedule for positive balance employers ranges from 0.2% to 2.2%. Under the proposed tax rate schedule, the rate for positive balance employers would be 0.1% to 0.9%.

Negative balance employers would, for the most part, see an increase in their tax rate. Under the new proposal, the new rate schedule would be 7% to 8.8%. Industry 161 employers would have 1.5% added to their negative balance tax rate to provide for additional weeks of benefits for their employees. This compares to the current negative balance employer tax rate of 5.4% for non-construction industries and 7% for construction industries. Again, 1.5% is added to negative balance employers in industry 161 to provide for additional weeks of benefits for their employees.

The new rate schedule does not have a separate schedule for construction and non-construction industries. All employers, construction and non-construction, would be assigned to an appropriate tax rate based on their history with the Job Insurance program.

The maximum rate increase any negative balance employer in a non-construction industry could see under this option is 3.4%. This equates to a maximum contribution increase of $530.40 for each covered worker. The maximum rate increase any negative balance employer in a construction industry could see under this option is 1.8%. This equates to a maximum contribution increase of $280.80 for each covered worker. Under this proposal, negative employer accounts having the maximum tax rate of 8.8% (excluding industry 161) would have a maximum contribution of $1372.80 for each covered worker. This contribution would cover approximately eight weeks of benefits using the average benefit amount for 1997 of $176.11 per week. If we use the maximum benefit amount of $271 per week, this contribution level would cover approximately five weeks of benefits.

The total additional contributions generated from this proposed new tax schedule for the 1999-2001 biennium would be approximately $1,022,000. Approximately $3 million in contributions would be shifted to negative balance employer accounts.

Under the proposal, the positive balance employers would see a net reduction of $890,279 in contributions and the negative balance employers would see a net increase of $3,002,091 in contributions.

Section 1 and 2, amendment of 52-04-05, 3. b.(1) and (2) provides for the setting of new employer non-construction and new employer construction tax rates. The new employer tax rate for non-construction is the positive employer maximum tax rate. The new employer tax rate for construction is the negative employer maximum tax rate. Under this proposal, new employer tax rates for non-construction would drop from the current 2.2% to .9%. The new employer tax rate for construction would increase from the current 7% to 8.8%. To ensure against unfair competition from out-of-state contractors, the recommendation is to go with the maximum negative balance rate for new employers in the construction industry.

Section 3, amendment of 52-04-06,(1), provides for the computation of an employers reserve ratio and assignment within the positive rate and negative rate groups.

Section 3, amendment of 52-04-06,(2), provides for the establishment of employer rate groups using evenly distributed rate groups of two-tenths of one percent intervals between both negative and positive employer minimum and maximum rates.

Section 3, amendment of 52-04-06,(3), provides for the assignment of positive and negative employers to the assigned rate in the rate schedule in the rank order of their reserve ratio (which is their history with the Unemployment Insurance program). Each successively ranked positive and negative employer must be assigned to a rate within the positive or negative employer rate schedule so that each rate within the schedule is assigned the same proportion of the employer's prior year's taxable wages.

Section 3, amendment of 52-04-09 provides clarification to the setting of the maximum rate for employers who fail to file required reports timely. This amendment clarifies that unless the employer files the report or a sufficient report within fifteen days after mailing of notice, the employer's rate for the following year may not be less than the negative employer maximum rate. It also clarifies that for industry group 161, highway and street construction, except elevated highways, for the effective period set forth in Section 52-04-05, the employer's rate for the following calendar year may not be less than the negative employer maximum rate plus one and one-half percent.

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

Prepared by JSND/LMI

Positive Rate Groups				
Minimum	Maximum	Groups	Percentage of Taxable Wages per Group	Average Tax Rate
0.1%	0.1%	1	100.000%	0.1%
0.1%	0.3%	2	50.000%	0.2%
0.1%	0.5%	3	33.333%	0.3%
0.1%	0.7%	4	25.000%	0.4%
0.1%	0.9%	5	20.000%	0.5%
0.1%	1.1%	6	16.667%	0.6%
0.1%	1.3%	7	14.286%	0.7%
0.1%	1.5%	8	12.500%	0.8%
0.1%	1.7%	9	11.111%	0.9%
0.1%	1.9%	10	10.000%	1.0%
0.3%	2.1%	10	10.000%	1.2%
0.5%	2.3%	10	10.000%	1.4%
0.7%	2.5%	10	10.000%	1.6%
0.9%	2.7%	10	10.000%	1.8%
1.1%	2.9%	10	10.000%	2.0%
1.3%	3.1%	10	10.000%	2.2%
1.5%	3.3%	10	10.000%	2.4%
1.7%	3.5%	10	10.000%	2.6%
1.9%	3.7%	10	10.000%	2.8%
2.1%	3.9%	10	10.000%	3.0%
2.3%	4.1%	10	10.000%	3.2%
2.5%	4.3%	10	10.000%	3.4%
2.7%	4.5%	10	10.000%	3.6%
2.9%	4.7%	10	10.000%	3.8%
3.1%	4.9%	10	10.000%	4.0%
3.3%	5.1%	10	10.000%	4.2%
3.5%	5.3%	10	10.000%	4.4%
3.7%	5.5%	10	10.000%	4.6%
3.9%	5.7%	10	10.000%	4.8%
4.1%	5.9%	10	10.000%	5.0%

Negative Rate Groups				
Minimum	Maximum	Groups	Percentage of Taxable Wages per Group	Average Tax Rate
6.2%	8.0%	10	10.000%	7.1%
6.4%	8.2%	10	10.000%	7.3%
6.6%	8.4%	10	10.000%	7.5%
6.8%	8.6%	10	10.000%	7.7%
7.0%	8.8%	10	10.000%	7.9%
7.2%	9.0%	10	10.000%	8.1%
7.4%	9.2%	10	10.000%	8.3%
7.6%	9.4%	10	10.000%	8.5%
7.8%	9.6%	10	10.000%	8.7%
8.0%	9.8%	10	10.000%	8.9%
8.2%	10.0%	10	10.000%	9.1%
8.4%	10.2%	10	10.000%	9.3%
8.6%	10.4%	10	10.000%	9.5%
8.8%	10.6%	10	10.000%	9.7%
9.0%	10.8%	10	10.000%	9.9%
9.2%	11.0%	10	10.000%	10.1%
9.4%	11.2%	10	10.000%	10.3%
9.6%	11.4%	10	10.000%	10.5%
9.8%	11.6%	10	10.000%	10.7%
10.0%	11.8%	10	10.000%	10.9%
10.2%	12.0%	10	10.000%	11.1%
10.4%	12.2%	10	10.000%	11.3%
10.6%	12.4%	10	10.000%	11.5%
10.8%	12.6%	10	10.000%	11.7%
11.0%	12.8%	10	10.000%	11.9%
11.2%	13.0%	10	10.000%	12.1%
11.4%	13.2%	10	10.000%	12.3%
11.6%	13.4%	10	10.000%	12.5%
11.8%	13.6%	10	10.000%	12.7%
12.0%	13.8%	10	10.000%	12.9%

Projected CY 2000 Taxable Wages $3,051,300,000	Average Tax Rate
Projected Income	
$21,819,000	0.72%
25,280,000	0.83%
28,740,000	0.94%
32,201,000	1.06%
35,662,000	1.17%
39,123,000	1.28%
42,584,000	1.40%
46,044,000	1.51%
49,505,000	1.62%
52,966,000	1.74%
59,069,000	1.94%
65,171,000	2.14%
71,274,000	2.34%
77,376,000	2.54%
83,479,000	2.74%
89,582,000	2.94%
95,684,000	3.14%
101,787,000	3.34%
107,889,000	3.54%
113,992,000	3.74%
120,095,000	3.94%
126,197,000	4.14%
132,300,000	4.34%
138,402,000	4.54%
144,505,000	4.74%
150,608,000	4.94%
156,710,000	5.14%
162,813,000	5.34%
168,915,000	5.54%
175,018,000	5.74%

The positive employer maximum rate is set from an income requirement determination.
The positive employer minimum rate is 0.1% or the positive employer maximum rate minus 1.8%, whichever is greater.
The negative employer minimum rate is the positive employer maximum rate plus 6.1%.
The negative employer maximum rate is the negative employer minimum rate plus 1.8%.
Taxable wages are evenly distributed in increments of 0.2%.
The new employer rate for non-construction is the positve employer maximum rate.
The new em[illegible]yer rate for construction is the negative employer maximum rate.

Percentage of Taxable Wages	
Positive	86.58%
Negative - not 1611	6.33%
Negative - 1611	0.88%
New - non-construction	4.98%
New - construction	1.23%
	100.00%

Current Tax Rate Schedule

Description	① Number of Employers	Tax Rate	Percentage of Taxable Wages	Percentage of Taxable Wages per Group	Projected Income
2 groups = 78% of	6,952	0.2%	86.58%	39.000%	$2,061,000
positive employer	5,164	0.4%	86.58%	39.000%	4,121,000
taxable wages	319	0.6%	86.58%	2.444%	387,000
	180	0.8%	86.58%	2.444%	517,000
9 groups = 22% of	275	1.0%	86.58%	2.444%	646,000
positive employer	284	1.2%	86.58%	2.444%	775,000
taxable wages	338	1.4%	86.58%	2.444%	904,000
	416	1.6%	86.58%	2.444%	1,033,000
	223	1.8%	86.58%	2.444%	1,162,000
	231	2.0%	86.58%	2.444%	1,291,000
	179	2.2%	86.58%	2.444%	1,420,000
Positive	14,561				$14,317,000
Non-construction	745	5.4%	2.97%	100.000%	4,894,000
Construction - not 1611	595	7.0%	3.36%	100.000%	7,177,000
Construction - SIC 1611	52	8.5%	0.88%	100.000%	2,282,000
Negative	1,392				$14,353,000
Positive & Negative	15,953				$28,670,000
New - non-construction		2.2%	4.98%	100.000%	3,343,000
New - construction		7.0%	1.23%	100.000%	2,627,000
Total					$34,640,000
Average Tax Rate					1.14%

Proposed Tax Rate Schedule

Description	① Number of Employers	Tax Rate	Percentage of Taxable Wages	Percentage of Taxable Wages per Group	Projected Income	Projected CY 2000 Taxable Wages $3,051,300,000
5 groups = 100% of	4,424	0.1%	86.58%	20.000%	$528,000	
positive employer	2,644	0.3%	86.58%	20.000%	1,585,000	
taxable wages	2,342	0.5%	86.58%	20.000%	2,642,000	
	2,942	0.7%	86.58%	20.000%	3,699,000	
	2,209	0.9%	86.58%	20.000%	4,755,000	
						Difference
Positive	14,561				$13,209,000	-$1,108,000
10 groups = 100% of	103	7.0%	7.21%	10.000%	1,540,000	
negative employer	78	7.2%	7.21%	10.000%	1,584,000	
taxable wages	175	7.4%	7.21%	10.000%	1,628,000	
	156	7.6%	7.21%	10.000%	1,672,000	
	140	7.8%	7.21%	10.000%	1,716,000	
	139	8.0%	7.21%	10.000%	1,760,000	
	125	8.2%	7.21%	10.000%	1,804,000	
	145	8.4%	7.21%	10.000%	1,848,000	
	121	8.6%	7.21%	10.000%	1,892,000	
	158	8.8%	7.21%	10.000%	1,936,000	
SIC 1611 Additional	52	1.5%	0.88%	100.000%	403,000	
Negative	1,392				$17,783,000	3,430,000
Positive & Negative	15,953				$30,992,000	
New - non-construction		0.9%	4.98%	100.000%	1,368,000	-1,975,000
New - construction		8.8%	1.23%	100.000%	3,302,000	675,000
Total					$35,662,000	$1,022,000
					1.17%	0.03%

① Employer counts are from a database with 10-1-1996 to 9-30-1997 taxable wages used for Calendar Year 1998 projections.

Average Payroll > 0, Cumulative Contributions <= Cumulative Benefits, and Experience Code = 2 (Eligible Negative Reserve) as of 11-12-1998

(– only)

	Number of	FY 1997	Most Current Year Cumulative		Second Year Cumulative		Third Year Cumulative	
Industry	Employers	Taxable Wages	Benefits	Contributions	Benefits	Contributions	Benefits	Contributions
Ag	183	13,116,511.87	10,868,783.86	6,836,343.86	9,801,756.33	6,301,302.75	8,642,506.72	5,669,741.87
Mining	42	12,873,950.54	16,964,518.47	10,264,456.22	15,813,504.14	9,589,686.15	14,628,138.53	9,014,277.40
Const	647	105,927,304.80	137,760,363.43	78,002,959.41	126,452,103.38	71,438,568.10	116,651,156.74	65,345,353.71
Manuf	61	27,092,079.08	28,592,206.04	20,812,190.23	27,000,251.03	19,666,900.75	24,878,999.18	18,672,089.06
TCU	91	6,220,251.25	4,717,799.63	3,081,593.64	4,315,434.46	2,842,948.91	3,884,297.58	2,623,118.91
Whole	67	5,501,707.40	7,431,677.42	4,996,357.28	7,025,432.98	4,806,991.47	6,674,066.28	4,630,609.08
Retail	74	3,574,491.13	1,923,126.57	1,471,445.43	1,700,840.27	1,351,861.30	1,540,573.93	1,239,913.28
FIRE	28	872,163.31	1,328,044.09	822,658.22	1,251,772.36	804,038.26	1,176,737.20	783,824.95
Services	186	12,552,314.13	5,634,563.61	4,471,238.08	4,874,395.75	3,994,594.50	4,189,003.81	3,657,029.34
StGovt	1	67,551.89	61,497.32	57,507.79	54,599.32	53,860.00	52,279.88	50,945.37
LocGovt	12	744,158.72	569,157.81	511,277.16	542,354.98	488,833.96	511,749.25	467,460.86
Total	1,392	188,542,484.12	215,851,738.25	131,328,027.32	198,832,445.00	121,339,586.15	182,829,509.10	112,154,363.83

	Percentage	Res Bal as % of	Most Current Year Reserve		Second Year Reserve		Third Year Reserve	
Industry	of Total	Taxable Wages	Balance	Change	Balance	Change	Balance	Change
Ag	13.1%	30.7%	-4,032,440.00	-531,986.42	-3,500,453.58	-527,688.73	-2,972,764.85	-306,078.95
Mining	3.0%	52.0%	-6,700,062.25	-476,244.26	-6,223,817.99	-609,956.86	-5,613,861.13	-252,348.82
Const	46.5%	56.4%	-59,757,404.02	-4,743,868.74	-55,013,535.28	-3,707,732.25	-51,305,803.03	-3,573,930.88
Manuf	4.4%	28.7%	-7,780,015.81	-446,665.53	-7,333,350.28	-1,126,440.16	-6,206,910.12	-358,673.68
TCU	6.5%	26.3%	-1,636,205.99	-163,720.44	-1,472,485.55	-211,306.88	-1,261,178.67	-96,248.52
Whole	4.8%	44.3%	-2,435,320.14	-216,878.63	-2,218,441.51	-174,984.31	-2,043,457.20	-55,947.17
Retail	5.3%	12.6%	-451,681.14	-102,702.17	-348,978.97	-48,318.32	-300,660.65	-59,018.62
FIRE	2.0%	57.9%	-505,385.87	-57,651.77	-447,734.10	-54,821.85	-392,912.25	-57,843.99
Services	13.4%	9.3%	-1,163,325.53	-283,524.28	-879,801.25	-347,826.78	-531,974.47	-208,390.63
StGovt	0.1%	5.9%	-3,989.53	-3,250.21	-739.32	595.19	-1,334.51	1,220.76
LocGovt	0.9%	7.8%	-57,880.65	-4,359.63	-53,521.02	-9,232.63	-44,288.39	-16,270.06
Total	100.0%	44.8%	-84,523,710.93	-7,030,852.08	-77,492,858.85	-6,817,713.58	-70,675,145.27	-4,983,530.56

	Fourth Year Cumulative		Fifth Year Cumulative		Sixth Year Cumulative		Seventh Year Cumulative	
Industry	Benefits	Contributions	Benefits	Contributions	Benefits	Contributions	Benefits	Contributions
Ag	7,900,442.45	5,233,756.55	7,207,704.76	4,816,039.66	6,518,783.48	4,411,794.60	5,901,535.05	4,031,563.54
Mining	13,828,818.43	8,467,306.12	13,128,685.60	7,957,894.20	12,389,605.39	7,531,935.66	11,476,558.82	7,040,970.91
Const	107,312,053.75	59,580,181.60	101,210,312.29	55,612,515.45	94,107,760.22	51,540,413.22	86,340,865.31	47,668,769.41
Manuf	23,467,136.87	17,618,900.43	21,898,639.94	16,663,546.59	20,526,045.91	15,677,440.84	19,107,465.07	14,680,214.66
TCU	3,576,096.94	2,411,166.79	3,186,283.24	2,203,275.22	2,888,481.78	1,988,292.17	2,586,430.13	1,798,679.46
Whole	6,421,700.70	4,434,190.67	6,196,198.46	4,244,648.48	5,963,053.53	4,067,759.97	5,706,367.14	3,930,772.98
Retail	1,389,593.06	1,147,951.03	1,241,228.12	1,030,386.77	1,138,472.32	930,774.19	1,032,615.51	840,759.81
FIRE	1,094,203.47	759,135.21	1,035,181.32	724,431.21	982,066.07	672,167.08	886,981.39	613,796.03
Services	3,652,432.27	3,328,848.43	3,310,280.90	2,959,648.18	2,888,632.77	2,561,833.68	2,654,604.89	2,408,379.62
StGovt	50,177.34	47,622.07	45,413.34	44,322.15	39,853.44	39,532.18	34,229.07	36,882.76
LocGovt	479,489.27	451,470.94	455,493.27	426,366.29	423,750.44	391,681.61	387,326.45	370,413.79
Total	169,172,144.55	103,480,529.84	158,915,421.24	96,683,074.20	147,866,505.35	89,813,625.20	136,114,978.83	83,421,202.97

	Fourth Year Reserve		Fifth Year Reserve		Sixth Year Reserve		Seventh Year Reserve	
Industry	Balance	Change	Balance	Change	Balance	Change	Balance	Change
Ag	-2,666,685.90	-275,020.80	-2,391,665.10	-284,676.22	-2,106,988.88	-237,017.37	-1,869,971.51	
Mining	-5,361,512.31	-190,720.91	-5,170,791.40	-313,121.67	-4,857,669.73	-422,081.82	-4,435,587.91	
Const	-47,731,872.15	-2,134,075.31	-45,597,796.84	-3,030,449.84	-42,567,347.00	-3,895,251.10	-38,672,095.90	
Manuf	-5,848,236.44	-613,143.09	-5,235,093.35	-386,488.28	-4,848,605.07	-421,354.66	-4,427,250.41	
TCU	-1,164,930.15	-181,922.13	-983,008.02	-82,818.41	-900,189.61	-112,438.94	-787,750.67	
Whole	-1,987,510.03	-35,960.05	-1,951,549.98	-56,256.42	-1,895,293.56	-119,699.40	-1,775,594.16	
Retail	-241,642.03	-30,800.68	-210,841.35	-3,143.22	-207,698.13	-15,842.43	-191,855.70	
FIRE	-335,068.26	-24,318.15	-310,750.11	-851.12	-309,898.99	-36,713.63	-273,185.36	
Services	-323,583.84	27,048.88	-350,632.72	-23,833.63	-326,799.09	-80,573.82	-246,225.27	
StGovt	-2,555.27	-1,464.08	-1,091.19	-769.93	-321.26	-2,974.95	2,653.69	
LocGovt	-28,018.33	1,108.65	-29,126.98	2,941.85	-32,068.83	-15,156.17	-16,912.66	
Total	-65,691,614.71	-3,459,267.67	-62,232,347.04	-4,179,466.89	-58,052,880.15	-5,359,104.29	-52,693,775.86	

Positive Rate Groups					Negative Rate Groups					Projected CY 2000 Taxable Wages $3,051,300,000	
Minimum	Maximum	Groups	Percentage of Taxable Wages per Group	Average Tax Rate	Minimum	Maximum	Groups	Percentage of Taxable Wages per Group	Average Tax Rate	Projected Income	Average Tax Rate
0.24%	0.44%	2	50.000%	0.340%	5.54%	9.14%	10	10.000%	7.340%	30,483,000	1.00%
0.25%	0.45%	2	50.000%	0.350%	5.55%	9.15%	10	10.000%	7.350%	30,773,000	1.01%
0.26%	0.46%	2	50.000%	0.360%	5.56%	9.16%	10	10.000%	7.360%	31,063,000	1.02%
0.27%	0.47%	2	50.000%	0.370%	5.57%	9.17%	10	10.000%	7.370%	31,353,000	1.03%
0.28%	0.48%	2	50.000%	0.380%	5.58%	9.18%	10	10.000%	7.380%	31,642,000	1.04%
0.29%	0.49%	2	50.000%	0.390%	5.59%	9.19%	10	10.000%	7.390%	31,932,000	1.05%
0.19%	0.59%	3	33.333%	0.390%	5.69%	9.29%	10	10.000%	7.490%	32,190,000	1.05%
0.20%	0.60%	3	33.333%	0.400%	5.70%	9.30%	10	10.000%	7.500%	32,480,000	1.06%
0.21%	0.61%	3	33.333%	0.410%	5.71%	9.31%	10	10.000%	7.510%	32,770,000	1.07%
0.22%	0.62%	3	33.333%	0.420%	5.72%	9.32%	10	10.000%	7.520%	33,060,000	1.08%
0.23%	0.63%	3	33.333%	0.430%	5.73%	9.33%	10	10.000%	7.530%	33,350,000	1.09%
0.24%	0.64%	3	33.333%	0.440%	5.74%	9.34%	10	10.000%	7.540%	33,640,000	1.10%
0.25%	0.65%	3	33.333%	0.450%	5.75%	9.35%	10	10.000%	7.550%	33,930,000	1.11%
0.26%	0.66%	3	33.333%	0.460%	5.76%	9.36%	10	10.000%	7.560%	34,219,000	1.12%
0.27%	0.67%	3	33.333%	0.470%	5.77%	9.37%	10	10.000%	7.570%	34,509,000	1.13%
0.28%	0.68%	3	33.333%	0.480%	5.78%	9.38%	10	10.000%	7.580%	34,799,000	1.14%
0.29%	0.69%	3	33.333%	0.490%	5.79%	9.39%	10	10.000%	7.590%	35,089,000	1.15%
0.19%	0.79%	4	25.000%	0.490%	5.89%	9.49%	10	10.000%	7.690%	35,347,000	1.16%
0.20%	0.80%	4	25.000%	0.500%	5.90%	9.50%	10	10.000%	7.700%	35,637,000	1.17%
0.21%	0.81%	4	25.000%	0.510%	5.91%	9.51%	10	10.000%	7.710%	35,927,000	1.18%
0.22%	0.82%	4	25.000%	0.520%	5.92%	9.52%	10	10.000%	7.720%	36,217,000	1.19%
0.23%	0.83%	4	25.000%	0.530%	5.93%	9.53%	10	10.000%	7.730%	36,507,000	1.20%
0.24%	0.84%	4	25.000%	0.540%	5.94%	9.54%	10	10.000%	7.740%	36,796,000	1.21%
0.25%	0.85%	4	25.000%	0.550%	5.95%	9.55%	10	10.000%	7.750%	37,086,000	1.22%
0.26%	0.86%	4	25.000%	0.560%	5.96%	9.56%	10	10.000%	7.760%	37,376,000	1.22%
0.27%	0.87%	4	25.000%	0.570%	5.97%	9.57%	10	10.000%	7.770%	37,666,000	1.23%
0.28%	0.88%	4	25.000%	0.580%	5.98%	9.58%	10	10.000%	7.780%	37,956,000	1.24%
0.29%	0.89%	4	25.000%	0.590%	5.99%	9.59%	10	10.000%	7.790%	38,246,000	1.25%
0.19%	0.99%	5	20.000%	0.590%	6.09%	9.69%	10	10.000%	7.890%	38,504,000	1.26%
0.20%	1.00%	5	20.000%	0.600%	6.10%	9.70%	10	10.000%	7.900%	38,794,000	1.27%
0.21%	1.01%	5	20.000%	0.610%	6.11%	9.71%	10	10.000%	7.910%	39,099,000	1.28%
0.22%	1.02%	5	20.000%	0.620%	6.12%	9.72%	10	10.000%	7.920%	39,404,000	1.29%
0.23%	1.03%	5	20.000%	0.630%	6.13%	9.73%	10	10.000%	7.930%	39,709,000	1.30%
0.24%	1.04%	5	20.000%	0.640%	6.14%	9.74%	10	10.000%	7.940%	40,014,000	1.31%
0.25%	1.05%	5	20.000%	0.650%	6.15%	9.75%	10	10.000%	7.950%	40,319,000	1.32%
0.26%	1.06%	5	20.000%	0.660%	6.16%	9.76%	10	10.000%	7.960%	40,624,000	1.33%
0.27%	1.07%	5	20.000%	0.670%	6.17%	9.77%	10	10.000%	7.970%	40,930,000	1.34%
0.28%	1.08%	5	20.000%	0.680%	6.18%	9.78%	10	10.000%	7.980%	41,235,000	1.35%
0.29%	1.09%	5	20.000%	0.690%	6.19%	9.79%	10	10.000%	7.990%	41,540,000	1.36%
0.18%	1.18%	6	16.667%	0.680%	6.28%	9.88%	10	10.000%	8.080%	41,644,000	1.36%
0.19%	1.19%	6	16.667%	0.690%	6.29%	9.89%	10	10.000%	8.090%	41,949,000	1.37%
0.20%	1.20%	6	16.667%	0.700%	6.30%	9.90%	10	10.000%	8.100%	42,254,000	1.38%
0.21%	1.21%	6	16.667%	0.710%	6.31%	9.91%	10	10.000%	8.110%	42,560,000	1.39%
0.22%	1.22%	6	16.667%	0.720%	6.32%	9.92%	10	10.000%	8.120%	42,865,000	1.40%
0.23%	1.23%	6	16.667%	0.730%	6.33%	9.93%	10	10.000%	8.130%	43,170,000	1.41%

Positive Employers

The maximum rate is set from an income requirement determination.

Taxable wages are evenly distributed in increments of 0.2%.

If the maximum rate is greater than or equal to 1.90%, then the minimum rate is the maximum rate minus 1.8%.

If the maximum rate is less than 1.90%, then the range for the minimum rate must be greater than or equal to 0.1%, and must be less than 0.3% (the minimum of 0.1% plus the increment of 0.2%), with the minimum rate equal to the maximum rate minus a multiple of the increment (0.2%) to fall within this range.

Negative Employers

Taxable wages are evenly distributed in increments of 0.4%.

The minimum rate is the positive employer maximum rate plus 5.1%.

The maximum rate is the negative employer minimum rate plus 3.6%.

Negative Construction Employers - SIC 161

The rate is the negative employer rate plus 1.5%.

New Nonconstruction Employers

The rate is 1.0% or the positive employer maximum rate, whichever is greater.

New Construction Employers

The rate is the negative employer maximum rate.

No subsequent rate schedule can be used that will generate less income than any preceding rate schedule.

Percentage of Taxable Wages	
Positive	86.58%
Negative - not SIC 161	6.33%
Negative - SIC 161	0.88%
New - nonconstruction	4.98%
New - construction	1.23%
	100.00%

Current Tax Rate Schedule

Description	① Number of Employers	Tax Rate	Percentage of Taxable Wages	Percentage of Taxable Wages per Group	Projected Income
2 groups = 78% of	6,952	0.2%	86.58%	39.000%	$2,061,000
positive employer	5,164	0.4%	86.58%	39.000%	4,121,000
taxable wages	319	0.6%	86.58%	2.444%	387,000
	180	0.8%	86.58%	2.444%	517,000
9 groups = 22% of	275	1.0%	86.58%	2.444%	646,000
positive employer	284	1.2%	86.58%	2.444%	775,000
taxable wages	338	1.4%	86.58%	2.444%	904,000
	416	1.6%	86.58%	2.444%	1,033,000
	223	1.8%	86.58%	2.444%	1,162,000
	231	2.0%	86.58%	2.444%	1,291,000
	179	2.2%	86.58%	2.444%	1,420,000
Positive	14,561				$14,317,000
Non-construction	745	5.4%	2.97%	100.000%	4,894,000
Construction - not 1611	595	7.0%	3.36%	100.000%	7,177,000
Construction - SIC 1611	52	8.5%	0.88%	100.000%	2,282,000
Negative	1,392				$14,353,000
Positive & Negative	15,953				$28,670,000
New - non-construction		2.2%	4.98%	100.000%	3,343,000
New - construction		7.0%	1.23%	100.000%	2,627,000
Rounding					0
Total					$34,640,000
Average Tax Rate					1.14%

Proposed Tax Rate Schedule

Description	① Number of Employers	Tax Rate	Percentage of Taxable Wages	Percentage of Taxable Wages per Group	Projected Income	Projected CY 2000 Taxable Wages $3,051,300,000 / Difference
5 groups = 100% of	4,424	0.19%	86.58%	20.000%	$1,004,000	
positive employer	2,644	0.39%	86.58%	20.000%	2,061,000	
taxable wages	2,342	0.59%	86.58%	20.000%	3,117,000	
	2,942	0.79%	86.58%	20.000%	4,174,000	
	2,209	0.99%	86.58%	20.000%	5,231,000	
Positive	14,561				$15,587,000	$1,270,000
10 groups = 100% of	103	6.09%	7.21%	10.000%	1,340,000	
negative employer	78	6.49%	7.21%	10.000%	1,428,000	
taxable wages	175	6.89%	7.21%	10.000%	1,516,000	
	156	7.29%	7.21%	10.000%	1,604,000	
	140	7.69%	7.21%	10.000%	1,692,000	
	139	8.09%	7.21%	10.000%	1,780,000	
	125	8.49%	7.21%	10.000%	1,868,000	
	145	8.89%	7.21%	10.000%	1,956,000	
	121	9.29%	7.21%	10.000%	2,044,000	
	158	9.69%	7.21%	10.000%	2,132,000	
SIC 1611 Additional	52	1.50%	0.88%	100.000%	403,000	
Negative	1,392				$17,763,000	3,410,000
Positive & Negative	15,953				$33,350,000	
New - non-construction		1.0%	4.98%	100.000%	1,520,000	-1,823,000
New - construction		9.7%	1.23%	100.000%	3,641,000	1,014,000
Rounding					-7,000	-7,000
Total					$38,504,000	$3,864,000
Average Tax Rate					1.26%	0.12%

① Employer counts are from a database with 10-1-1996 to 9-30-1997 taxable wages used for Calendar Year 1998 projections.

NORTH DAKOTA RETAIL ASSOCIATION

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HB 1135
House Industry, Business, and Labor
Chairman, Rick Berg

Mr. Chairman and members of the committee my name is Ron Ness, I am the President of the ND Retail Association and the ND Petroleum Marketers Association. I appear before you in opposition to HB 1135.

We oppose this legislation on the basis it will place an undue hardship on small businesses in the state of North Dakota. We recognize the shortage in the trust fund balance and compliment Job Service for working with a group of employers to address the issue. However, with the lowest unemployment in almost 40 years and one of the lowest rates in the country this is a hard sell to North Dakota employers.

The figures I have received from Job Service indicate the following:

All employers	3% average increase in premiums.
Retailers with a positive balance	4.5% average rate increase
Retailers with negative balance	39% average rate increase
Petroleum marketers with a positive balance	5.6% average rate increase
Petroleum marketers with a negative balance	37.5% average rate inc.

HB 1135 will cost North Dakota retailers and petroleum marketers $120,796.00 in additional unemployment insurance premiums.

We agree with the formula that requires negative balance employers to pay for more of the premium increases but the total increase is more than anticipated.

Mr. Chairman and members of the committee we urge a do not pass recommendation on this bill. We are hopeful that another mechanism of ensuring adequate funding in the trust fund can be found without an attached cost of more than two million dollars to small businesses in North Dakota.

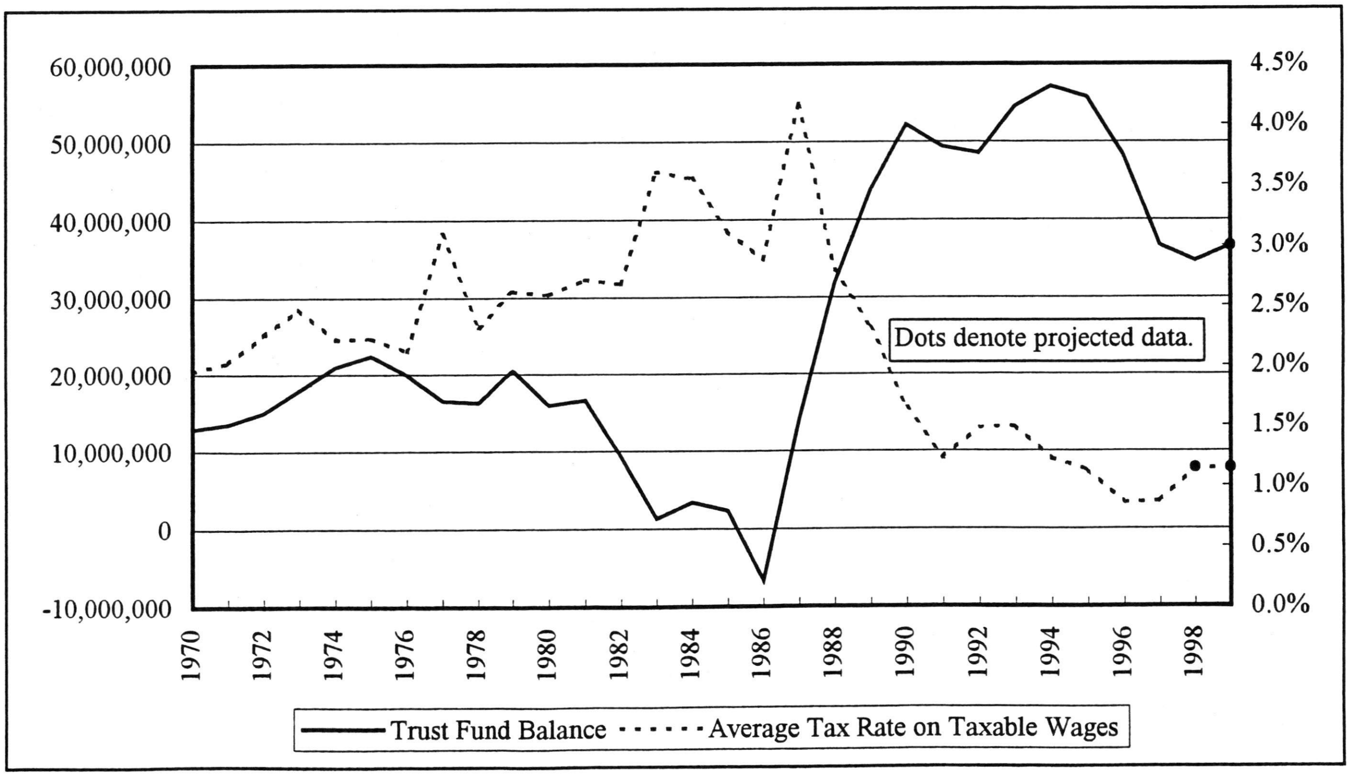
Thank you, I would be happy to answer any questions.

Trust Fund Balance & Average Tax Rate On Taxable Wages

Year	Trust Fund Balance	Average Tax Rate on Taxable Wages
1970	$12,864,052	1.95%
1971	13,569,664	2.03%
1972	15,024,273	2.26%
1973	17,989,880	2.48%
1974	20,923,772	2.22%
1975	22,379,779	2.23%
1976	19,993,008	2.12%
1977	16,495,329	3.10%
1978	16,259,772	2.32%
1979	20,437,277	2.62%
1980	15,960,857	2.59%
1981	16,632,470	2.72%
1982	9,292,573	2.68%
1983	1,236,166	3.61%
1984	3,390,917	3.55%
1985	2,305,934	3.12%
1986	-6,624,164	2.88%
1987	13,934,414	4.17%
1988	31,732,999	2.79%
1989	43,853,998	2.31%
1990	52,171,181	1.64%
1991	49,298,161	1.23%
1992	48,527,517	1.48%
1993	54,521,563	1.49%
1994	57,051,198	1.22%
1995	55,683,376	1.12%
1996	48,200,976	0.86%
1997	36,598,546	0.87%
1998	34,674,100	1.14%
1999	36,595,100	1.14%

Shaded areas (dots on the graph) denote projected data.

Source: ETA 2112 UI Financial Summary Transaction report.



Positive Rate Groups					Negative Rate Groups					Projected CY 2000 Taxable Wages $3,051,300,000	
Minimum	Maximum	Groups	Percentage of Taxable Wages per Group	Average Tax Rate	Minimum	Maximum	Groups	Percentage of Taxable Wages per Group	Average Tax Rate	Projected Income	Average Tax Rate
0.17%	0.47%	4	25.000%	0.320%	5.57%	9.17%	10	10.000%	7.370%	30,032,000	0.98%
0.18%	0.48%	4	25.000%	0.330%	5.58%	9.18%	10	10.000%	7.380%	30,322,000	0.99%
0.19%	0.49%	4	25.000%	0.340%	5.59%	9.19%	10	10.000%	7.390%	30,611,000	1.00%
0.14%	0.54%	5	20.000%	0.340%	5.64%	9.24%	10	10.000%	7.440%	30,740,000	1.01%
0.15%	0.55%	5	20.000%	0.350%	5.65%	9.25%	10	10.000%	7.450%	31,030,000	1.02%
0.16%	0.56%	5	20.000%	0.360%	5.66%	9.26%	10	10.000%	7.460%	31,320,000	1.03%
0.17%	0.57%	5	20.000%	0.370%	5.67%	9.27%	10	10.000%	7.470%	31,610,000	1.04%
0.18%	0.58%	5	20.000%	0.380%	5.68%	9.28%	10	10.000%	7.480%	31,900,000	1.05%
0.19%	0.59%	5	20.000%	0.390%	5.69%	9.29%	10	10.000%	7.490%	32,190,000	1.05%
0.14%	0.64%	6	16.667%	0.390%	5.74%	9.34%	10	10.000%	7.540%	32,319,000	1.06%
0.15%	0.65%	6	16.667%	0.400%	5.75%	9.35%	10	10.000%	7.550%	32,609,000	1.07%
0.16%	0.66%	6	16.667%	0.410%	5.76%	9.36%	10	10.000%	7.560%	32,899,000	1.08%
0.17%	0.67%	6	16.667%	0.420%	5.77%	9.37%	10	10.000%	7.570%	33,196,000	1.09%
0.18%	0.68%	6	16.667%	0.430%	5.78%	9.38%	10	10.000%	7.580%	33,509,000	1.10%
0.19%	0.69%	6	16.667%	0.440%	5.79%	9.39%	10	10.000%	7.590%	33,822,000	1.11%
0.14%	0.74%	7	14.286%	0.440%	5.84%	9.44%	10	10.000%	7.640%	34,064,000	1.12%
0.15%	0.75%	7	14.286%	0.450%	5.85%	9.45%	10	10.000%	7.650%	34,377,000	1.13%
0.16%	0.76%	7	14.286%	0.460%	5.86%	9.46%	10	10.000%	7.660%	34,690,000	1.14%
0.17%	0.77%	7	14.286%	0.470%	5.87%	9.47%	10	10.000%	7.670%	35,002,000	1.15%
0.18%	0.78%	7	14.286%	0.480%	5.88%	9.48%	10	10.000%	7.680%	35,315,000	1.16%
0.19%	0.79%	7	14.286%	0.490%	5.89%	9.49%	10	10.000%	7.690%	35,628,000	1.17%
0.14%	0.84%	8	12.500%	0.490%	5.94%	9.54%	10	10.000%	7.740%	35,871,000	1.18%
0.15%	0.85%	8	12.500%	0.500%	5.95%	9.55%	10	10.000%	7.750%	36,183,000	1.19%
0.16%	0.86%	8	12.500%	0.510%	5.96%	9.56%	10	10.000%	7.760%	36,496,000	1.20%
0.17%	0.87%	8	12.500%	0.520%	5.97%	9.57%	10	10.000%	7.770%	36,809,000	1.21%
0.18%	0.88%	8	12.500%	0.530%	5.98%	9.58%	10	10.000%	7.780%	37,122,000	1.22%
0.19%	0.89%	8	12.500%	0.540%	5.99%	9.59%	10	10.000%	7.790%	37,434,000	1.23%
0.14%	0.94%	9	11.111%	0.540%	6.04%	9.64%	10	10.000%	7.840%	37,677,000	1.23%
0.15%	0.95%	9	11.111%	0.550%	6.05%	9.65%	10	10.000%	7.850%	37,990,000	1.25%
0.16%	0.96%	9	11.111%	0.560%	6.06%	9.66%	10	10.000%	7.860%	38,302,000	1.26%
0.17%	0.97%	9	11.111%	0.570%	6.07%	9.67%	10	10.000%	7.870%	38,615,000	1.27%
0.18%	0.98%	9	11.111%	0.580%	6.08%	9.68%	10	10.000%	7.880%	38,928,000	1.28%
0.19%	0.99%	9	11.111%	0.590%	6.09%	9.69%	10	10.000%	7.890%	39,241,000	1.29%
0.14%	1.04%	10	10.000%	0.590%	6.14%	9.74%	10	10.000%	7.940%	39,483,000	1.29%
0.15%	1.05%	10	10.000%	0.600%	6.15%	9.75%	10	10.000%	7.950%	39,796,000	1.30%
0.16%	1.06%	10	10.000%	0.610%	6.16%	9.76%	10	10.000%	7.960%	40,109,000	1.31%
0.17%	1.07%	10	10.000%	0.620%	6.17%	9.77%	10	10.000%	7.970%	40,422,000	1.32%
0.18%	1.08%	10	10.000%	0.630%	6.18%	9.78%	10	10.000%	7.980%	40,734,000	1.33%
0.19%	1.09%	10	10.000%	0.640%	6.19%	9.79%	10	10.000%	7.990%	41,047,000	1.35%
0.20%	1.10%	10	10.000%	0.650%	6.20%	9.80%	10	10.000%	8.000%	41,360,000	1.36%
0.21%	1.11%	10	10.000%	0.660%	6.21%	9.81%	10	10.000%	8.010%	41,672,000	1.37%
0.22%	1.12%	10	10.000%	0.670%	6.22%	9.82%	10	10.000%	8.020%	41,985,000	1.38%
0.23%	1.13%	10	10.000%	0.680%	6.23%	9.83%	10	10.000%	8.030%	42,298,000	1.39%
0.24%	1.14%	10	10.000%	0.690%	6.24%	9.84%	10	10.000%	8.040%	42,611,000	1.40%
0.25%	1.15%	10	10.000%	0.700%	6.25%	9.85%	10	10.000%	8.050%	42,923,000	1.41%

Positive Employers

The maximum rate is set from an income requirement determination.
Taxable wages are evenly distributed in increments of 0.1%.
If the maximum rate is greater than or equal to 1.00%,
then the minimum rate is the maximum rate minus 0.9%.
If the maximum rate is less than 1.00%, then the range for the minimum rate must be greater than or equal to 0.1%, and must be less than 0.2% (the minimum of 0.1% plus the increment of 0.1%), with the minimum rate equal to the maximum rate minus a multiple of the increment (0.1%) to fall within this range.

Negative Employers

Taxable wages are evenly distributed in increments of 0.4%.
The minimum rate is the positive employer maximum rate plus 5.1%.
The maximum rate is the negative employer minimum rate plus 3.6%.

Negative Construction Employers - SIC 161

The rate is the negative employer rate plus 1.5%.

New Nonconstruction Employers

The rate is 1.0% or the positive employer maximum rate times 150%, whichever is greater.

New Construction Employers

The rate is the negative employer maximum rate.

No subsequent rate schedule can be used that will generate less income than any preceding rate schedule.

Percentage of Taxable Wages	
Positive	86.58%
Negative - not SIC 161	6.33%
Negative - SIC 161	0.88%
New - nonconstruction	4.98%
New - construction	1.23%
	100.00%

Current Tax Rate Schedule						Proposed Tax Rate Schedule						Projected CY 2000 Taxable Wages $3,051,300,000
Description	① Number of Employers	Tax Rate	Percentage of Taxable Wages	Percentage of Taxable Wages per Group	Projected Income	Description	① Number of Employers	Tax Rate	Percentage of Taxable Wages	Percentage of Taxable Wages per Group	Projected Income	
2 groups = 78% of	6,952	0.2%	86.58%	39.000%	$2,061,000	9 groups = 100% of	3,845	0.16%	86.58%	11.111%	$470,000	
positive employer	5,164	0.4%	86.58%	39.000%	4,121,000	positive employer	2,049	0.26%	86.58%	11.111%	763,000	
taxable wages	319	0.6%	86.58%	2.444%	387,000	taxable wages	1,866	0.36%	86.58%	11.111%	1,057,000	
	180	0.8%	86.58%	2.444%	517,000		1,893	0.46%	86.58%	11.111%	1,350,000	
9 groups = 22% of	275	1.0%	86.58%	2.444%	646,000		1,673	0.56%	86.58%	11.111%	1,644,000	
positive employer	284	1.2%	86.58%	2.444%	775,000		629	0.66%	86.58%	11.111%	1,937,000	
taxable wages	338	1.4%	86.58%	2.444%	904,000		622	0.76%	86.58%	11.111%	2,231,000	
	416	1.6%	86.58%	2.444%	1,033,000		707	0.86%	86.58%	11.111%	2,524,000	
	223	1.8%	86.58%	2.444%	1,162,000		1,277	0.96%	86.58%	11.111%	2,818,000	
	231	2.0%	86.58%	2.444%	1,291,000							
	179	2.2%	86.58%	2.444%	1,420,000							Difference
Positive	14,561				$14,317,000	Positive	14,561				$14,794,000	$477,000
Non-construction	745	5.4%	2.97%	100.000%	4,894,000	10 groups = 100% of	206	6.06%	7.21%	10.000%	1,333,000	
Construction - not 1611	595	7.0%	3.36%	100.000%	7,177,000	negative employer	115	6.46%	7.21%	10.000%	1,421,000	
Construction - SIC 1611	52	8.5%	0.88%	100.000%	2,282,000	taxable wages	100	6.86%	7.21%	10.000%	1,509,000	
							63	7.26%	7.21%	10.000%	1,597,000	
							144	7.66%	7.21%	10.000%	1,685,000	
							157	8.06%	7.21%	10.000%	1,773,000	
							160	8.46%	7.21%	10.000%	1,861,000	
							86	8.86%	7.21%	10.000%	1,949,000	
							69	9.26%	7.21%	10.000%	2,037,000	
							240	9.66%	7.21%	10.000%	2,125,000	
						SIC 1611 Additional	52	1.50%	0.88%	100.000%	403,000	
Negative	1,392				$14,353,000	Negative	1,392				$17,693,000	3,340,000
Positive & Negative	15,953				$28,670,000	Positive & Negative	15,953				$32,487,000	
New - non-construction		2.2%	4.98%	100.000%	3,343,000	New - non-construction		1.440%	4.98%	100.000%	2,188,000	-1,155,000
New - construction		7.0%	1.23%	100.000%	2,627,000	New - construction		9.66%	1.23%	100.000%	3,625,000	998,000
Rounding					0	Rounding					2,000	2,000
Total					$34,640,000	Total					$38,302,000	$3,662,000
Average Tax Rate					1.14%						1.26%	0.12%

① Employer counts are from a database with 10-1-1996 to 9-30-1997 taxable wages used for Calendar Year 1998 projections.

Current Law - 1.26% Average Tax Rate Schedule					
Description	① Number of Employers	Tax Rate	Percentage of Taxable Wages	Percentage of Taxable Wages per Group	Projected Income
2 groups = 78% of	6,952	0.3%	86.58%	39.000%	$3,091,000
positive employer	5,164	0.5%	86.58%	39.000%	5,152,000
taxable wages	236	0.7%	86.58%	2.000%	370,000
	126	0.9%	86.58%	2.000%	476,000
11 groups = 22% of	251	1.1%	86.58%	2.000%	581,000
positive employer	202	1.3%	86.58%	2.000%	687,000
taxable wages	276	1.5%	86.58%	2.000%	793,000
	290	1.7%	86.58%	2.000%	898,000
	327	1.9%	86.58%	2.000%	1,004,000
	244	2.1%	86.58%	2.000%	1,110,000
	136	2.3%	86.58%	2.000%	1,215,000
	196	2.5%	86.58%	2.000%	1,321,000
	161	2.7%	86.58%	2.000%	1,427,000
Positive	14,561				$18,125,000
Non-construction	745	5.4%	2.97%	100.000%	4,894,000
Construction - not 1611	595	7.0%	3.36%	100.000%	7,177,000
Construction - SIC 1611	52	8.5%	0.88%	100.000%	2,282,000
Negative	1,392				$14,353,000
Positive & Negative	15,953				$32,478,000
New - non-construction		2.2%	4.98%	100.000%	3,343,000
New - construction		7.0%	1.23%	100.000%	2,627,000
Rounding					-146,000
Total					$38,302,000
Average Tax Rate					1.26%

Proposed Tax Rate Schedule						Projected CY 2000 Taxable Wages $3,051,300,000
Description	① Number of Employers	Tax Rate	Percentage of Taxable Wages	Percentage of Taxable Wages per Group	Projected Income	Difference
9 groups = 100% of	3,845	0.16%	86.58%	11.111%	$470,000	
positive employer	2,049	0.26%	86.58%	11.111%	763,000	
taxable wages	1,866	0.36%	86.58%	11.111%	1,057,000	
	1,893	0.46%	86.58%	11.111%	1,350,000	
	1,673	0.56%	86.58%	11.111%	1,644,000	
	629	0.66%	86.58%	11.111%	1,937,000	
	622	0.76%	86.58%	11.111%	2,231,000	
	707	0.86%	86.58%	11.111%	2,524,000	
	1,277	0.96%	86.58%	11.111%	2,818,000	
Positive	14,561				$14,794,000	-$3,331,000
10 groups = 100% of	206	6.06%	7.21%	10.000%	1,333,000	
negative employer	115	6.46%	7.21%	10.000%	1,421,000	
taxable wages	100	6.86%	7.21%	10.000%	1,509,000	
	63	7.26%	7.21%	10.000%	1,597,000	
	144	7.66%	7.21%	10.000%	1,685,000	
	157	8.06%	7.21%	10.000%	1,773,000	
	160	8.46%	7.21%	10.000%	1,861,000	
	86	8.86%	7.21%	10.000%	1,949,000	
	69	9.26%	7.21%	10.000%	2,037,000	
	240	9.66%	7.21%	10.000%	2,125,000	
SIC 1611 Additional	52	1.50%	0.88%	100.000%	403,000	
Negative	1,392				$17,693,000	3,340,000
Positive & Negative	15,953				$32,487,000	
New - non-construction		1.440%	4.98%	100.000%	2,188,000	-1,155,000
New.- construction		9.66%	1.23%	100.000%	3,625,000	998,000
Rounding					2,000	148,000
Total					$38,302,000	$0
					1.26%	0.00%

① Employer counts are from a database with 10-1-1996 to 9-30-1997 taxable wages used for Calendar Year 1998 projections.

Trust Fund Reserve, Benefits Paid & Average Tax Rate

Year	Trust Fund Reserve Actual	Trust Fund Reserve Simulated	Benefits Paid Actual	Average Tax Rate on Taxable Wages Actual	Average Tax Rate on Taxable Wages Simulated	Unemployment Rate
1980	$18,010,000	$34,769,632	$32,423,616	2.59%	3.16%	5.0%
1981	18,335,000	35,169,868	32,609,507	2.72%	2.45%	5.0%
1982	11,304,000	35,258,555	45,654,792	2.68%	3.12%	5.9%
1983	2,614,000	31,358,569	55,953,148	3.61%	3.71%	5.6%
1984	4,617,000	39,442,573	49,907,414	3.55%	3.71%	5.1%
1985	3,436,000	50,267,899	47,091,883	3.12%	3.71%	5.9%
1986	-5,501,000	52,837,356	49,901,925	2.88%	3.30%	6.3%
1987	14,999,000	56,477,658	36,018,589	4.17%	2.25%	5.2%
1988	33,076,000	58,020,105	27,957,813	2.79%	1.54%	4.8%
1989	45,370,000	58,461,603	26,374,459	2.31%	1.47%	4.3%
1990	53,732,000	62,237,696	22,970,340	1.64%	1.38%	4.0%
1991	50,914,000	62,007,051	28,472,949	1.23%	1.42%	4.3%
1992	50,306,000	63,819,672	29,840,942	1.48%	1.47%	5.1%
1993	56,267,000	69,473,675	25,467,938	1.49%	1.47%	4.4%
1994	58,641,000	77,128,100	26,804,577	1.22%	1.47%	3.9%
1995	57,415,000	79,089,299	30,353,962	1.12%	1.17%	3.3%
1996	50,072,000	77,796,613	32,339,839	0.86%	1.07%	3.1%
1997	38,057,000	72,981,866	36,109,407	0.87%	1.07%	2.5%
1998	35,867,100	72,038,305	33,247,447	1.14%	1.03%	3.2%

Sources: ET Handbook 394 Unemployment Insurance Financial Data, ETA 2112 UI Financial Summary Transaction report, and Local Area Unemployment Statistics (LAUS) State Systems Project.

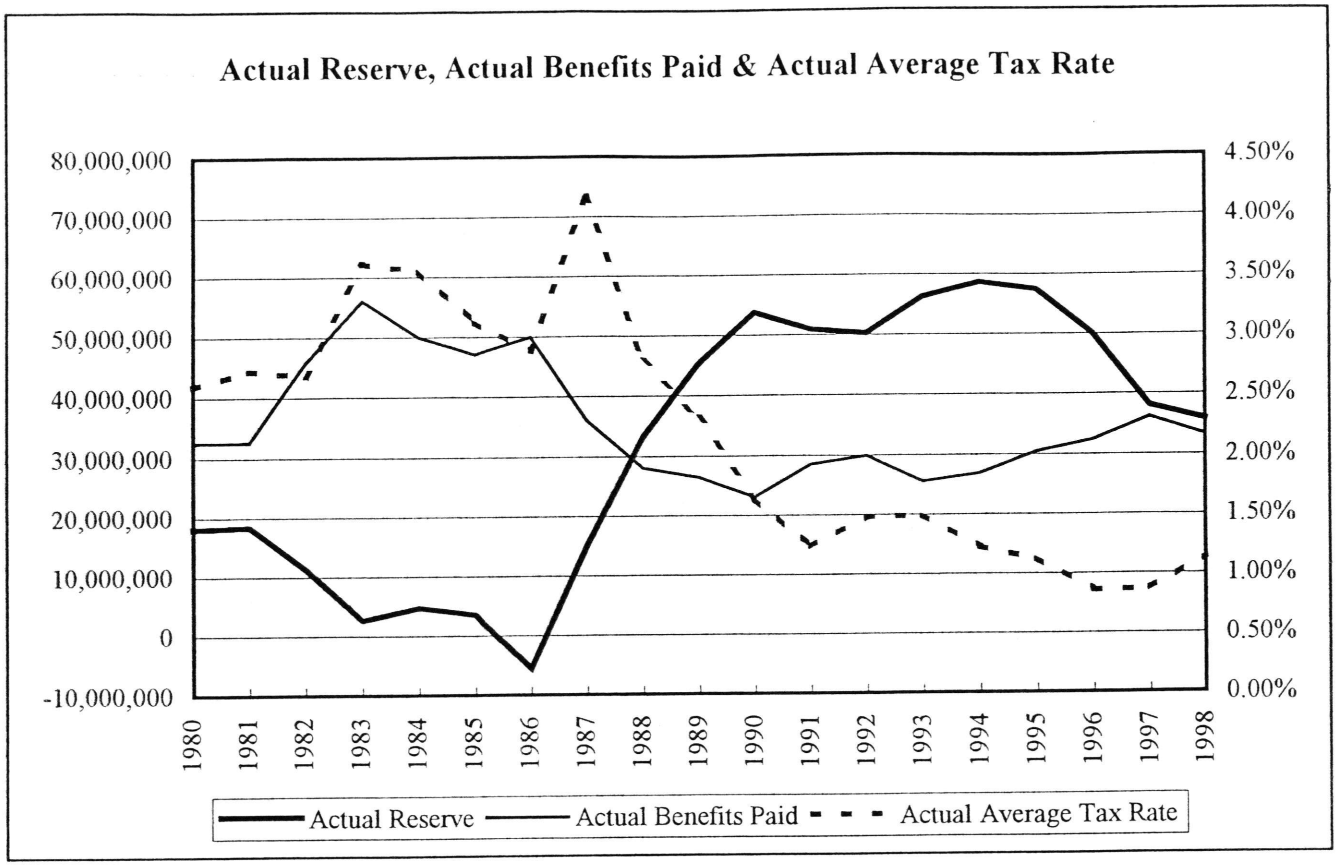
Prepared by JSND/l MI

A+tachment I

FY 1997 Taxable Wages > 0, Cumulative Benefits > Cumulative Contributions, and Experience Code = 2 (Eligible Negative Reserve) as of 6-9-1998

Industry	FY 1997 Taxable Wages	Most Current Year Cumulative Benefits	Most Current Year Cumulative Contributions	Second Year Cumulative Benefits	Second Year Cumulative Contributions	Third Year Cumulative Benefits	Third Year Cumulative Contributions	Fourth Year Cumulative Benefits	Fourth Year Cumulative Contributions	Fifth Year Cumulative Benefits	Fifth Year Cumulative Contributions
Ag	12,299,665.16	9,336,063.11	5,764,517.09	8,195,428.17	5,181,774.80	7,028,240.80	4,551,107.18	6,269,604.26	4,092,686.82	5,517,628 14	3,600,634 58
Mining	12,934,598.01	16,465,509.82	9,864,813.41	15,399,843.07	9,186,768.43	14,367,753.67	8,609,649.70	13,565,734.78	8,062,436 56	12,869,289 14	7,554,309 55
Const	106,001,091.25	134,679,945.57	76,675,582.47	123,330,747.84	69,993,748.66	113,007,939.94	63,590,255.63	103,235,116 56	57,309,597 22	95,001,983 14	52,559,734 58
Manuf	27,092,079.08	28,488,397.68	20,735,880.60	23,718,134.46	18,346,403.76	21,303,853.26	17,206,292.36	20,055,173.79	16,236,412 24	18,755,495 78	15,369,200 65
TCU	6,980,254.71	5,975,895.24	3,949,277.70	5,517,888.92	3,663,427.45	5,052,641.45	3,395,936.57	4,681,679.73	3,122,034 44	4,245,557 30	2,888,687 80
Whole	5,521,342.43	7,821,930.26	5,303,614.39	7,420,576.37	5,113,188.29	7,076,089.00	4,935,158.20	6,814,959.05	4,716,359.37	6,589,696 38	4,526,063 90
Retail	3,473,037.68	1,697,587.65	1,306,365.05	1,483,849.96	1,194,020.42	1,328,480.11	1,086,773.30	1,169,942.23	983,561 10	1,037,173 91	873,347 82
FIRE	857,204.29	1,313,844.41	814,760.55	1,244,134.89	796,140.59	1,171,381.20	776,479.12	1,088,847.47	753,677 10	1,029,825 32	719,620 03
Services	12,447,481.20	5,115,162.34	4,062,660.52	4,379,365.21	3,588,464.72	3,679,448.13	3,198,813.35	3,173,700.46	2,848,253 24	2,853,593 64	2,546,779 85
StGovt	67,551.89	61,497.32	57,507.79	54,599.32	53,860.00	52,279.88	50,945.37	50,177.34	47,622 07	45,413 34	44,322 15
LocGovt	744,158.72	569,157.81	511,277.16	542,354.98	488,833.96	511,749.25	467,460.86	479,489.27	451,470 94	455,493 27	426,366 29
Total	188,418,464.42	211,524,991.21	129,046,256.73	191,286,923.19	117,606,631.08	174,579,856.69	107,868,871 64	160,584,424 94	98,624,111 10	148,401,149 36	91,109,067 20

Industry	Res Bal as % of Taxable Wages	Most Current Year Reserve Balance	Most Current Year Reserve Change	Second Year Cumulative Balance	Second Year Cumulative Change	Third Year Cumulative Balance	Third Year Cumulative Change	Fourth Year Cumulative Balance	Fourth Year Cumulative Change	Fifth Year Cumulative Balance	Fifth Year Cumulative Change
Ag	29.0%	-3,571,546.02	-557,892.65	-3,013,653.37	-536,519.75	-2,477,133.62	-300,216.18	-2,176,917.44	-259,923.88	-1,916,993 56	
Mining	51.0%	-6,600,696.41	-387,621.77	-6,213,074.64	-454,970.67	-5,758,103.97	-254,805 75	-5,503,298.22	-188,318 63	-5,314,979 59	
Const	54.7%	-58,004,363.10	-4,667,363.92	-53,336,999.18	-3,919,314.87	-49,417,684.31	-3,492,164 97	-45,925,519 34	-3,483,270.78	-42,442,248 56	
Manuf	28.6%	-7,752,517.08	-2,380,786.38	-5,371,730.70	-1,274,169.80	-4,097,560.90	-278,799.35	-3,818,761.55	-432,466.42	-3,386,295.13	
TCU	29.0%	-2,026,617.54	-172,156.07	-1,854,461.47	-197,756.59	-1,656,704.88	-97,059.59	-1,559,645.29	-202,775.79	-1,356,869.50	
Whole	45.6%	-2,518,315.87	-210,927.79	-2,307,388.08	-166,457.28	-2,140,930.80	-42,331.12	-2,098,599.68	-34,967.20	-2,063,632 48	
Retail	11.3%	-391,222.60	-101,393.06	-289,829.54	-48,122.73	-241,706.81	-55,325.68	-186,381.13	-22,555.04	-163,826 09	
FIRE	58.2%	-499,083.86	-51,089.56	-447,994.30	-53,092.22	-394,902.08	-59,731.71	-335,170.37	-24,965 08	-310,205 29	
Services	8.5%	-1,052,501.82	-261,601.33	-790,900.49	-310,265.71	-480,634.78	-155,187.56	-325,447.22	-18,633.43	-306,813 79	
StGovt	5.9%	-3,989.53	-3,250.21	-739.32	595.19	-1,334.51	1,220.76	-2,555.27	-1,464.08	-1,091 19	
LocGovt	7.8%	-57,880.65	-4,359.63	-53,521.02	-9,232.63	-44,288.39	-16,270.06	-28,018.33	1,108.65	-29,126 98	
Total	43.8%	-82,478,734.48	-8,798,442.37	-73,680,292.11	-6,969,307.06	-66,710,985.05	-4,750,671.21	-61,960,313.84	-4,668,231.68	-57,292,082 16	


Actual Reserve, Actual Benefits Paid & Actual Average Tax Rate
80,000,000
70,000,000
60,000,000
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20,000,000
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-10,000,000
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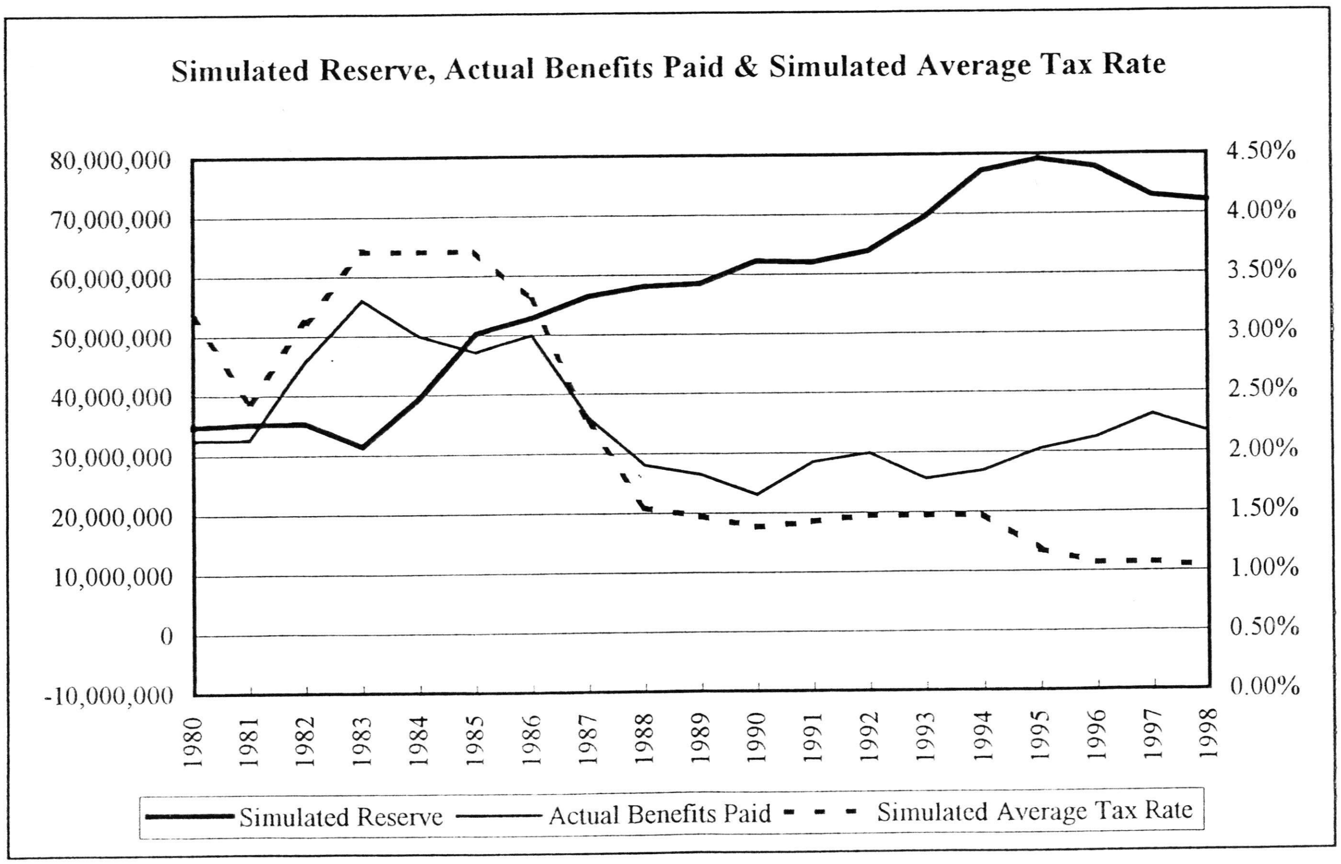
1997
1998
Actual Reserve
Actual Benefits Paid
Actual Average Tax Rate


Simulated Reserve, Actual Benefits Paid & Simulated Average Tax Rate
80,000,000
70,000,000
60,000,000
50,000,000
40,000,000
30,000,000
20,000,000
10,000,000
0
-10,000,000
4.50%
4.00%
3.50%
3.00%
2.50%
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Simulated Reserve
Actual Benefits Paid
Simulated Average Tax Rate

Trust Fund Reserve, Benefits Paid & Average Tax Rate

Year	Trust Fund Reserve Actual	Trust Fund Reserve Simulated	Benefits Paid Actual	Average Tax Rate on Taxable Wages Actual	Average Tax Rate on Taxable Wages Simulated
1980	$18,010,000	$34,769,632	$32,423,616	2.59%	3.16%
1981	18,335,000	35,169,868	32,609,507	2.72%	2.45%
1982	11,304,000	35,258,555	45,654,792	2.68%	3.12%
1983	2,614,000	31,358,569	55,953,148	3.61%	3.71%
1984	4,617,000	39,442,573	49,907,414	3.55%	3.71%
1985	3,436,000	50,267,899	47,091,883	3.12%	3.71%
1986	-5,501,000	52,837,356	49,901,925	2.88%	3.30%
1987	14,999,000	56,477,658	36,018,589	4.17%	2.25%
1988	33,076,000	58,020,105	27,957,813	2.79%	1.54%
1989	45,370,000	58,461,603	26,374,459	2.31%	1.47%
1990	53,732,000	62,237,696	22,970,340	1.64%	1.38%
1991	50,914,000	62,007,051	28,472,949	1.23%	1.42%
1992	50,306,000	63,819,672	29,840,942	1.48%	1.47%
1993	56,267,000	69,473,675	25,467,938	1.49%	1.47%
1994	58,641,000	77,128,100	26,804,577	1.22%	1.47%
1995	57,415,000	79,089,299	30,353,962	1.12%	1.17%
1996	50,072,000	77,796,613	32,339,839	0.86%	1.07%
1997	38,057,000	72,981,866	36,109,407	0.87%	1.07%
1998	35,867,100	72,038,305	33,247,447	1.14%	1.03%

Sources: ET Handbook 394 Unemployment Insurance Financial Data and ETA 2112 UI Financial Summary Transaction report.

Unemployment Compensation Fund

Year	Insured Avg Unemployment Rate %	Total Rate %	Total Covered Wages	Benefit Payments	Contributions as % of Benefits	Income	Interest	Benefits	Fund Balance	Total Covered Employees	% of Taxable Wages	
			(000)								ND	National
1970	2.94	3.30	525,000	5,170,000	143.4	5,958,000	520	4,156,000	12,864,000	6,565	1.95	1.34
1971	3.91	3.80	576,000	7,873,000	107.7	6,698,000	622	6,219,000	13,569,000	6,799	2.03	1.41
1972	3.93	3.50	789,000	9,536,000	124.6	9,338,000	620	7,494,000	15,024,000	12,410	2.23	1.70
1973	3.20	3.30	885,000	10,705,000	132.0	10,713,000	748	8,117,000	17,989,000	13,548	2.48	1.98
1974	2.79	3.20	1,041,000	11,216,000	128.4	10,726,000	1,011	8,355,000	20,923,000	14,407	2.22	1.95
1975	3.07	3.60	1,221,000	13,911,000	112.8	11,789,000	1,169	10,452,000	22,379,000	15,033	2.23	1.97
1976	2.83	3.60	1,403,000	16,346,000	87.1	12,337,000	1,103	14,171,000	19,993,000	15,673	2.12	2.58
1977	3.47	4.80	1,534,000	23,657,000	91.1	19,259,000	1,067	21,143,000	16,495,000	16,015	3.10	2.85
1978	3.09	4.50	2,076,000	23,450,000	104.4	20,321,000	808	19,474,000	16,259,000	17,999	2.32	2.84
1979	2.60	3.70	2,370,000	25,206,000	124.7	27,261,000	958	21,868,000	20,437,000	18,336	2.62	2.67
1980	2.83	5.00	2,608,000	35,440,000	89.5	29,002,000	1,468	32,423,000	15,960,000	20,155	2.59	2.37
1981	2.75	5.00	2,986,000	34,608,000	106.8	34,840,000	1,285	32,609,000	16,632,000	18,381	2.72	2.41
1982	3.20	5.90	3,197,000	48,451,000	80.5	36,730,000	1,518	45,654,000	9,292,000	18,467	2.68	2.54
1983	3.62	5.60	3,303,000	56,773,000	93.1	52,073,000	545	55,953,000	1,236,000	18,568	3.61	2.78
1984	3.04	5.10	3,382,000	47,235,000	103.4	51,600,000	166	49,907,000	3,390,000	18,449	3.55	3.25
1985	3.09	5.90	3,432,000	47,765,000	95.6	44,996,000	261	47,091,000	2,305,000	18,386	3.12	3.13
1986	3.31	6.30	3,427,000	51,950,000	81.7	40,750,000	153	49,901,000	(6,624,000)	18,038	2.88	2.80
1987	2.67	5.20	3,546,000	38,695,000	165.0	59,419,000	112	36,018,000	13,934,000	17,894	4.17	2.60
1988	2.28	4.80	3,689,000	30,250,000	147.2	41,139,000	1,514	27,957,000	31,732,000	18,046	2.79	2.48
1989	2.01	4.30	3,841,000	28,033,000	132.4	34,927,000	2,868	26,374,000	43,853,000	17,954	2.31	2.18
1990	1.73	4.00	4,082,000	24,973,000	114.3	26,256,000	3,977	22,970,000	52,171,000	17,766	1.64	1.95
1991	1.91	4.30	4,283,000	30,222,000	72.2	20,549,000	4,341	28,472,000	49,298,000	17,766	1.23	1.92
1992	1.97	5.10	4,596,000	32,195,000	88.0	26,271,000	3,829	29,840,000	48,527,000	17,847	1.48	2.20
1993	1.69	4.40	4,849,000	28,573,000	118.0	28,520,000	3,630	25,467,000	54,521,000	17,988	1.49	2.51
1994	1.59	3.90	5,165,000	28,779,000	93.7	25,108,000	3,620	26,804,000	57,051,000	18,367	1.22	2.55
1995	1.51	3.30	5,496,000	31,006,000	82.4	24,997,000	3,819	30,353,000	55,683,000	18,467	1.12	2.44
1996	1.40	3.10	5,857,000	32,809,000	64.0	20,709,000	3,614	32,339,000	48,200,000	18,667	0.86	2.28
1997	1.52	2.50	6,237,000	35,518,000	61.0	22,006,000	2,910	36,109,000	36,598,000	18,831	0.87	2.20

ATTACHMENT I

Prepared by JSND/LMI

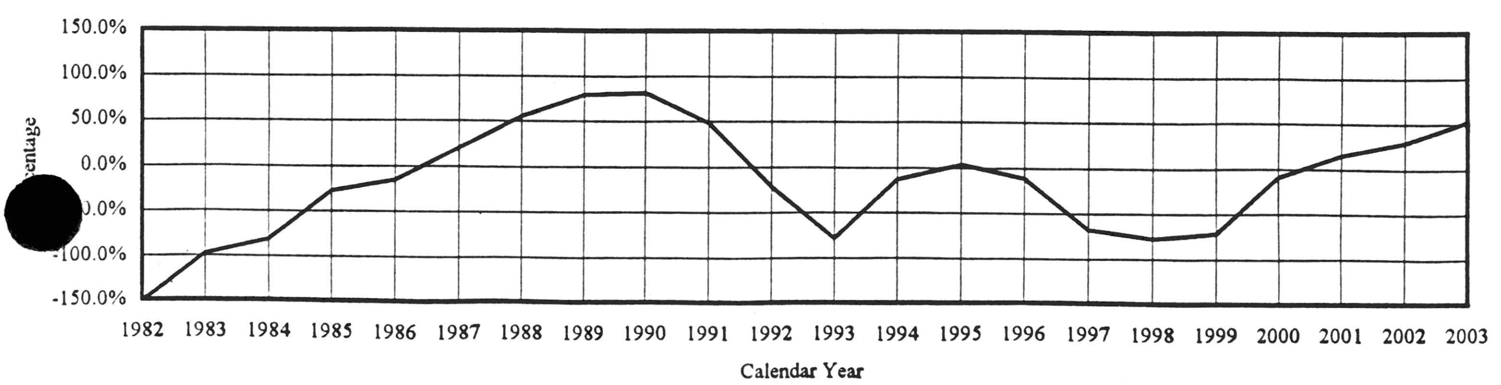
Calendar [illegible]	Net Reserves as of 12-31 ET 394 column 13	Total Wages ET 394 column 3	Ratio of Net Reserves to Total Wages (Reserve Ratio RR)	Benefits Regular & EB ET 394 columns 10+45	Ratio of Benefits to Total Wages (Benefit Cost Rate BCR)	Average of the Twenty Year High the Next 2 Ten Year High BCR's (ABCR)	Total Wages Times ABCR (Solvency Target)	Ratio of the RR to the ABCR (Average High Cost Multiple AHCM)	Percentage ① Change Between 1.0 and the 3 Year Prior AHCM
[illegible]	$7,351,000	$274,819,000	2.67%	$4,913,000	1.79%				
1961	6,414,000	277,809,000	2.31%	5,077,000	1.83%				
1962	6,772,000	308,140,000	2.20%	4,483,000	1.45%				
1963	7,657,000	324,865,000	2.36%	4,580,000	1.41%				
1964	7,608,000	356,447,000	2.13%	5,605,000	1.57%				
1965	7,716,000	376,372,000	2.05%	5,666,000	1.51%				
1966	7,612,000	382,953,000	1.99%	5,530,000	1.44%				
1967	8,203,000	395,759,000	2.07%	4,464,000	1.13%				
1968	9,278,000	420,461,000	2.21%	4,142,000	0.99%				
1969	11,066,000	451,548,000	2.45%	3,796,000	0.84%				
1970	13,030,000	516,031,000	2.53%	4,311,000	0.84%				
1971	13,735,000	565,599,000	2.43%	6,624,000	1.17%				
1972	15,204,000	606,153,000	2.51%	7,660,000	1.26%				
1973	18,236,000	773,560,000	2.36%	8,446,000	1.09%				
1974	21,230,000	920,470,000	2.31%	8,726,000	0.95%				
1975	22,380,000	1,076,715,000	2.08%	11,484,000	1.07%				
1976	20,345,000	1,234,039,000	1.65%	15,081,000	1.22%				
1977	16,746,000	1,344,998,000	1.25%	22,250,000	1.65%				
1978	16,525,000	1,601,984,000	1.03%	20,456,000	1.28%				
1979	20,807,000	1,843,592,000	1.13%	21,865,000	1.19%	1.59%	$29,400,000	71%	
1980	18,010,000	2,020,434,000	0.89%	33,727,000	1.67%	1.72%	34,800,000	52%	
1981	18,335,000	2,306,372,000	0.79%	33,131,000	1.44%	1.59%	36,700,000	50%	
1982	11,304,000	2,436,499,000	0.46%	45,673,000	1.87%	1.73%	42,200,000	27%	-151.72%
1983	2,614,000	2,497,682,000	0.10%	58,416,000	2.34%	1.96%	49,000,000	5%	-97.92%
1984	4,617,000	2,533,866,000	0.18%	50,208,000	1.98%	2.06%	52,200,000	9%	-82.00%
1985	3,436,000	2,528,649,000	0.14%	47,106,000	1.86%	2.06%	52,100,000	7%	-27.40%
1986	-5,501,000	2,487,794,000	-0.22%	49,903,000	2.01%	2.11%	52,500,000	-10%	-15.79%
1987	14,999,000	2,573,908,000	0.58%	36,054,000	1.40%	2.11%	54,400,000	27%	19.78%
1988	33,076,000	2,686,740,000	1.23%	27,958,000	1.04%	2.11%	56,600,000	58%	54.84%
[illegible]	45,370,000	2,783,189,000	1.63%	26,374,000	0.95%	2.11%	58,800,000	77%	79.09%
[illegible]	53,732,000	2,966,950,000	1.81%	22,970,000	0.77%	2.11%	62,600,000	86%	80.82%
1991	50,914,000	3,100,061,000	1.64%	28,365,000	0.91%	2.11%	65,500,000	78%	47.62%
1992	50,306,000	3,322,718,000	1.51%	30,216,000	0.91%	2.11%	70,200,000	72%	-21.74%
1993	56,267,000	3,538,883,000	1.59%	25,497,000	0.72%	2.11%	74,700,000	75%	-78.57%
1994	58,641,000	3,789,638,000	1.55%	26,807,000	0.71%	2.07%	78,500,000	75%	-13.64%
1995	57,415,000	4,067,345,000	1.41%	30,354,000	0.75%	1.92%	78,000,000	73%	3.57%
1996	50,072,000	4,381,174,000	1.14%	32,340,000	0.74%	1.59%	69,700,000	72%	-12.00%
1997	38,057,000	4,577,225,000	0.83%	36,109,000	0.79%	1.44%	65,900,000	58%	-68.00%
1998	35,867,100	4,935,990,000	0.73%	33,247,000	0.67%	1.40%	69,100,000	52%	- 77.78%
1999	36,494,100	5,242,510,000	0.70%	33,972,000	0.65%	1.35%	70,700,000	52%	-71.43%
2000	40,818,100	5,568,070,000	0.73%	35,826,000	0.64%	1.35%	75,100,000	54%	- 9.52%
2001	46,932,100	5,913,850,000	0.79%	37,517,000	0.63%	1.35%	79,800,000	59%	14.58%
2002	53,597,100	6,281,100,000	0.85%	39,847,000	0.63%	1.29%	81,000,000	66%	29.17%
2003	61,161,100	6,671,160,000	0.92%	42,322,000	0.63%	1.18%	78,700,000	78%	52.17%

Shaded Areas Denote Projected Data

① For December 31, 2001, substantial progress towards achieving the solvency target shall mean that a State has reduced any difference between 1.0 and the average high cost multiple of such State (if such multiple is less than 1.0) that the Secretary found to exist on December 31, 1998, by an amount equal to or exceeding 5 percent of such difference.

1999 effective tax rate is 1.14% and 2000-03 effective tax rate is 1.28% plus a surtax rate of 0.00%

Percentage Change Between 1.0 and the 3 Year Prior AHCM



ATTACHMENT II

Prepared by JSND/LMI

Positive Rate Groups					Negative Rate Groups					Projected CY 2000 Taxable Wages $3,051,300,000	
Minimum	Maximum	Groups	Percentage of Taxable Wages per Group	Average Tax Rate	Minimum	Maximum	Groups	Percentage of Taxable Wages per Group	Average Tax Rate	Projected Income	Average Tax Rate
0.17%	0.47%	4	25.000%	0.320%	5.57%	9.17%	10	10.000%	7.370%	30,032,000	0.98%
0.18%	0.48%	4	25.000%	0.330%	5.58%	9.18%	10	10.000%	7.380%	30,322,000	0.99%
0.19%	0.49%	4	25.000%	0.340%	5.59%	9.19%	10	10.000%	7.390%	30,611,000	1.00%
0.14%	0.54%	5	20.000%	0.340%	5.64%	9.24%	10	10.000%	7.440%	30,740,000	1.01%
0.15%	0.55%	5	20.000%	0.350%	5.65%	9.25%	10	10.000%	7.450%	31,030,000	1.02%
0.16%	0.56%	5	20.000%	0.360%	5.66%	9.26%	10	10.000%	7.460%	31,320,000	1.03%
0.17%	0.57%	5	20.000%	0.370%	5.67%	9.27%	10	10.000%	7.470%	31,610,000	1.04%
0.18%	0.58%	5	20.000%	0.380%	5.68%	9.28%	10	10.000%	7.480%	31,900,000	1.05%
0.19%	0.59%	5	20.000%	0.390%	5.69%	9.29%	10	10.000%	7.490%	32,190,000	1.05%
0.14%	0.64%	6	16.667%	0.390%	5.74%	9.34%	10	10.000%	7.540%	32,319,000	1.06%
0.15%	0.65%	6	16.667%	0.400%	5.75%	9.35%	10	10.000%	7.550%	32,609,000	1.07%
0.16%	0.66%	6	16.667%	0.410%	5.76%	9.36%	10	10.000%	7.560%	32,899,000	1.08%
0.17%	0.67%	6	16.667%	0.420%	5.77%	9.37%	10	10.000%	7.570%	33,196,000	1.09%
0.18%	0.68%	6	16.667%	0.430%	5.78%	9.38%	10	10.000%	7.580%	33,509,000	1.10%
0.19%	0.69%	6	16.667%	0.440%	5.79%	9.39%	10	10.000%	7.590%	33,822,000	1.11%
0.14%	0.74%	7	14.286%	0.440%	5.84%	9.44%	10	10.000%	7.640%	34,064,000	1.12%
0.15%	0.75%	7	14.286%	0.450%	5.85%	9.45%	10	10.000%	7.650%	34,377,000	1.13%
0.16%	0.76%	7	14.286%	0.460%	5.86%	9.46%	10	10.000%	7.660%	34,690,000	1.14%
0.17%	0.77%	7	14.286%	0.470%	5.87%	9.47%	10	10.000%	7.670%	35,002,000	1.15%
0.18%	0.78%	7	14.286%	0.480%	5.88%	9.48%	10	10.000%	7.680%	35,315,000	1.16%
0.19%	0.79%	7	14.286%	0.490%	5.89%	9.49%	10	10.000%	7.690%	35,628,000	1.17%
0.14%	0.84%	8	12.500%	0.490%	5.94%	9.54%	10	10.000%	7.740%	35,871,000	1.18%
0.15%	0.85%	8	12.500%	0.500%	5.95%	9.55%	10	10.000%	7.750%	36,183,000	1.19%
0.16%	0.86%	8	12.500%	0.510%	5.96%	9.56%	10	10.000%	7.760%	36,496,000	1.20%
0.17%	0.87%	8	12.500%	0.520%	5.97%	9.57%	10	10.000%	7.770%	36,809,000	1.21%
0.18%	0.88%	8	12.500%	0.530%	5.98%	9.58%	10	10.000%	7.780%	37,122,000	1.22%
0.19%	0.89%	8	12.500%	0.540%	5.99%	9.59%	10	10.000%	7.790%	37,434,000	1.23%
0.14%	0.94%	9	11.111%	0.540%	6.04%	9.64%	10	10.000%	7.840%	37,677,000	1.23%
0.15%	0.95%	9	11.111%	0.550%	6.05%	9.65%	10	10.000%	7.850%	37,990,000	1.25%
0.16%	0.96%	9	11.111%	0.560%	6.06%	9.66%	10	10.000%	7.860%	38,302,000	1.26%
0.17%	0.97%	9	11.111%	0.570%	6.07%	9.67%	10	10.000%	7.870%	38,615,000	1.27%
0.18%	0.98%	9	11.111%	0.580%	6.08%	9.68%	10	10.000%	7.880%	38,928,000	1.28%
0.19%	0.99%	9	11.111%	0.590%	6.09%	9.69%	10	10.000%	7.890%	39,241,000	1.29%
0.14%	1.04%	10	10.000%	0.590%	6.14%	9.74%	10	10.000%	7.940%	39,483,000	1.29%
0.15%	1.05%	10	10.000%	0.600%	6.15%	9.75%	10	10.000%	7.950%	39,796,000	1.30%
0.16%	1.06%	10	10.000%	0.610%	6.16%	9.76%	10	10.000%	7.960%	40,109,000	1.31%
0.17%	1.07%	10	10.000%	0.620%	6.17%	9.77%	10	10.000%	7.970%	40,422,000	1.32%
0.18%	1.08%	10	10.000%	0.630%	6.18%	9.78%	10	10.000%	7.980%	40,734,000	1.33%
0.19%	1.09%	10	10.000%	0.640%	6.19%	9.79%	10	10.000%	7.990%	41,047,000	1.35%
0.20%	1.10%	10	10.000%	0.650%	6.20%	9.80%	10	10.000%	8.000%	41,360,000	1.36%
0.21%	1.11%	10	10.000%	0.660%	6.21%	9.81%	10	10.000%	8.010%	41,672,000	1.37%
0.22%	1.12%	10	10.000%	0.670%	6.22%	9.82%	10	10.000%	8.020%	41,985,000	1.38%
0.23%	1.13%	10	10.000%	0.680%	6.23%	9.83%	10	10.000%	8.030%	42,298,000	1.39%
0.24%	1.14%	10	10.000%	0.690%	6.24%	9.84%	10	10.000%	8.040%	42,611,000	1.40%
0.25%	1.15%	10	10.000%	0.700%	6.25%	9.85%	10	10.000%	8.050%	42,923,000	1.41%

Positive Employers

The maximum rate is set from an income requirement determination.
Taxable wages are evenly distributed in increments of 0.1%.
If the maximum rate is greater than or equal to 1.00%,
then the minimum rate is the maximum rate minus 0.9%.
If the maximum rate is less than 1.00%, then the range for the minimum rate must be greater than or equal to 0.1%, and must be less than 0.2% (the minimum of 0.1% plus the increment of 0.1%), with the minimum rate equal to the maximum rate minus a multiple of the increment (0.1%) to fall within this range.

Negative Employers

Taxable wages are evenly distributed in increments of 0.4%.
The minimum rate is the positive employer maximum rate plus 5.1%.
The maximum rate is the negative employer minimum rate plus 3.6%.

Negative Construction Employers - SIC 161

The rate is the negative employer rate plus 1.5%.

New Nonconstruction Employers

The rate is 1.0% or the positive employer maximum rate times 150%, whichever is greater.

New Construction Employers

The rate is the negative employer maximum rate.

No subsequent rate schedule can be used that will generate less income than any preceding rate schedule.

Percentage of Taxable Wages	
Positive	86.58%
Negative - not SIC 161	6.33%
Negative - SIC 161	0.88%
New - nonconstruction	4.98%
New - construction	1.23%
	100.00%

ATTACHMENT III

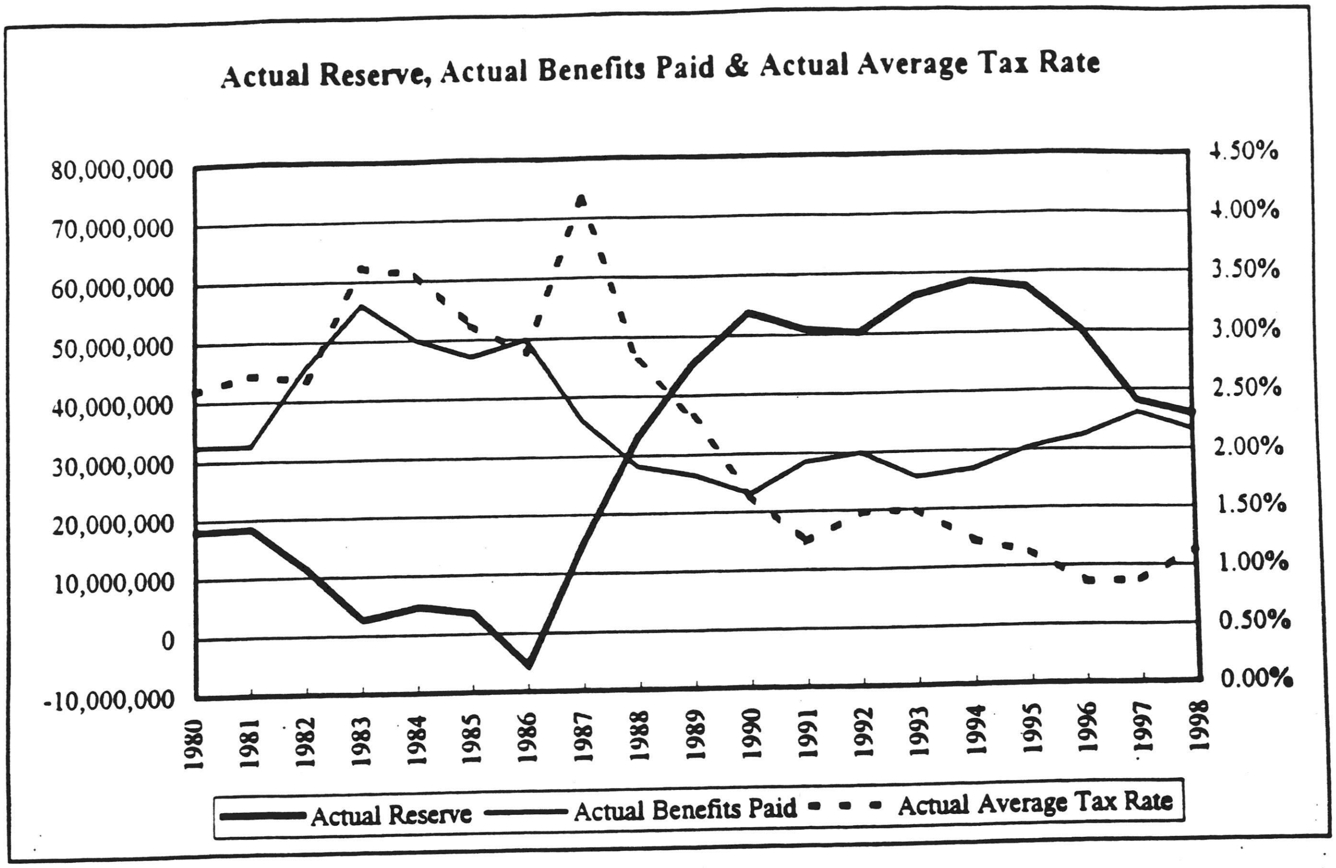
Current Tax Rate Schedule					
Description	① Number of Employers	Tax Rate	Percentage of Taxable Wages	Percentage of Taxable Wages per Group	Projected Income
2 groups = 78% of	7,110	0.2%	86.58%	39.000%	$2,061,000
positive employer	5,078	0.4%	86.58%	39.000%	4,121,000
taxable wages	380	0.6%	86.58%	2.444%	387,000
	215	0.8%	86.58%	2.444%	517,000
9 groups = 22% of	379	1.0%	86.58%	2.444%	646,000
positive employer	188	1.2%	86.58%	2.444%	775,000
taxable wages	228	1.4%	86.58%	2.444%	904,000
	223	1.6%	86.58%	2.444%	1,033,000
	441	1.8%	86.58%	2.444%	1,162,000
	307	2.0%	86.58%	2.444%	1,291,000
	181	2.2%	86.58%	2.444%	1,420,000
Positive	14,730				$14,317,000
Non-construction	751	5.4%	2.97%	100.000%	4,894,000
Construction - not SIC 161	542	7.0%	3.36%	100.000%	7,177,000
Construction - SIC 161	54	8.5%	0.88%	100.000%	2,282,000
Negative	1,347				$14,353,000
Positive & Negative	16,077				$28,670,000
New - non-construction		2.2%	4.98%	100.000%	3,343,000
New - construction		7.0%	1.23%	100.000%	2,627,000
Rounding					0
Total					$34,640,000
Average Tax Rate					1.14%

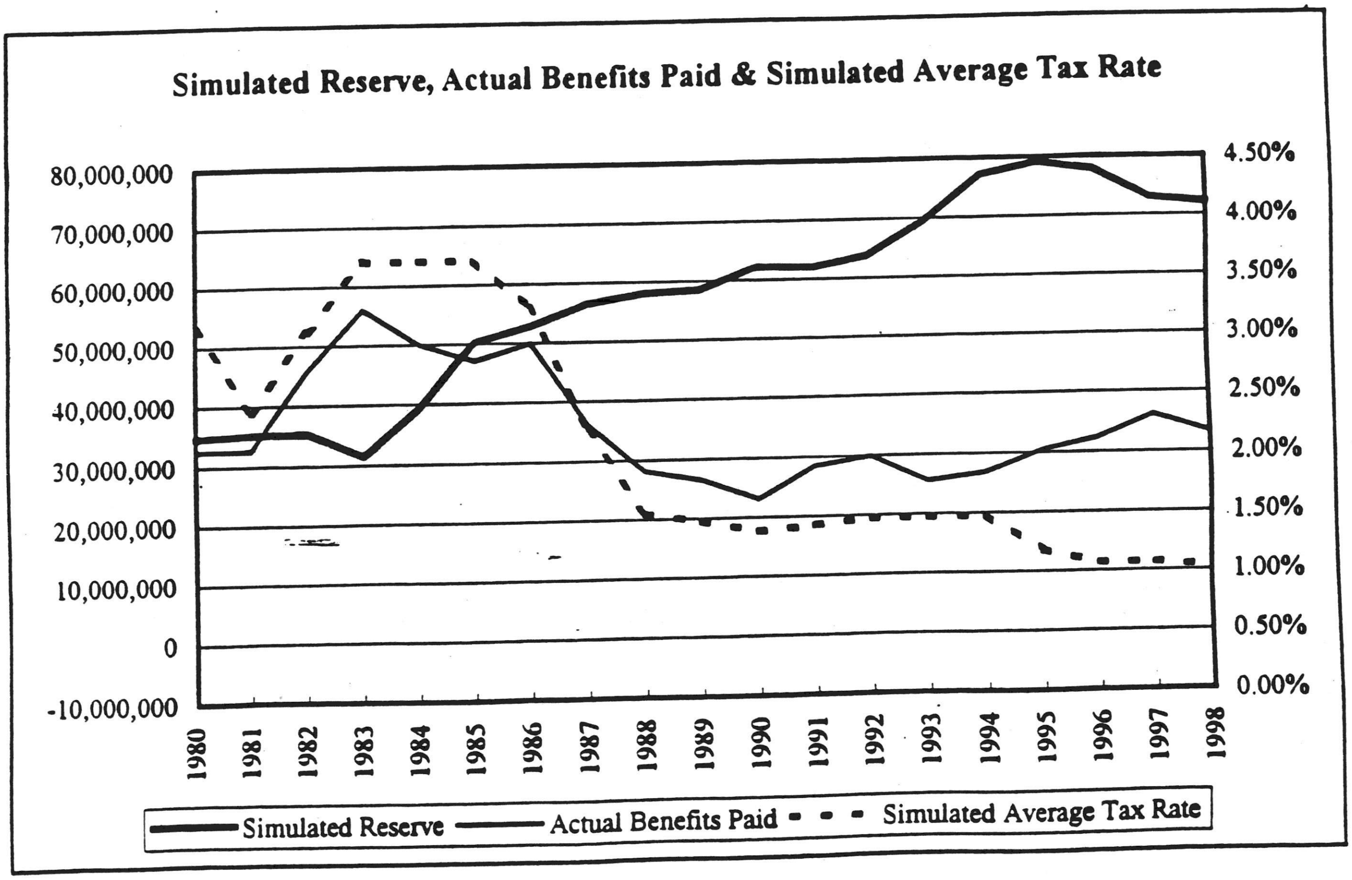
Proposed Tax Rate Schedule						
Description	① Number of Employers	Tax Rate	Percentage of Taxable Wages	Percentage of Taxable Wages per Group	Projected Income	Projected CY 2000 Taxable Wages $3,051,300,000
9 groups = 100% of	3,389	0.18%	86.58%	11.111%	$528,000	
positive employer	1,922	0.28%	86.58%	11.111%	822,000	
taxable wages	1,809	0.38%	86.58%	11.111%	1,115,000	
	2,464	0.48%	86.58%	11.111%	1,409,000	
	1,732	0.58%	86.58%	11.111%	1,702,000	
	864	0.68%	86.58%	11.111%	1,996,000	
	581	0.78%	86.58%	11.111%	2,290,000	
	691	0.88%	86.58%	11.111%	2,583,000	
	1,278	0.98%	86.58%	11.111%	2,877,000	
						Difference
Positive	14,730				$15,322,000	$1,005,000
10 groups = 100% of	226	6.08%	7.21%	10.000%	1,338,000	
negative employer	99	6.48%	7.21%	10.000%	1,426,000	
taxable wages	56	6.88%	7.21%	10.000%	1,514,000	
	86	7.28%	7.21%	10.000%	1,602,000	
	163	7.68%	7.21%	10.000%	1,690,000	
	109	8.08%	7.21%	10.000%	1,778,000	
	132	8.48%	7.21%	10.000%	1,866,000	
	115	8.88%	7.21%	10.000%	1,954,000	
	89	9.28%	7.21%	10.000%	2,042,000	
	218	9.68%	7.21%	10.000%	2,130,000	
SIC 161 Additional	54	1.50%	0.88%	100.000%	403,000	
Negative	1,347				$17,743,000	3,390,000
Positive & Negative	16,077				$33,065,000	
New - non-construction		1.470%	4.98%	100.000%	2,234,000	-1,109,000
New - construction		9.68%	1.23%	100.000%	3,633,000	1,006,000
Rounding					-4,000	-4,000
Total					$38,928,000	$4,288,000
					1.28%	0.14%

① Employer counts are from a database with 10-1-1997 to 9-30-1998 taxable wages.

ATTACHMENT IV

Prepared by JSND/LMI
distributed by Representative Rick Berg





Prepared by JSND/LMI
distributed by Representative Rick Berg

Trust Fund Reserve, Benefits Paid & Average Tax Rate

Year	Trust Fund Reserve Actual	Trust Fund Reserve Simulated	Benefits Paid Actual	Average Tax Rate on Taxable Wages Actual	Average Tax Rate on Taxable Wages Simulated
1980	$18,010,000	$34,769,632	$32,423,616	2.59%	3.16%
1981	18,335,000	35,169,868	32,609,507	2.72%	2.45%
1982	11,304,000	35,258,555	45,654,792	2.68%	3.12%
1983	2,614,000	31,358,569	55,953,148	3.61%	3.71%
1984	4,617,000	39,442,573	49,907,414	3.55%	3.71%
1985	3,436,000	50,267,899	47,091,883	3.12%	3.71%
1986	-5,501,000	52,837,356	49,901,925	2.88%	3.30%
1987	14,999,000	56,477,658	36,018,589	4.17%	2.25%
1988	33,076,000	58,020,105	27,957,813	2.79%	1.54%
1989	45,370,000	58,461,603	26,374,459	2.31%	1.47%
1990	53,732,000	62,237,696	22,970,340	1.64%	1.38%
1991	50,914,000	62,007,051	28,472,949	1.23%	1.42%
1992	50,306,000	63,819,672	29,840,942	1.48%	1.47%
1993	56,267,000	69,473,675	25,467,938	1.49%	1.47%
1994	58,641,000	77,128,100	26,804,577	1.22%	1.47%
1995	57,415,000	79,089,299	30,353,962	1.12%	1.17%
1996	50,072,000	77,796,613	32,339,839	0.86%	1.07%
1997	38,057,000	72,981,866	36,109,407	0.87%	1.07%
1998	35,867,100	72,038,305	33,247,447	1.14%	1.03%

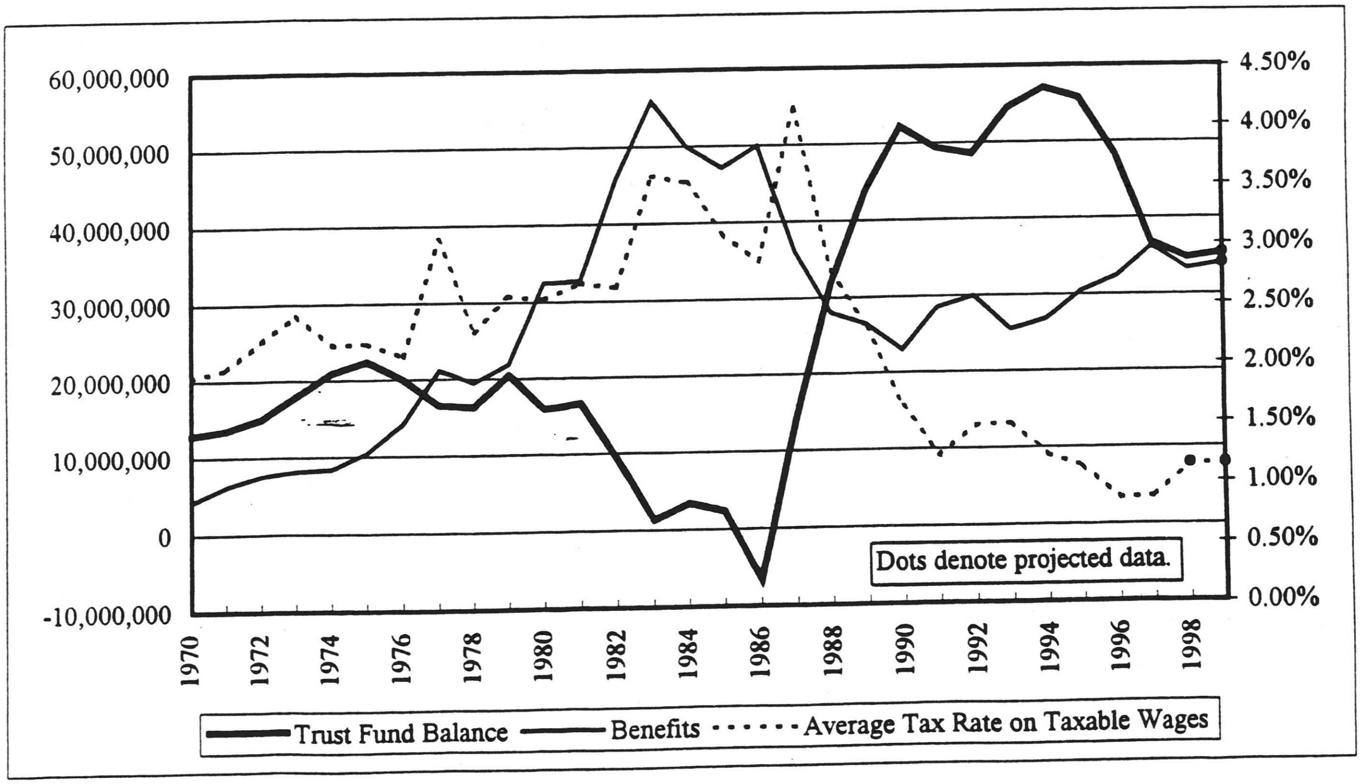
Sources: ET Handbook 394 Unemployment Insurance Financial Data and ETA 2112 UI Financial Summary Transaction report.

Trust Fund Balance, Benefits & Average Tax Rate

Year	Trust Fund Balance	Benefits	Average Tax Rate on Taxable Wages
1970	$12,864,052	$4,156,050	1.95%
1971	13,569,664	6,219,257	2.03%
1972	15,024,273	7,494,178	2.26%
1973	17,989,880	8,117,709	2.48%
1974	20,923,772	8,355,121	2.22%
1975	22,379,779	10,452,827	2.23%
1976	19,993,008	14,171,432	2.12%
1977	16,495,329	21,143,060	3.10%
1978	16,259,772	19,474,865	2.32%
1979	20,437,277	21,868,084	2.62%
1980	15,960,857	32,423,616	2.59%
1981	16,632,470	32,609,507	2.72%
1982	9,292,573	45,654,792	2.68%
1983	1,236,166	55,953,148	3.61%
1984	3,390,917	49,907,414	3.55%
1985	2,305,934	47,091,883	3.12%
1986	-6,624,164	49,901,925	2.88%
1987	13,934,414	36,018,589	4.17%
1988	31,732,999	27,957,813	2.79%
1989	43,853,998	26,374,459	2.31%
1990	52,171,181	22,970,340	1.64%
1991	49,298,161	28,472,949	1.23%
1992	48,527,517	29,840,942	1.48%
1993	54,521,563	25,467,938	1.49%
1994	57,051,198	26,804,577	1.22%
1995	55,683,376	30,353,962	1.12%
1996	48,200,976	32,339,839	0.86%
1997	36,598,546	36,109,407	0.87%
1998	34,674,100	33,247,447	1.14%
1999	35,336,000	33,972,000	1.14%

Shaded areas (dots on the graph) denote projected data.

Source: ETA 2112 UI Financial Summary Transaction report.



HOUSE BILL 1135
SENATE BUSINESS , INDUSTRY AND LABOR
SENATOR DUANE MUTCH, CHAIRMAN
MARCH 2, 1999

Mr. Chairman, members of the committee. My name is Jim Hirsch, Manager, Customer Service Area V, with Job Service North Dakota. Engrossed House Bill Number 1135 amends North Dakota Century Code Sections 52-04-05, 52-04-06 and 52-04-09. Otherwise known as the "New Tax Rate Bill".

The Executive Director of Job Service North Dakota, under current legislation, is required to report to the North Dakota Legislature whenever the Unemployment Insurance Trust Fund is expected to fall below $40 million dollars. The report must identify those actions which the agency plans to take to restore the Trust Fund to the $40 million dollar level. A report was provided to the Budget Committee in November of 1997. In that report, Mrs. Gladden outlined three specific areas which would be recommended and initiated to restore the Trust Fund to $40 million dollars.

This bill, in its initial form, was the result of the work of the Unemployment Insurance Issues Ad Hoc Workgroup and reflects a consensus of the members of that workgroup. Members of the workgroup included:

Mr. Guy Moos, Baker Boy Supply
Mr. Joe Satrom, Satrom Travel
Mr. Richard Tschider, St. Alexius Medical Center
Mr. Bill Butcher, North Dakota Federation of Independent Business
Mr. Richard Bergstad, Electrical Workers Union Local 714
Representative Gerald Sveen

There is no universally agreed upon "best" definition of adequate reserves. The Department of Labor believes the best way to assess fund solvency is to use a statistical model to simulate a variety of future situations. This bill uses a modified version of the Department of Labor recommended model.

The Average High Cost Multiple (AHCM) is the reserve ratio (trust fund reserve as of 12-31) divided by the total covered wages for that year) divided by the average benefit cost rate, which is the average of the highest three benefit cost rates in the last twenty years. The Average High Cost Multiple tells us the number of years a state could pay benefits, without additional revenues, at a rate equal to the average of its worst three recent years and provides an indicator of the likelihood of borrowing in an economic downturn.

This bill sets the targeted amount of the trust fund at a ratio of 1.0 of the Average High Cost Multiple using the highest benefit cost rate in the last twenty years and the two highest cost rates in the last ten years. **(See Attachment one dated 2-9-99**) This target is to be reached over a seven year period.

This bill establishes a trigger so that if the average annual insured unemployment rate is above 3%, and has increased 110% above the average of the preceding two calendar years , an increase in the tax rate will be set to provide for 50% of the additional revenue needed. The remaining 50% becomes a draw down on the Trust Fund Reserve. When the Trust fund is below the target, rates will not be reduced until the target is met.

Sections 1, 2, and 3, of the bill provide for a new tax rate schedule that would replace the current tax rate schedule. This rate would be effective starting with calendar year 2000.

The current tax rate schedule has inherent problems which create inequities in the distribution of the costs of the system to employers and creates the potential for increased negative account employers. First, this occurs because 78% of the positive account employers are required to be grouped under the first two tax rate groups. Low payments by some positive account employers over the past several years have reduced their cumulative positive account balances to the point where they could become a negative account employers. Second, **when tax rate increases are required, they are applied only to positive account employer accounts and do not result in tax rate increases for negative account employers or for new employer accounts.**

The Unemployment Insurance Ad Hoc Workgroup reviewed a number of issues related to the setting of equitable tax rates. A basic benefit funding principle is that Unemployment Insurance programs be self-financing. This is typically taken to mean that funds should be accumulated during periods of economic growth so they will be available to pay benefits during economic downturns. Employers share in or pool the risk of unemployment by contributing to a State unemployment fund which pays out benefits. The individual employer generally does not pay the full cost of the event that is insured against at the time the event occurs, although over time their tax rates will reflect their experience with unemployment.

Under experience rating, each employer has an account in the State's Unemployment Insurance fund. Generally, whenever a worker collects benefits, the employers account is charged. The more charges to the employer's account, the higher the tax rate. If the employer has a stable workforce and fewer charges, the tax rate will be lower. Experience rating was built into the system for several reasons: To encourage employers to stabilize their work force; to ensure an equitable distribution of the cost of the system among employers; and to encourage employers to participate in the unemployment insurance system, since their account will directly affect their tax rates.

The proposed tax rate schedule provides for different rate groups and provides for an evenly distributed indexed tax rate schedule for both positive and negative account employers. Under this tax rate schedule, negative account employers pick up a larger portion of the contributions to the Job Insurance fund.

Negative account employers have $7 million in negative charges annually to the Job Insurance fund, when cumulative contributions paid by negative account employers are compared to cumulative benefits paid out to claimants filing against their accounts. The proposed tax rate schedule will shift approximately $3.5 million of the current annual deficit created by negative account employers back to them. The positive account employers will pick up the remaining $3.5 million of the negative account employer deficit.

The proposed tax rate schedule would provide for an evenly distributed contribution rate schedule which is indexed for both positive and negative account employers. The tax rate schedule would be set as follows:

- The positive employer rate is incremented by 0.1%

- The negative employer rate is incremented by 0.4%. The negative employer minimum rate is the positive employer maximum rate plus 5.1%. The negative employer maximum rate is the negative employer minimum rate plus 3.6%.

- Employers are placed in positive or negative groups based on their cumulative experience with the Unemployment Insurance Fund.

- Employers are distributed within the positive or negative rate schedule based on their last six years experience with the Unemployment Insurance Fund.

The positive employer maximum rate must be set so that all the rates combined will generate the average required rate.

Attachment II , dated 2-11-99: is the proposed table of new tax rate schedules. The average tax rate proposed for January 1, 2000 is 1.28%. If you look to the column on the right side of the page, go down to the one that is 1.28%.

Negative account employers would, for the most part, see an increase in their tax rate. Under the new proposal, the new rate schedule would be 6.08% to 9.68%. Industry 161 employers would have 1.5% added to their negative account tax rate to provide for additional weeks of benefits for their employees. (The 1.5% additional tax rate is scheduled to sunset December 31, 2000) This compares to the current negative employer account tax rate of 5.4% for non construction industries and 7% for construction industries. Again, 1.5% is added to negative account employers in industry 161 to provide for the "Special Duration Schedule " for their employees.

The new rate schedule does not have a separate schedule for construction and non construction industries. All employers, construction and non construction, would be assigned to an appropriate tax rate based on their history with the Unemployment Insurance Program.

The maximum rate increase any negative account employer in a non construction industry could see under this option is 4.28%. This equates to a maximum contribution increase of $667.68 for each covered worker. The maximum rate increase any negative account employer in a construction industry could see under this option is 2.68%. This equates to a maximum contribution increase of $418.08 for each covered worker. Under this proposal, negative employer accounts having the maximum tax rate of 9.68% (excluding industry 161) would have a maximum contribution of $1510.08 for each covered worker. This contribution would cover approximately eight and one-half weeks of benefits using the average benefit amount for 1997 of $176.11 per week. If we use the maximum benefit amount of $271 per week, this contribution level would cover approximately five and one half weeks of benefits.

Positive account employers would be providing approximately $1,005,000 in additional contributions, while negative account employers would be providing approximately $3.39 million in additional contributions using the 1.28% average tax rate. **Attachment III, dated 2-24-99.**

Section 1 and 2, amendment of 52-04-05, 3. b.(1) and (2) provides for the setting of new employer non construction and new employer construction tax rates. The new employer tax rate for non construction is 1.50 times the positive employer maximum tax rate. The new employer tax rate for construction is the negative employer maximum tax rate.

Under this proposal, using the 1.28% average tax rate, new employer tax rates for non construction would drop from the current 2.2% to 1.47%. The new employer tax rate for construction would increase from the current 7% to 9.68%.

Section 3, amendment of 52-04-06.(1), provides for the computation of an employers reserve ratio using the last six years of experience and assignment within the positive rate and negative rate groups using cumulative experience.

Section 3, amendment of 52-04-06.(2), provides for the establishment of employer rate schedule using evenly distributed rate groups of 0.1% intervals for positive and 0.4% intervals between negative employer minimum and maximum rates.

Section 3, amendment of 52-04-06,(3), provides for the assignment of positive and negative employers to the assigned rate in the rate schedule in rank order of their reserve ratio (reserve balance divided by their annual payroll).. Each successively ranked positive and negative employer must be assigned to a rate within the positive or negative employer rate schedule so that each rate within the schedule is assigned the same portion of prior years taxable wages.

Section 3, amendment of 52-04-09 provides clarification to the setting of the maximum rate for employers who fail to file required reports timely. This amendment clarifies that unless the employer files the report or a sufficient report within fifteen days after mailing of notice, the employer's rate for the following year may not be less than the negative employer maximum rate. It also clarifies that for industry group 161, highway and street construction, except elevated highways, for the effective period set forth in Section 52-04-05, the employer's rate for the following calendar year may not be less than the negative employer maximum rate plus one and one-half percent.

Attachment IV & V, dated 1-16-99: The graphs on attachment IV provides the Actual Reserve, Actual Benefits Paid, and Actual Tax Rate for the years 1980 through 1998, as compared to the Simulated Reserve, Actual Benefits Paid, and Simulated Average Tax Rates, had North Dakota been at the Targeted Trust Fund Reserve using a multiplier of 1.0 of the Average High Cost Multiple and the trigger mechanism and tax rate schedule contained in the Engrossed House Bill 1135 had been in effect. The Simulated Trust Fund Reserve would now be much higher and the Average Tax Rate much lower.

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

10% hold harmless 4-7-99

Prepared by JSND/LMI

FY 1997 Taxable Wages for {[Experience Code = 9 (Eligible Calculated Rate) and Cumulative Contributions > Cumulative Benefits] or [(Experience Code = 2 (Eligible Negative Reserve) and Cumulative Contributions <= Cumulative Benefits]} and Average Payroll > 0 as of 11-12-1998

Proposed Law - 1.28% - Limited: The positive schedule is limited to a 10% tax rate decrease .

roposed Law - 1.28% - Not limited: Positive schedule (evenly distributed in 0.1% increments from 0.18% to 0.98%).
Negative schedule (evenly distributed in 0.4% increments from 6.08% to 9.68% with an additional 1.5% for construction (SIC 161).
Cumulative contributions and cumulative benefits determine positive and negative balance status, but 6 year cumulative contributions and 6 year cumulative benefits determine the rank for positive and negative balance employers.

Current Law - 1.14%: Positive Schedule (78% for 0.2%-0.4% and 22% for 0.6%-2.2%).
Negative Schedule (5.4% plus 1.6% for construction plus an additional 1.5% for SIC 161 construction).
Cumulative Contributions and Cumulative Benefits determine positive and negative balance status as well as the rank for positive balance employers.

Tax Rate	Industry Ag	Mining	Const	Manuf	TCU	Whole	Retail	FIRE	Services	StGovt	LocGovt	NEC	Total
Employers Affected													
Count													
Decrease	0	0	0	0	0	0	0	0	0	0	0	0	0
No Change	155	93	729	328	542	1,344	2,299	1,016	2,611	4	129	1	9,251
Increase	220	88	442	238	426	569	1,117	444	1,730	4	32	0	5,310
Total	375	181	1,171	566	968	1,913	3,416	1,460	4,341	8	161	1	14,561
Percentage													
Decrease	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
No Change	41.3%	51.4%	62.3%	58.0%	56.0%	70.3%	67.3%	69.6%	60.1%	50.0%	80.1%	100.0%	63.5%
Increase	58.7%	48.6%	37.7%	42.0%	44.0%	29.7%	32.7%	30.4%	39.9%	50.0%	19.9%	0.0%	36.5%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Contributions													
Proposed Law - 1.28% - Limited													
Positive	246,044	564,127	1,106,545	2,479,608	1,577,807	2,133,495	3,049,814	1,336,352	4,239,080	892	75,452	874	16,810,090
Negative	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	246,044	564,127	1,106,545	2,479,608	1,577,807	2,133,495	3,049,814	1,336,352	4,239,080	892	75,452	874	16,810,090
Proposed Law - 1.28% - Not limited													
Positive	133,300	364,937	645,521	1,732,285	1,332,440	1,920,110	2,649,605	1,077,390	2,873,445	821	51,982	874	12,782,710
Negative	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	133,300	364,937	645,521	1,732,285	1,332,440	1,920,110	2,649,605	1,077,390	2,873,445	821	51,982	874	12,782,710
Change													
Positive	112,744	199,190	461,024	747,323	245,367	213,385	400,209	258,962	1,365,635	71	23,470	0	4,027,380
Negative	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	112,744	199,190	461,024	747,323	245,367	213,385	400,209	258,962	1,365,635	71	23,470	0	4,027,380
Percentage Change													
Positive	84.6%	54.6%	71.4%	43.1%	18.4%	11.1%	15.1%	24.0%	47.5%	8.6%	45.2%	0.0%	31.5%
Negative	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total	84.6%	54.6%	71.4%	43.1%	18.4%	11.1%	15.1%	24.0%	47.5%	8.6%	45.2%	0.0%	31.5%

30%

4-7-99

Prepared by JSND/LMI

FY 1997 Taxable Wages for {[Experience Code = 9 (Eligible Calculated Rate) and Cumulative Contributions > Cumulative Benefits] or [(Experience Code = 2 (Eligible Negative Reserve) and Cumulative Contributions <= Cumulative Benefits]} and Average Payroll > 0 as of 11-12-1998

Proposed Law - 1.28% - Limited: The positive schedule is limited to a 30% tax rate decrease .

roposed Law - 1.28% - Not limited: Positive schedule (evenly distributed in 0.1% increments from 0.18% to 0.98%).
Negative schedule (evenly distributed in 0.4% increments from 6.08% to 9.68% with an additional 1.5% for construction (SIC 161).
Cumulative contributions and cumulative benefits determine positive and negative balance status, but 6 year cumulative contributions and 6 year cumulative benefits determine the rank for positive and negative balance employers.

Current Law - 1.14%: Positive Schedule (78% for 0.2%-0.4% and 22% for 0.6%-2.2%).
Negative Schedule (5.4% plus 1.6% for construction plus an additional 1.5% for SIC 161 construction).
Cumulative Contributions and Cumulative Benefits determine positive and negative balance status as well as the rank for positive balance employers.

Tax Rate	Industry Ag	Mining	Const	Manuf	TCU	Whole	Retail	FIRE	Services	StGovt	LocGovt	NEC	Total
Employers Affected													
Count													
Decrease	0	0	0	0	0	0	0	0	0	0	0	0	0
No Change	172	102	787	359	586	1,424	2,431	1,063	2,817	4	132	1	9,878
Increase	203	79	384	207	382	489	985	397	1,524	4	29	0	4,683
Total	375	181	1,171	566	968	1,913	3,416	1,460	4,341	8	161	1	14,561
Percentage													
Decrease	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
No Change	45.9%	56.4%	67.2%	63.4%	60.5%	74.4%	71.2%	72.8%	64.9%	50.0%	82.0%	100.0%	67.8%
Increase	54.1%	43.6%	32.8%	36.6%	39.5%	25.6%	28.8%	27.2%	35.1%	50.0%	18.0%	0.0%	32.2%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Contributions													
Proposed Law - 1.28% - Limited													
Positive	204,503	492,319	926,398	2,193,479	1,486,313	2,046,243	2,891,430	1,246,116	3,742,720	860	66,013	874	15,297,268
Negative	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	204,503	492,319	926,398	2,193,479	1,486,313	2,046,243	2,891,430	1,246,116	3,742,720	860	66,013	874	15,297,268
Proposed Law - 1.28% - Not limited													
Positive	133,300	364,937	645,521	1,732,285	1,332,440	1,920,110	2,649,605	1,077,390	2,873,445	821	51,982	874	12,782,710
Negative	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	133,300	364,937	645,521	1,732,285	1,332,440	1,920,110	2,649,605	1,077,390	2,873,445	821	51,982	874	12,782,710
Change													
Positive	71,203	127,382	280,877	461,194	153,873	126,133	241,825	168,726	869,275	39	14,031	0	2,514,558
Negative	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	71,203	127,382	280,877	461,194	153,873	126,133	241,825	168,726	869,275	39	14,031	0	2,514,558
Percentage Change													
Positive	53.4%	34.9%	43.5%	26.6%	11.5%	6.6%	9.1%	15.7%	30.3%	4.8%	27.0%	0.0%	19.7%
Negative	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total	53.4%	34.9%	43.5%	26.6%	11.5%	6.6%	9.1%	15.7%	30.3%	4.8%	27.0%	0.0%	19.7%

from 4-8-99

Tax Rate Increase is Limited to 30%	Positive Employers	Negative Employers	Total
1st Year	-4,565,961	-728,627	-5,294,588
2nd Year	-3,354,744	-34,911	-3,389,655
3rd Year	-2,135,511	0	-2,135,511
Total	-10,056,216	-763,538	-10,819,754

Tax Rate Decrease is Limited to 10%	Positive Employers	Negative Employers	Total
1st Year	4,027,380	30,375	4,057,755
2nd Year	3,340,073	0	3,340,073
3rd Year	2,727,687	0	2,727,687
Total	10,095,140	30,375	10,125,515

Prepared by Job Service
North Dakota
April 1, 1999

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1135

Page 1, line 15, replace "October" with "January" and replace "1999" with "2000"

Page 2, line 6, remove "Progress towards achieving the targeted amount"

Page 2, replace lines 7 through 9 with "The trust fund reserve target will be achieved over a seven year period from January 1, 2000. Progress toward achieving the targeted amount of the trust fund reserve is measured by reducing any difference between one and the average high cost multiple of the state by an amount that is at least equal to the ratio of the number of years left to reach the targeted amount of the trust fund reserve to the difference between the trust fund reserve and the targeted amount."

Page 2, line 10, replace "amount and if" with "If"

Page 2, line 15, after the underscored period insert: "In setting tax rates the amount of the trust fund reserve may not be allowed to fall below two hundred percent from a standard margin of error for the targeted amount of the trust fund reserve. The executive director is authorized to make reasonable adjustments to the tax rates set for a calendar year to prevent significant rate variations between calendar years."

Page 2, line 16, after the underscored period insert: "If while achieving the trust fund reserve target, the trigger of above three percent insured unemployment rate and an increase of more than one hundred ten percent of the average of the two preceding years has been in effect for two or more consecutive years, the period of time to achieve the trust fund reserve target will be extended to seven years from the end date of the last year in which the trigger was in effect. If the trigger described above has been in effect for one year then the amount of tax increase towards achieving the targeted amount of the trust fund reserve must be determined using the number of years remaining of the seven year period, excluding the year the trigger is in effect."

Page 5, line 8, replace "October" with "January" and replace "1999" with "2000"

Page 5, line 23, remove "Progress towards achieving the targeted amount"

Page 5, replace lines 24 through 26 with "The trust fund reserve target will be achieved over a seven year period from January 1, 2000. Progress toward achieving the targeted amount of the trust fund reserve is measured by reducing any difference between one and the average high cost multiple of the state by an amount that is at least equal to the ratio of the number of years left to reach the targeted amount of the trust fund reserve to the difference between the trust fund

<u>reserve and the targeted amount.</u>"

Page 5, line 27, replace "<u>amount and if</u>" with "<u>If</u>"

Page 6, line 1, after the underscored period insert: "<u>In setting tax rates the amount of the trust fund reserve may not be allowed to fall below two hundred percent from a standard margin of error for the targeted amount of the trust fund reserve. The executive director is authorized to make reasonable adjustments to the tax rates set for a calendar year to prevent significant rate variations between calendar years.</u>"

Page 6, line 2, after the underscored period insert: "<u>If while achieving the trust fund reserve target, the trigger of above three percent insured unemployment rate and an increase of more than one hundred ten percent of the average of the two preceding years has been in effect for two or more consecutive years, the period of time to achieve the trust fund reserve target will be extended to seven years from the end date of the last year in which the trigger was in effect. If the trigger described above has been in effect for one year then the amount of tax increase towards achieving the targeted amount of the trust fund reserve must be determined using the number of years remaining of the seven year period, excluding the year the trigger is in effect.</u>"

Renumber accordingly

X

Prepared by Job Service
North Dakota
April 1, 1999

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1135

Page 1, line 7, replace "2000" with "1999" hold harmless section.

Page 4, line 6, after the period insert: "When the trust fund reserve is being built the rate assigned to a negative employer may not exceed one hundred and thirty percent of the previous year's rate for that employer. The executive director is authorized to provide any negative employer whose contributions paid into the trust fund have been greater than the benefit charges against their account, subject to the law as required, with up to a thirty percent reduction to its rate for any year if the employer has in place a plan approved by the bureau which addresses substantive changes to its business operation and insures that any rate reduction provided will not put the employer account back into a negative status."

repeat

Page 5, line 1, replace "2000" with "1999"

Page 7, line 17, after the period insert: "When the trust fund reserve is being built the rate assigned to a negative employer may not exceed one hundred and thirty percent of the previous year's rate for that employer. The executive director is authorized to provide any negative employer whose contributions paid into the trust fund have been greater than the benefit charges against their account, subject to the law as required, with up to a thirty percent reduction to its rate for any year if the employer has in place a plan approved by the bureau which addresses substantive changes to its business operation and insures that any rate reduction provided will not put the employer account back into a negative status."

Renumber accordingly

Attachment VI - House Bill 1135 Tax Rate Schedule

Prepared by JSND/LMI

Positive Rate Groups				
Minimum	Maximum	Groups	Percentage of Taxable Wages per Group	Average Tax Rate
0.17%	0.47%	4	25.000%	0.320%
0.18%	0.48%	4	25.000%	0.330%
0.19%	0.49%	4	25.000%	0.340%
0.14%	0.54%	5	20.000%	0.340%
0.15%	0.55%	5	20.000%	0.350%
0.16%	0.56%	5	20.000%	0.360%
0.17%	0.57%	5	20.000%	0.370%
0.18%	0.58%	5	20.000%	0.380%
0.19%	0.59%	5	20.000%	0.390%
0.14%	0.64%	6	16.667%	0.390%
0.15%	0.65%	6	16.667%	0.400%
0.16%	0.66%	6	16.667%	0.410%
0.17%	0.67%	6	16.667%	0.420%
0.18%	0.68%	6	16.667%	0.430%
0.19%	0.69%	6	16.667%	0.440%
0.14%	0.74%	7	14.286%	0.440%
0.15%	0.75%	7	14.286%	0.450%
0.16%	0.76%	7	14.286%	0.460%
0.17%	0.77%	7	14.286%	0.470%
0.18%	0.78%	7	14.286%	0.480%
0.19%	0.79%	7	14.286%	0.490%
0.14%	0.84%	8	12.500%	0.490%
0.15%	0.85%	8	12.500%	0.500%
0.16%	0.86%	8	12.500%	0.510%
0.17%	0.87%	8	12.500%	0.520%
0.18%	0.88%	8	12.500%	0.530%
0.19%	0.89%	8	12.500%	0.540%
0.14%	0.94%	9	11.111%	0.540%
0.15%	0.95%	9	11.111%	0.550%
0.16%	0.96%	9	11.111%	0.560%
0.17%	0.97%	9	11.111%	0.570%
0.18%	0.98%	9	11.111%	0.580%
0.19%	0.99%	9	11.111%	0.590%
0.14%	1.04%	10	10.000%	0.590%
0.15%	1.05%	10	10.000%	0.600%
0.16%	1.06%	10	10.000%	0.610%
0.17%	1.07%	10	10.000%	0.620%
0.18%	1.08%	10	10.000%	0.630%
0.19%	1.09%	10	10.000%	0.640%
0.20%	1.10%	10	10.000%	0.650%
0.21%	1.11%	10	10.000%	0.660%
0.22%	1.12%	10	10.000%	0.670%
0.23%	1.13%	10	10.000%	0.680%
0.24%	1.14%	10	10.000%	0.690%
0.25%	1.15%	10	10.000%	0.700%

Negative Rate Groups				
Minimum	Maximum	Groups	Percentage of Taxable Wages per Group	Average Tax Rate
5.57%	9.17%	10	10.000%	7.370%
5.58%	9.18%	10	10.000%	7.380%
5.59%	9.19%	10	10.000%	7.390%
5.64%	9.24%	10	10.000%	7.440%
5.65%	9.25%	10	10.000%	7.450%
5.66%	9.26%	10	10.000%	7.460%
5.67%	9.27%	10	10.000%	7.470%
5.68%	9.28%	10	10.000%	7.480%
5.69%	9.29%	10	10.000%	7.490%
5.74%	9.34%	10	10.000%	7.540%
5.75%	9.35%	10	10.000%	7.550%
5.76%	9.36%	10	10.000%	7.560%
5.77%	9.37%	10	10.000%	7.570%
5.78%	9.38%	10	10.000%	7.580%
5.79%	9.39%	10	10.000%	7.590%
5.84%	9.44%	10	10.000%	7.640%
5.85%	9.45%	10	10.000%	7.650%
5.86%	9.46%	10	10.000%	7.660%
5.87%	9.47%	10	10.000%	7.670%
5.88%	9.48%	10	10.000%	7.680%
5.89%	9.49%	10	10.000%	7.690%
5.94%	9.54%	10	10.000%	7.740%
5.95%	9.55%	10	10.000%	7.750%
5.96%	9.56%	10	10.000%	7.760%
5.97%	9.57%	10	10.000%	7.770%
5.98%	9.58%	10	10.000%	7.780%
5.99%	9.59%	10	10.000%	7.790%
6.04%	9.64%	10	10.000%	7.840%
6.05%	9.65%	10	10.000%	7.850%
6.06%	9.66%	10	10.000%	7.860%
6.07%	9.67%	10	10.000%	7.870%
6.08%	9.68%	10	10.000%	7.880%
6.09%	9.69%	10	10.000%	7.890%
6.14%	9.74%	10	10.000%	7.940%
6.15%	9.75%	10	10.000%	7.950%
6.16%	9.76%	10	10.000%	7.960%
6.17%	9.77%	10	10.000%	7.970%
6.18%	9.78%	10	10.000%	7.980%
6.19%	9.79%	10	10.000%	7.990%
6.20%	9.80%	10	10.000%	8.000%
6.21%	9.81%	10	10.000%	8.010%
6.22%	9.82%	10	10.000%	8.020%
6.23%	9.83%	10	10.000%	8.030%
6.24%	9.84%	10	10.000%	8.040%
6.25%	9.85%	10	10.000%	8.050%

Projected CY 2000 Taxable Wages $3,051,300,000	
Projected Income	Average Tax Rate
30,032,000	0.98%
30,322,000	0.99%
30,611,000	1.00%
30,740,000	1.01%
31,030,000	1.02%
31,320,000	1.03%
31,610,000	1.04%
31,900,000	1.05%
32,190,000	1.05%
32,319,000	1.06%
32,609,000	1.07%
32,899,000	1.08%
33,196,000	1.09%
33,509,000	1.10%
33,822,000	1.11%
34,064,000	1.12%
34,377,000	1.13%
34,690,000	1.14%
35,002,000	1.15%
35,315,000	1.16%
35,628,000	1.17%
35,871,000	1.18%
36,183,000	1.19%
36,496,000	1.20%
36,809,000	1.21%
37,122,000	1.22%
37,434,000	1.23%
37,677,000	1.23%
37,990,000	1.25%
38,302,000	1.26%
38,615,000	1.27%
38,928,000	1.28%
39,241,000	1.29%
39,483,000	1.29%
39,796,000	1.30%
40,109,000	1.31%
40,422,000	1.32%
40,734,000	1.33%
41,047,000	1.35%
41,360,000	1.36%
41,672,000	1.37%
41,985,000	1.38%
42,298,000	1.39%
42,611,000	1.40%
42,923,000	1.41%

Positive Employers

The maximum rate is set from an income requirement determination.
Taxable wages are evenly distributed in increments of 0.1%.
If the maximum rate is greater than or equal to 1.00%, then the minimum rate is the maximum rate minus 0.9%.
If the maximum rate is less than 1.00%, then the range for the minimum rate must be greater than or equal to 0.1%, and must be less than 0.2% (the minimum of 0.1% plus the increment of 0.1%), with the minimum rate equal to the maximum rate minus a multiple of the increment (0.1%) to fall within this range.

Negative Employers

Taxable wages are evenly distributed in increments of 0.4%.
The minimum rate is the positive employer maximum rate plus 5.1%.
The maximum rate is the negative employer minimum rate plus 3.6%.

Negative Construction Employers - SIC 161

The rate is the negative employer rate plus 1.5%.

New Nonconstruction Employers

The rate is 1.0% or the positive employer maximum rate times 150%, whichever is greater.

New Construction Employers

The rate is the negative employer maximum rate.

No subsequent rate schedule can be used that will generate less income than any preceding rate schedule.

Percentage of Taxable Wages	
Positive	86.58%
Negative - not SIC 161	6.33%
Negative - SIC 161	0.88%
New - nonconstruction	4.98%
New - construction	1.23%
	100.00%

CURRENT LAW TAX RATE AS COMPARED TO PROPOSED TAX RATE SCHEDULE. BREAK OUT BY INDUSTRY.

Prepared by JSND/LMI

FY 1997 Taxable Wages for {[Experience Code = 9 (Eligible Calculated Rate) and Cumulative Contributions > Cumulative Benefits] or [(Experience Code = 2 (Eligible Negative Reserve) and Cumulative Contributions <= Cumulative Benefits]} and Average Payroll > 0 as of 11-12-1998

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Tax	Industry												
Rate	Ag	Mining	Const	Manuf	TCU	Whole	Retail	FIRE	Services	StGovt	LocGovt	NEC	Total
Employers Affected													
Count													
Decrease	260	107	1,039	301	566	753	1,471	579	2,253	5	36	0	7,370
No Change	0	0	0	0	0	0	0	0	0	0	0	0	0
Increase	298	116	779	326	493	1,227	2,019	909	2,274	4	137	1	8,583
Total	558	223	1,818	627	1,059	1,980	3,490	1,488	4,527	9	173	1	15,953
Percentage													
Decrease	46.6%	48.0%	57.2%	48.0%	53.4%	38.0%	42.1%	38.9%	49.8%	55.6%	20.8%	0.0%	46.2%
No Change	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Increase	53.4%	52.0%	42.8%	52.0%	46.6%	62.0%	57.9%	61.1%	50.2%	44.4%	79.2%	100.0%	53.8%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Contributions													
Proposed Law - 1.28%													
Positive	133,300	364,937	645,521	1,732,285	1,332,440	1,920,110	2,649,605	1,077,390	2,873,445	821	51,982	874	12,782,710
Negative	1,026,835	1,048,442	8,809,105	2,078,799	484,723	424,043	266,823	69,774	901,467	5,458	51,399	0	15,166,868
Total	1,160,135	1,413,379	9,454,626	3,811,084	1,817,163	2,344,153	2,916,428	1,147,164	3,774,912	6,279	103,381	874	27,949,578
Current Law - 1.14%													
Positive	240,140	463,680	1,082,403	2,012,111	874,294	1,164,654	1,781,835	849,961	3,415,401	492	59,875	794	11,945,640
[illegible]ve	708,300	695,194	7,739,686	1,462,971	335,897	297,093	193,020	47,098	677,829	3,648	40,186	0	12,200,922
[illegible]al	948,440	1,158,874	8,822,089	3,475,082	1,210,191	1,461,747	1,974,855	897,059	4,093,230	4,140	100,061	794	24,146,562
[illegible]													
Positive	-106,840	-98,743	-436,882	-279,826	458,146	755,456	867,770	227,429	-541,956	329	-7,893	80	837,070
Negative	318,535	353,248	1,069,419	615,828	148,826	126,950	73,803	22,676	223,638	1,810	11,213	0	2,965,946
Total	211,695	254,505	632,537	336,002	606,972	882,406	941,573	250,105	-318,318	2,139	3,320	80	3,803,016
Percentage Change													
Positive	-44.5%	-21.3%	-40.4%	-13.9%	52.4%	64.9%	48.7%	26.8%	-15.9%	66.9%	-13.2%	10.1%	7.0%
Negative	45.0%	50.8%	13.8%	42.1%	44.3%	42.7%	38.2%	48.1%	33.0%	49.6%	27.9%	0.0%	24.3%
Total	22.3%	22.0%	7.2%	9.7%	50.2%	60.4%	47.7%	27.9%	-7.8%	51.7%	3.3%	10.1%	15.7%

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Tax Rate	Industry Ag	Mining	Const	Manuf	TCU	Whole	Retail	FIRE	Services	StGovt	LocGovt	NEC	Total
Employers Affected													
-2.02%	0	0	4	0	1	0	0	1	2	0	0	0	8
-1.92%	0	0	2	0	1	0	0	0	0	0	0	0	3
-1.82%	1	0	8	1	2	1	0	0	2	0	0	0	15
-1.72%	0	0	3	0	1	0	1	0	2	0	0	0	7
-1.62%	5	2	14	4	10	10	10	7	29	0	0	0	91
-1.52%	6	4	12	4	6	7	15	4	12	0	0	0	70
-1.42%	15	4	24	12	24	26	43	14	68	0	1	0	231
-1.32%	13	10	20	10	12	18	42	12	60	0	0	0	197
-1.22%	13	9	38	11	17	15	38	21	71	0	5	0	238
-1.12%	21	6	17	14	18	20	58	19	97	0	0	0	270
-1.02%	5	3	18	7	5	10	14	6	10	0	1	0	79
-0.92%	8	3	136	7	25	42	47	8	90	0	2	0	368
-0.82%	5	2	15	6	3	4	9	7	12	0	0	0	63
-0.72%	13	5	15	11	22	15	50	25	61	0	0	0	217
-0.62%	8	4	20	4	3	6	9	5	26	0	1	0	86
-0.52%	1	4	43	15	13	18	30	5	57	0	0	0	186
-0.42%	4	5	12	2	3	10	5	3	11	0	0	0	55
-0.32%	6	3	13	7	20	27	45	18	89	0	2	0	230
-0.22%	83	18	142	96	202	275	580	246	838	4	18	0	2,502
-0.12%	13	6	83	27	38	65	121	43	193	0	2	0	[illegible]
-0.02%	40	19	400	63	140	184	354	135	523	1	4	0	[illegible]
0.08%	19	8	44	27	45	82	170	77	203	0	7	1	[illegible]
0.18%	16	8	50	40	56	161	328	165	343	1	20	0	1,188
0.28%	16	5	82	38	75	241	452	262	507	1	32	0	1,711
0.38%	20	13	58	58	73	273	426	202	438	0	32	0	1,593
0.48%	16	6	34	26	37	106	180	52	181	0	7	0	645
0.58%	13	15	56	38	49	136	160	48	173	1	15	0	704
0.68%	26	13	69	24	32	66	98	34	111	0	2	0	475
0.78%	10	16	27	21	43	104	143	45	148	0	10	0	567
1.08%	17	0	71	11	11	6	11	2	22	0	1	0	152
1.48%	7	7	76	6	8	5	12	2	19	0	0	0	142
1.88%	12	2	39	1	0	8	4	0	5	0	0	0	71
2.28%	20	6	42	3	9	9	8	0	33	0	2	0	132
2.68%	18	4	131	5	18	9	9	5	17	1	2	0	219
3.08%	21	4	0	10	11	6	6	7	22	0	2	0	89
3.48%	11	2	0	7	6	3	3	2	14	0	1	0	49
3.88%	9	2	0	4	3	4	0	0	9	0	0	0	31
4.28%	47	5	0	7	17	8	9	6	29	0	4	0	132
Total	558	223	1,818	627	1,059	1,980	3,490	1,488	4,527	9	173	1	15,953

Prepared by JSND/LMI

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Tax Rate	Industry Ag	Mining	Const	Manuf	TCU	Whole	Retail	FIRE	Services	StGovt	LocGovt	NEC	Total
Additional Contributions													
-2.02%	0	0	-10,495	0	-1,662	0	0	-1,431	-5,943	0	0	0	-19,531
-1.92%	0	0	-10,552	0	-2,176	0	0	0	0	0	0	0	-12,728
-1.82%	-3,627	0	-20,784	-167	-9,115	-3,593	0	0	-652	0	0	0	-37,938
-1.72%	0	0	-6,471	0	-552	0	-3,273	0	-96,223	0	0	0	-106,519
-1.62%	-4,285	-6,924	-26,387	-79,565	-21,468	-5,992	-7,623	-5,337	-14,883	0	0	0	-172,464
-1.52%	-3,995	-97,023	-20,086	-10,145	-4,953	-10,202	-13,281	-924	-71,384	0	0	0	-231,993
-1.42%	-20,559	-43,033	-66,450	-149,255	-42,806	-22,316	-33,523	-171,741	-410,187	0	-7,838	0	-967,708
-1.32%	-23,765	-24,843	-60,757	-57,335	-7,962	-35,417	-45,223	-3,711	-63,745	0	0	0	-322,758
-1.22%	-21,812	-12,509	-91,662	-77,571	-30,386	-15,784	-51,573	-22,200	-160,660	0	-17,009	0	-501,166
-1.12%	-14,690	-7,791	-43,329	-40,720	-11,614	-15,876	-41,550	-24,397	-150,179	0	0	0	-350,146
-1.02%	-4,559	-2,475	-29,171	-20,488	-15,749	-24,121	-6,697	-2,344	-47,137	0	-288	0	-153,029
-0.92%	-4,244	-1,025	-152,457	-44,454	-19,776	-42,343	-34,935	-3,243	-104,451	0	-594	0	-407,522
-0.82%	-5,853	-14,693	-15,718	-132,287	-6,450	-2,310	-9,204	-14,310	-45,184	0	0	0	-246,009
-0.72%	-3,248	-1,264	-41,004	-43,263	-12,946	-17,484	-21,956	-9,015	-68,468	0	0	0	-218,648
-0.62%	-6,296	-15,329	-29,308	-9,293	-453	-6,541	-2,994	-5,340	-30,619	0	-1,411	0	-107,584
-0.52%	-4,609	-899	-61,299	-135,489	-47,558	-5,068	-13,049	-2,694	-112,985	0	0	0	-383,650
-0.42%	-1,071	-3,479	-10,636	-40,719	-3,983	-6,831	-2,486	-726	-4,745	0	0	0	-74,676
[illegible]2%	-1,062	-643	-5,585	-7,567	-7,791	-6,486	-19,301	-9,674	-61,770	0	-244	0	-120,123
[illegible]%	-9,154	-1,512	-25,319	-30,280	-32,445	-30,792	-151,008	-14,787	-149,440	-87	-780	0	-445,604
[illegible]%	-835	-2,388	-14,257	-12,401	-11,337	-7,225	-22,203	-12,560	-19,634	0	-31	0	-102,871
[illegible]2%	-255	-353	-3,726	-3,608	-3,264	-2,760	-6,579	-1,313	-8,438	0	-11	0	-30,307
0.08%	842	578	2,151	8,066	7,070	7,399	16,751	19,182	17,774	0	443	80	80,336
0.18%	3,060	1,727	5,725	85,114	12,521	26,263	63,504	22,561	51,643	101	933	0	273,152
0.28%	2,783	10,527	36,157	32,626	21,255	100,629	172,814	61,624	122,232	114	1,250	0	562,011
0.38%	4,597	17,182	26,226	56,281	75,625	187,467	259,435	70,160	187,387	0	3,187	0	887,547
0.48%	5,529	10,670	16,569	103,110	94,118	221,668	289,877	120,379	288,070	0	2,081	0	1,152,071
0.58%	4,652	53,009	36,534	146,478	196,271	247,839	230,994	92,430	189,511	201	7,034	0	1,204,953
0.68%	8,072	26,021	51,439	105,814	196,548	107,431	158,841	69,003	125,053	0	1,212	0	849,434
0.78%	2,041	25,965	8,416	85,690	151,761	121,250	165,700	78,124	105,086	0	4,173	0	748,206
1.08%	18,637	0	103,332	9,463	5,661	1,206	3,382	409	57,877	0	6,227	0	206,194
1.48%	10,295	15,266	224,476	78,338	15,574	14,297	7,167	522	20,133	0	0	0	386,068
1.88%	40,933	33,666	141,105	163,461	0	21,887	4,443	0	2,992	0	0	0	408,487
2.28%	52,744	27,022	374,719	48,468	9,488	20,421	6,472	0	79,566	0	1,388	0	620,288
2.68%	37,954	11,326	351,141	33,920	66,581	21,107	34,151	17,250	19,452	1,810	930	0	595,622
3.08%	42,548	12,253	0	54,900	18,491	1,602	10,080	1,561	11,566	0	835	0	153,836
3.48%	21,415	195,711	0	115,025	8,630	3,161	1,804	88	14,024	0	373	0	360,231
3.88%	16,112	19,723	0	36,184	2,453	3,574	0	0	5,384	0	0	0	83,430
4.28%	73,400	30,042	0	67,671	19,371	36,346	2,616	2,559	10,659	0	1,460	0	244,124
Total	211,695	254,505	632,537	336,002	606,972	882,406	941,573	250,105	-318,318	2,139	3,320	80	3,803,016

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Tax Rate	Industry Ag	Mining	Const	Manuf	TCU	Whole	Retail	FIRE	Services	StGovt	LocGovt	NEC	Total
Employers Affected													
0.18%	111	30	538	134	297	391	806	336	1,177	5	20	0	3,845
0.28%	80	36	110	89	154	223	460	160	727	0	10	0	2,049
0.38%	43	23	103	64	131	222	465	208	584	1	22	0	1,866
0.48%	25	11	65	54	97	251	512	286	559	1	32	0	1,893
0.58%	28	12	51	64	77	263	450	238	463	0	27	0	1,673
0.68%	19	4	41	19	34	95	167	67	174	0	9	0	629
0.78%	11	9	56	41	36	122	155	33	148	0	11	0	622
0.88%	13	12	69	41	52	129	158	42	187	0	3	1	707
0.98%	45	44	138	60	90	217	243	90	322	1	27	0	1,277
6.08%	21	10	119	7	8	9	12	4	16	0	0	0	206
6.48%	17	0	34	11	11	6	11	2	22	0	1	0	115
6.88%	7	7	34	6	8	5	12	2	19	0	0	0	100
7.28%	12	2	31	1	0	8	4	0	5	0	0	0	63
7.58%	0	0	5	0	0	0	0	0	0	0	0	0	5
7.68%	20	6	54	3	9	9	8	0	33	0	2	0	144
7.98%	0	0	3	0	0	0	0	0	0	0	0	0	3
8.08%	18	4	69	5	18	9	9	5	17	1	2	0	157
8.38%	0	0	2	0	0	0	0	0	0	0	0	0	2
8.48%	21	4	71	10	11	6	6	7	22	0	2	0	160
8.78%	0	0	1	0	0	0	0	0	0	0	0	0	1
8.88%	11	2	37	7	6	3	3	2	14	0	1	0	86
9.18%	0	0	5	0	0	0	0	0	0	0	0	0	5
9.28%	9	2	38	4	3	4	0	0	9	0	0	0	69
9.58%	0	0	2	0	0	0	0	0	0	0	0	0	
9.68%	47	5	108	7	17	8	9	6	29	0	4	0	[illegible]
9.98%	0	0	5	0	0	0	0	0	0	0	0	0	5
10.38%	0	0	2	0	0	0	0	0	0	0	0	0	2
10.78%	0	0	4	0	0	0	0	0	0	0	0	0	4
11.18%	0	0	23	0	0	0	0	0	0	0	0	0	23
Total	558	223	1,818	627	1,059	1,980	3,490	1,488	4,527	9	173	1	15,953

Prepared by JSND/LMI

FY 1997 Taxable Wages for {[Experience Code = 9 (Eligible Calculated Rate) and Cumulative Contributions > Cumulative Benefits] or [(Experience Code = 2 (Eligible Negative Reserve) and Cumulative Contributions <= Cumulative Benefits]} and Average Payroll > 0 as of 11-12-1998

Proposed Law - 1.28% Positive schedule (evenly distributed in 0.1% increments from 0.18% to 0.98%).
Negative schedule (evenly distributed in 0.4% increments from 6.08% to 9.68% with an additional 1.5% for construction (SIC 161).
Cumulative contributions and cumulative benefits determine positive and negative balance status, but 6 year cumulative contributions and 6 year cumulative benefits determine the rank for positive and negative balance employers.

Tax Rate	Industry Ag	Mining	Const	Manuf	TCU	Whole	Retail	FIRE	Services	StGovt	LocGovt	NEC	Total
Contributions													
0.18%	8,480	1,804	48,598	32,849	34,186	30,305	144,837	14,516	132,707	71	644	0	448,997
0.28%	14,536	11,832	39,091	96,828	69,765	33,932	115,274	48,278	255,484	0	1,312	0	686,332
0.38%	12,604	19,480	37,395	169,665	87,522	75,184	159,854	92,277	280,684	214	4,183	0	939,062
0.48%	6,912	23,154	24,315	153,300	73,304	135,361	298,741	185,935	279,331	196	2,825	0	1,183,374
0.58%	9,636	19,987	35,944	303,749	93,356	179,186	428,011	147,042	293,082	0	3,217	0	1,513,210
0.68%	9,007	41,345	49,215	126,100	98,916	298,617	361,344	202,134	412,292	0	3,547	0	1,602,517
0.78%	9,657	24,161	125,045	262,844	295,297	420,568	362,144	97,084	299,633	0	6,818	0	1,903,251
0.88%	17,315	51,055	128,454	270,367	324,775	380,672	452,484	119,649	358,139	0	1,768	874	2,105,552
0.98%	45,153	172,119	157,464	316,583	255,319	366,285	326,916	170,475	562,093	340	27,668	0	2,400,415
6.08%	40,201	73,687	827,852	75,103	23,040	29,941	32,972	2,570	17,766	0	0	0	1,123,132
6.48%	111,832	0	584,601	56,776	33,964	7,241	20,300	2,455	347,243	0	37,360	0	1,201,772
6.88%	47,857	70,967	501,101	364,165	72,404	66,461	33,317	2,429	93,598	0	0	0	1,252,299
7.28%	158,499	130,366	416,277	632,974	0	84,749	17,201	0	11,586	0	0	0	1,451,652
7.58%	0	0	45,364	0	0	0	0	0	0	0	0	0	45,364
7.68%	177,669	91,023	442,718	163,261	31,959	68,784	21,795	0	268,007	0	4,676	0	1,269,892
7.98%	0	0	36,410	0	0	0	0	0	0	0	0	0	36,410
8.08%	114,428	34,147	651,409	102,262	200,734	63,642	102,967	52,005	58,653	5,458	2,805	0	1,388,510
8.38%	0	0	29,689	0	0	0	0	0	0	0	0	0	29,689
8.48%	117,151	33,734	1,221,544	151,154	50,916	4,408	27,753	4,302	31,843	0	2,301	0	1,645,106
8.78%	0	0	9,407	0	0	0	0	0	0	0	0	0	9,407
8.88%	54,646	499,400	572,017	293,511	22,022	8,064	4,606	223	35,785	0	953	0	1,491,227
[illegible]8%	0	0	112,855	0	0	0	0	0	0	0	0	0	112,855
[illegible]	38,540	47,174	749,028	86,543	5,870	8,549	0	0	12,878	0	0	0	948,582
[illegible]%	0	0	144,279	0	0	0	0	0	0	0	0	0	144,279
[illegible]8%	166,012	67,944	570,331	153,050	43,814	82,204	5,912	5,790	24,108	0	3,304	0	1,122,469
9.98%	0	0	76,068	0	0	0	0	0	0	0	0	0	76,068
10.38%	0	0	110,435	0	0	0	0	0	0	0	0	0	110,435
10.78%	0	0	901,592	0	0	0	0	0	0	0	0	0	901,592
11.18%	0	0	806,128	0	0	0	0	0	0	0	0	0	806,128
Total	1,160,135	1,413,379	9,454,626	3,811,084	1,817,163	2,344,153	2,916,428	1,147,164	3,774,912	6,279	103,381	874	27,949,578

Prepared by JSND/LMI

FY 1997 Taxable Wages for {[Experience Code = 9 (Eligible Calculated Rate) and Cumulative Contributions > Cumulative Benefits] or [(Experience Code = 2 (Eligible Negative Reserve) and Cumulative Contributions <= Cumulative Benefits]} and Average Payroll > 0 as of 11-12-1998

Current Law - 1.14% Positive Schedule (78% for 0.2%-0.4% and 22% for 0.6%-2.2%).
Negative Schedule (5.4% plus 1.6% for construction plus an additional 1.5% for SIC 161 construction).
Cumulative Contributions and Cumulative Benefits determine positive and negative balance status as well as the rank for positive balance employers.

Tax Rate Change	Industry Ag	Mining	Const	Manuf	TCU	Whole	Retail	FIRE	Services	StGovt	LocGovt	NEC	Total
Employers Affected													
0.20%	103	53	534	210	384	960	1,807	824	1,966	3	108	0	6,952
0.40%	140	57	351	229	385	697	1,165	469	1,628	5	38	0	5,164
0.60%	10	6	30	14	23	40	57	22	113	0	4	0	319
0.80%	2	8	14	13	17	19	34	8	64	0	0	1	180
1.00%	16	8	28	14	25	20	56	30	78	0	0	0	275
1.20%	11	3	17	12	27	48	57	12	94	0	3	0	284
1.40%	23	7	32	17	25	35	65	25	108	0	1	0	338
1.60%	26	20	40	19	25	28	86	36	136	0	0	0	416
1.80%	19	3	21	13	20	28	39	12	67	0	1	0	223
2.00%	14	12	49	13	19	24	35	16	48	0	1	0	231
2.20%	11	4	55	12	18	14	15	6	39	0	5	0	179
5.40%	183	42	0	61	91	67	74	28	186	1	12	0	745
7.00%	0	0	595	0	0	0	0	0	0	0	0	0	595
8.50%	0	0	52	0	0	0	0	0	0	0	0	0	52
Total	558	223	1,818	627	1,059	1,980	3,490	1,488	4,527	9	173	1	15,953
Contributions													
0.20%	8,573	25,621	41,825	130,809	228,992	259,855	473,421	185,652	364,906	195	6,752	0	1,726,601
0.40%	33,296	63,618	150,954	505,573	272,160	511,913	843,602	273,048	792,966	297	6,468	0	3,453,895
0.60%	3,998	10,403	31,360	42,036	21,887	23,634	44,857	10,186	134,269	0	1,253	0	323,883
0.80%	6,257	4,648	14,286	108,546	80,416	10,273	15,295	5,446	184,775	0	0	794	430,736
[illegible]00%	7,036	16,004	78,644	255,475	28,385	27,269	44,797	23,758	142,705	0	0	0	624,073
[illegible]%	8,938	1,337	42,633	240,707	27,582	35,537	58,615	23,404	125,096	0	1,048	0	564,897
[illegible]%	31,056	14,085	95,796	79,063	42,429	105,292	60,830	35,867	276,673	0	3,186	0	744,2[illegible]
1.60%	47,599	108,469	115,472	135,086	46,965	34,344	100,301	50,065	219,268	0	0	0	857,5[illegible]
1.80%	37,440	46,767	67,362	88,911	37,623	38,399	37,537	222,866	578,539	0	9,935	0	1,165,379
2.00%	30,052	41,575	203,947	151,634	52,846	63,179	75,940	15,017	233,370	0	564	0	868,124
2.20%	25,895	131,153	240,124	274,271	35,009	54,959	26,640	4,652	362,834	0	30,669	0	1,186,206
5.40%	708,300	695,194	0	1,462,971	335,897	297,093	193,020	47,098	677,829	3,648	40,186	0	4,461,236
7.00%	0	0	5,899,291	0	0	0	0	0	0	0	0	0	5,899,291
8.50%	0	0	1,840,395	0	0	0	0	0	0	0	0	0	1,840,395
Total	948,440	1,158,874	8,822,089	3,475,082	1,210,191	1,461,747	1,974,855	897,059	4,093,230	4,140	100,061	794	24,146,562

NEGETIVE EMPLOYER ACCOUNTS USING A 30% HOLD HARMLESS PROVISION IN SETTING TAX RATES DURING INITIAL BUILDING OF THE NEW TRUST FUND RESERVE TARGET

Prepared by JSND/LMI

FY 1997 Taxable Wages for {[Experience Code = 9 (Eligible Calculated Rate) and Cumulative Contributions > Cumulative Benefits] or [(Experience Code = 2 (Eligible Negative Reserve) and Cumulative Contributions <= Cumulative Benefits]} and Average Payroll > 0 as of 11-12-1998

Proposed Law - 1.28% - Limited The negative schedule is limited to a 30% tax rate increase .

roposed Law - 1.28% - Not limited Positive schedule (evenly distributed in 0.1% increments from 0.18% to 0.98%).
Negative schedule (evenly distributed in 0.4% increments from 6.08% to 9.68% with an additional 1.5% for construction (SIC 161
Cumulative contributions and cumulative benefits determine positive and negative balance status, but 6 year cumulative contributions and 6 year cumulative benefits determine the rank for positive and negative balance employers.

Current Law - 1.14% Positive Schedule (78% for 0.2%-0.4% and 22% for 0.6%-2.2%).
Negative Schedule (5.4% plus 1.6% for construction plus an additional 1.5% for SIC 161 construction).
Cumulative Contributions and Cumulative Benefits determine positive and negative balance status as well as the rank for positive balance employers.

Tax Rate	Industry Ag	Mining	Const	Manuf	TCU	Whole	Retail	FIRE	Services	StGovt	LocGovt	NEC	Total
Employers Affected													
Count													
Decrease	138	25	169	37	64	47	39	20	129	1	11	0	680
No Change	45	17	478	24	27	20	35	8	57	0	1	0	712
Increase	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	183	42	647	61	91	67	74	28	186	1	12	0	1,392
Percentage													
Decrease	75.4%	59.5%	26.1%	60.7%	70.3%	70.1%	52.7%	71.4%	69.4%	100.0%	91.7%	0.0%	48.9%
No Change	24.6%	40.5%	73.9%	39.3%	29.7%	29.9%	47.3%	28.6%	30.6%	0.0%	8.3%	0.0%	51.1%
Increase	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	0.0%	100.0%
Contributions													
Proposed Law - 1.28% - Limited													
Positive	0	0	0	0	0	0	0	0	0	0	0	0	0
Negative	904,268	890,914	8,751,030	1,878,110	428,797	379,636	243,461	60,573	847,583	4,742	49,127	0	14,438,241
Total	904,268	890,914	8,751,030	1,878,110	428,797	379,636	243,461	60,573	847,583	4,742	49,127	0	14,438,241
sed Law - 1.28% - Not limited													
sitive	0	0	0	0	0	0	0	0	0	0	0	0	0
gative	1,026,835	1,048,442	8,809,105	2,078,799	484,723	424,043	266,823	69,774	901,467	5,458	51,399	0	15,166
Total	1,026,835	1,048,442	8,809,105	2,078,799	484,723	424,043	266,823	69,774	901,467	5,458	51,399	0	15,166
Change													
Positive	0	0	0	0	0	0	0	0	0	0	0	0	0
Negative	-122,567	-157,528	-58,075	-200,689	-55,926	-44,407	-23,362	-9,201	-53,884	-716	-2,272	0	-728,627
Total	-122,567	-157,528	-58,075	-200,689	-55,926	-44,407	-23,362	-9,201	-53,884	-716	-2,272	0	-728,627
Percentage Change													
Positive	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Negative	-11.9%	-15.0%	-0.7%	-9.7%	-11.5%	-10.5%	-8.8%	-13.2%	-6.0%	-13.1%	-4.4%	0.0%	-4.8%
Total	-11.9%	-15.0%	-0.7%	-9.7%	-11.5%	-10.5%	-8.8%	-13.2%	-6.0%	-13.1%	-4.4%	0.0%	-4.8%

Prepared by JSND/LMI

FY 1997 Taxable Wages for {[Experience Code = 9 (Eligible Calculated Rate) and Cumulative Contributions > Cumulative Benefits] or [(Experience Code = 2 (Eligible Negative Reserve) and Cumulative Contributions <= Cumulative Benefits]} and Average Payroll > 0 as of 11-12-1998

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Tax Rate	Industry Ag	Mining	Const	Manuf	TCU	Whole	Retail	FIRE	Services	StGovt	LocGovt	NEC	Total
Employers Affected													
-2.66%	47	5	0	7	17	8	9	6	29	0	4		132
-2.26%	9	2	0	4	3	4	0	0	9	0	0		31
-1.86%	11	2	0	7	6	3	3	2	14	0	1		49
-1.46%	21	4	0	10	11	6	6	7	22	0	2		89
-1.06%	18	4	0	5	18	9	9	5	17	1	2		88
-0.66%	20	6	0	3	9	9	8	0	33	0	2		90
-0.58%	0	0	108	0	0	0	0	0	0	0	0		108
-0.26%	12	2	0	1	0	8	4	0	5	0	0		32
-0.18%	0	0	38	0	0	0	0	0	0	0	0		38
-0.13%	0	0	23	0	0	0	0	0	0	0	0		23
0.00%	45	17	478	24	27	20	35	8	57	0	1		712
Total	183	42	647	61	91	67	74	28	186	1	12	0	1,392
Additional Contributions													
-2.66%	-45,619	-18,670	0	-42,057	-12,040	-22,590	-1,625	-1,590	-6,626	0	-907		-151,724
-2.26%	-9,386	-11,488	0	-21,076	-1,430	-2,082	0	0	-3,135	0	0		-48,597
-1.86%	-11,448	-104,604	0	-61,480	-4,613	-1,689	-965	-47	-7,494	0	-200		-192,540
-1.46%	-20,170	-5,808	0	-26,024	-8,763	-760	-4,777	-741	-5,482	0	-396		-72,921
-1.06%	-15,011	-4,479	0	-13,415	-26,333	-8,348	-13,506	-6,823	-7,696	-716	-368		-96,695
-0.66%	-15,269	-7,823	0	-14,030	-2,747	-5,911	-1,874	0	-23,038	0	-401		-71,093
-0.58%	0	0	-34,171	0	0	0	0	0	0	0	0		-34,171
-0.26%	-5,664	-4,656	0	-22,607	0	-3,027	-615	0	-413	0	0		-36,982
-0.18%	0	0	-14,530	0	0	0	0	0	0	0	0		-14,530
-0.13%	0	0	-9,374	0	0	0	0	0	0	0	0		-9,374
0.00%	0	0	0	0	0	0	0	0	0	0	0		0
Total	-122,567	-157,528	-58,075	-200,689	-55,926	-44,407	-23,362	-9,201	-53,884	-716	-2,272	0	-728,627

Prepared by JSND/LMI

FY 1997 Taxable Wages for {[Experience Code = 9 (Eligible Calculated Rate) and Cumulative Contributions > Cumulative Benefits] or [(Experience Code = 2 (Eligible Negative Reserve) and Cumulative Contributions <= Cumulative Benefits]} and Average Payroll > 0 as of 11-12-1998

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Employers Affected

Tax Rate	Industry Ag	Mining	Const	Manuf	TCU	Whole	Retail	FIRE	Services	StGovt	LocGovt	NEC	Total
6.08%	21	10	119	7	8	9	12	4	16	0	0		206
6.48%	17	0	34	11	11	6	11	2	22	0	1		115
6.88%	7	7	34	6	8	5	12	2	19	0	0		100
7.02%	138	25	0	37	64	47	39	20	129	1	11		511
7.28%	0	0	31	0	0	0	0	0	0	0	0		31
7.58%	0	0	5	0	0	0	0	0	0	0	0		5
7.68%	0	0	54	0	0	0	0	0	0	0	0		54
7.98%	0	0	3	0	0	0	0	0	0	0	0		3
8.08%	0	0	69	0	0	0	0	0	0	0	0		69
8.38%	0	0	2	0	0	0	0	0	0	0	0		2
8.48%	0	0	71	0	0	0	0	0	0	0	0		71
8.78%	0	0	1	0	0	0	0	0	0	0	0		1
8.88%	0	0	37	0	0	0	0	0	0	0	0		37
9.10%	0	0	146	0	0	0	0	0	0	0	0		146
9.18%	0	0	5	0	0	0	0	0	0	0	0		5
9.58%	0	0	2	0	0	0	0	0	0	0	0		2
9.98%	0	0	5	0	0	0	0	0	0	0	0		5
10.38%	0	0	2	0	0	0	0	0	0	0	0		2
10.78%	0	0	4	0	0	0	0	0	0	0	0		4
11.05%	0	0	23	0	0	0	0	0	0	0	0		23
Total	183	42	647	61	91	67	74	28	186	1	12	0	1,392

[illegible]ibutions

Tax Rate	Ag	Mining	Const	Manuf	TCU	Whole	Retail	FIRE	Services	StGovt	LocGovt	NEC	Total
6.08%	40,201	73,687	827,852	75,103	23,040	29,941	32,972	2,570	17,766	0	0		1,123,[illegible]
6.48%	111,832	0	584,601	56,776	33,964	7,241	20,300	2,455	347,243	0	37,360		1,201,7[illegible]
6.88%	47,857	70,967	501,101	364,165	72,404	66,461	33,317	2,429	93,598	0	0		1,252,299
7.02%	704,378	746,260	0	1,382,066	299,389	275,993	156,872	53,119	388,976	4,742	11,767		4,023,562
7.28%	0	0	416,277	0	0	0	0	0	0	0	0		416,277
7.58%	0	0	45,364	0	0	0	0	0	0	0	0		45,364
7.68%	0	0	442,718	0	0	0	0	0	0	0	0		442,718
7.98%	0	0	36,410	0	0	0	0	0	0	0	0		36,410
8.08%	0	0	651,409	0	0	0	0	0	0	0	0		651,409
8.38%	0	0	29,689	0	0	0	0	0	0	0	0		29,689
8.48%	0	0	1,221,544	0	0	0	0	0	0	0	0		1,221,544
8.78%	0	0	9,407	0	0	0	0	0	0	0	0		9,407
8.88%	0	0	572,017	0	0	0	0	0	0	0	0		572,017
9.10%	0	0	1,270,658	0	0	0	0	0	0	0	0		1,270,658
9.18%	0	0	112,855	0	0	0	0	0	0	0	0		112,855
9.58%	0	0	144,279	0	0	0	0	0	0	0	0		144,279
9.98%	0	0	76,068	0	0	0	0	0	0	0	0		76,068
10.38%	0	0	110,435	0	0	0	0	0	0	0	0		110,435
10.78%	0	0	901,592	0	0	0	0	0	0	0	0		901,592
11.05%	0	0	796,754	0	0	0	0	0	0	0	0		796,754
Total	904,268	890,914	8,751,030	1,878,110	428,797	379,636	243,461	60,573	847,583	4,742	49,127	0	14,438,241

FY 1997 Taxable Wages for {[Experience Code = 9 (Eligible Calculated Rate) and Cumulative Contributions > Cumulative Benefits] or [(Experience Code = 2 (Eligible Negative Reserve) and Cumulative Contributions <= Cumulative Benefits]} and Average Payroll > 0 as of 11-12-1998

Proposed Law - 1.28% - Not limited Positive schedule (evenly distributed in 0.1% increments from 0.18% to 0.98%).
Negative schedule (evenly distributed in 0.4% increments from 6.08% to 9.68% with an additional 1.5% for construction (SIC 161).
Cumulative contributions and cumulative benefits determine positive and negative balance status, but 6 year cumulative contributions and 6 year cumulative benefits determine the rank for positive and negative balance employers.

Tax Rate Change	Industry Ag	Mining	Const	Manuf	TCU	Whole	Retail	FIRE	Services	StGovt	LocGovt	NEC	Total
Employers Affected													
6.08%	21	10	119	7	8	9	12	4	16	0	0		206
6.48%	17	0	34	11	11	6	11	2	22	0	1		115
6.88%	7	7	34	6	8	5	12	2	19	0	0		100
7.28%	12	2	31	1	0	8	4	0	5	0	0		63
7.58%	0	0	5	0	0	0	0	0	0	0	0		5
7.68%	20	6	54	3	9	9	8	0	33	0	2		144
7.98%	0	0	3	0	0	0	0	0	0	0	0		3
8.08%	18	4	69	5	18	9	9	5	17	1	2		157
8.38%	0	0	2	0	0	0	0	0	0	0	0		2
8.48%	21	4	71	10	11	6	6	7	22	0	2		160
8.78%	0	0	1	0	0	0	0	0	0	0	0		1
8.88%	11	2	37	7	6	3	3	2	14	0	1		86
9.18%	0	0	5	0	0	0	0	0	0	0	0		5
9.28%	9	2	38	4	3	4	0	0	9	0	0		69
9.58%	0	0	2	0	0	0	0	0	0	0	0		2
9.68%	47	5	108	7	17	8	9	6	29	0	4		240
9.98%	0	0	5	0	0	0	0	0	0	0	0		5
10.38%	0	0	2	0	0	0	0	0	0	0	0		2
10.78%	0	0	4	0	0	0	0	0	0	0	0		4
11.18%	0	0	23	0	0	0	0	0	0	0	0		23
Total	183	42	647	61	91	67	74	28	186	1	12	0	1,392
Contributions													
6.08%	40,201	73,687	827,852	75,103	23,040	29,941	32,972	2,570	17,766	0	0		1,123,132
6.48%	111,832	0	584,601	56,776	33,964	7,241	20,300	2,455	347,243	0	37,360		1,201,772
6.88%	47,857	70,967	501,101	364,165	72,404	66,461	33,317	2,429	93,598	0	0		1,252,299
7.28%	158,499	130,366	416,277	632,974	0	84,749	17,201	0	11,586	0	0		1,451,652
7.58%	0	0	45,364	0	0	0	0	0	0	0	0		45,364
7.68%	177,669	91,023	442,718	163,261	31,959	68,784	21,795	0	268,007	0	4,676		1,269,892
7.98%	0	0	36,410	0	0	0	0	0	0	0	0		36,410
8.08%	114,428	34,147	651,409	102,262	200,734	63,642	102,967	52,005	58,653	5,458	2,805		1,388,510
8.38%	0	0	29,689	0	0	0	0	0	0	0	0		29,689
8.48%	117,151	33,734	1,221,544	151,154	50,916	4,408	27,753	4,302	31,843	0	2,301		1,645,106
8.78%	0	0	9,407	0	0	0	0	0	0	0	0		9,407
8.88%	54,646	499,400	572,017	293,511	22,022	8,064	4,606	223	35,785	0	953		1,491,227
9.18%	0	0	112,855	0	0	0	0	0	0	0	0		112,855
9.28%	38,540	47,174	749,028	86,543	5,870	8,549	0	0	12,878	0	0		948,582
9.58%	0	0	144,279	0	0	0	0	0	0	0	0		144,279
9.68%	166,012	67,944	570,331	153,050	43,814	82,204	5,912	5,790	24,108	0	3,304		1,122,469
9.98%	0	0	76,068	0	0	0	0	0	0	0	0		76,068
10.38%	0	0	110,435	0	0	0	0	0	0	0	0		110,435
10.78%	0	0	901,592	0	0	0	0	0	0	0	0		901,592
11.18%	0	0	806,128	0	0	0	0	0	0	0	0		806,128
Total	1,026,835	1,048,442	8,809,105	2,078,799	484,723	424,043	266,823	69,774	901,467	5,458	51,399	0	15,166,868

INDUSTRY 161 "SPECIAL DURATION SCHEDULE" PROJECTED BENEFIT PAYOUT AND CONTRIBUTIONS THROUGH DECEMBER 31, 2000

Claimants with Effective Dates from 8-1-1997 to 12-31-1997

Description	Dollars Paid	Numerical Changes Versus Paid	Percentage Changes Versus Paid	Counts	Claimants Affected	Claimants Affected Versus All
UI Nonreimbursable				6,272		
UCX, UCFE and/or Reimbursable				500		
Total				6,772		
Paid						
UI Nonreimbursable	$11,388,836			4,657		74.3%
UCX, UCFE and/or Reimbursable	766,855			333		66.6%
Total	$12,155,691			4,990		73.7%
Paid - No Special 161 Duration						
UI Nonreimbursable	$11,257,508	-$131,328	-1.2%	4,657	154	2.5%
UCX, UCFE and/or Reimbursable	764,715	-2,140	-0.3%	333	4	0.8%
Total	$12,022,223	-$133,468	-1.1%	4,990	158	2.3%

Potential Duration	Base Period Wage Ratio	
	Standard	Special 161
12	1.50-2.29	1.50-1.73
14	2.30-2.44	1.74-1.97
16	2.45-2.59	1.98-2.21
18	2.60-2.74	2.22-2.45
20	2.75-2.89	2.46-2.69
22	2.90-3.04	2.70-2.93
24	3.05-3.19	2.94-3.17
26	3.20 or more	3.18 or more

Year-Quarter	Projected Benefits	Percentage Affected	Dollars Affected
1999-3	$5,159,000	-1.2%	-$62,000
1999-4	6,230,000	-1.2%	-75,000
2000-1	15,576,000	-1.2%	-187,000
2000-2	8,408,000	-1.2%	-101,000
2000-3	5,364,000	-1.2%	-64,000
2000-4	6,478,000	-1.2%	-78,000
		Total	-$567,000

Projected CY 2000 Taxable Wages	$3,051,300,000
Percentage of taxable wages attributable to negative construction - SIC 161	0.88%
Additional tax	1.50%
Additional Income	$403,000