

**1999 SENATE GOVERNMENT AND VETERANS AFFAIRS**

**SB 2108**


1999 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2108

Senate Government and Veterans Affairs Committee

Conference Committee

Hearing Date January 14, 1999

Tape Number	Side A	Side B	Meter #
2	X		4212-END
2		X	0-268
Committee Clerk Signature 			

Minutes: CHAIRMAN KREBSBACH opened the hearing on SB 2108. Appearing before the committee to introduce the proposed legislation was SENATOR ANDRIST, District 2, one of the primary sponsors of this piece of legislation. A copy of his written testimony is attached. SENATOR KILZER-It just came to my mind and I don't know if there is any correlation or not, but the Workers Compensation Bureau sends injured workers to Minnesota pretty often with some sort of prearranged hotel or motel and I don't know if we get tax rebates or what, but they have their tickets and their reservations and even their payment up front so there is an experience there. I don't know if they are getting the tax thing or not. SENATOR ANDRIST-It's a good thing. I don't know, I haven't examined workers comp debts. I guess they are a semi-independent, semiautonomous agency. I don't know if they would drop into this or not, but I'll at least make a point of talking to Pat Traynor, myself. CHAIRMAN KREBSBACH-It is a government workers compensation plan, so it is a government entity. SENATOR

ANDRIST-Yes, I think a lot of government agencies might be happy to do this. The concern of OMB was to make it fool proof. There were no further questions from the committee. PAM SHARP-Deputy Director of the Office of Management and Budget appeared before the committee to testify in support of SB 2108. A copy of her written testimony is attached. Following her testimony questions were offered by SENATORS KREBSBACH, WARDNER, DEMERS, and KILZER. There was no further testimony offered in support of SB 2108, no one appeared in opposition to or in neutral position on SB 2108. There was nothing further on SB 2108. CHAIRMAN KREBSBACH closed the hearing on SB 2108.

(January 21, 1999-Tape 1, Side A, Meter #3110-4398)--CHAIRMAN KREBSBACH indicated to the committee that she liked the idea of this bill and there is a fiscal savings for us. However, I always get a little concerned, are we going to put ourselves through so much more paperwork? Of course the idea here was that it would be the states that would reciprocate. SENATOR DEMERS indicated that as a state employee she thinks that this would be a nightmare of bureaucracy to try to go to some kind of meeting. I could see using it if you had a huge group going, and you knew exactly. It would be difficult to know who was exempted and which arrangements were and so on. CHAIRMAN KREBSBACH and I don't know that it would be mandatory that every state employee would have to use these exemptions, I think it is something that is being left optional at this point. If you read Pam Sharp's testimony in her fourth paragraph, we've developed a system that possibly, oh no for the possibility of being exempt. SENATOR THANE-As a legislator attending a conference, say in Washington D.C. or someplace like that, you pay your lodging with a credit card. I just have a hard time figuring out how this is going to work for us. CHAIRMAN KREBSBACH-Senator Thane, if you recall, if

it is utilized it would have to be prepaid and SENATOR THANE-Maybe for some reason or other you don't stay the full length of time, maybe for some reason you leave a day early because you have something else you have to do. I think it's a good idea, I just don't see how you are going to make it work, in all cases. It seems to me there's going to be all those iffy things that is going to make almost a nightmare to administer. SENATOR WARDNER-When I think of the Midwest convoc for state government, there'll be people from ND coming in the day after and there'll be people leaving the day before for the reasons that have been mentioned and I think it would be a nightmare for legislative council people to organize that. I agree, I like the idea but we might have to put another person on just to deal with this. SENATOR

KREBSBACH-There's one other situation. There would be an offset perhaps. I'm sure we probably use out of state facilities more than people from other states come into ND. However, if we're to have this privilege in other states we would have to reciprocate so therefor any state employees coming in from that state, we would lose that tax revenue to our state also. So there is an offset that way. It would be on record that we could utilize it if we wanted to, it isn't saying it is mandatory to so. It says the agency board may obtain, it doesn't say must. SENATOR

THANE-I agree with you but on line 8 it says they shall seek to obtain the exemption.

CHAIRMAN KREBSBACH-That is that OMB shall seek to obtain the reciprocal tax exemptions from the state. SENATOR DEMERS-It may not be mandatory at this point but SENATOR ANDRIST testified that he would prefer it be mandatory. This is the beginning, so I think we need to be prepared to deal with the request for mandatory down the road. SENATOR KREBSBACH and they find that it is just to unreasonable to work with so they do nothing.

SENATOR STENEHJEM-But it might work. CHAIRMAN KREBSBACH-It may work in



some cases. It may work very well. You have certain state employees that travel for dates certain in fact everything certain so if they can save it and they want to go through the work of doing it I guess you know should we say no we're not going to allow you. That's where I am coming from here. SENATOR DEMERS-I have just one other question, this does not apply in state then? We can not say that our own employees do not have to pay out own state tax.

CHAIRMAN KREBSBACH-Did that question come up? SENATOR DEMERS-I think it came up, I'm trying to recall. CHAIRMAN KREBSBACH-Do we have a reciprocal agreement with ourselves? SENATOR STENEHJEM-This says all other states and the District of Columbia.

CHAIRMAN KREBSBACH-Do we want to digest this one some more also? SENATOR

WARDNER-The fact that it allows them to do is maybe worth a try. If they're in a situation where they know they have a block of people going, and they could save a lot of money, well maybe it would be worth a try. COMMITTEE ACTION-1/21/99-SENATOR THANE moved

**a DO PASS on SB 2108 seconded by SENATOR WARDNER. ROLL CALL VOTE**

**indicated 7 YEAS, 0 NAYS, and 0 ABSENT OR NOT VOTING. SENATOR WARDNER volunteered to carry the bill.**

## FISCAL NOTE

(Return original and 10 copies)

Bill/Resolution No.: SB 2108 Amendment to: \_\_\_\_\_  
 Requested by Legislative Council Date of Request: 12-30-98

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 allows agencies to pre-pay out-of state lodging expenses and provides an opportunity for agencies to be exempt from paying out-of-state lodging taxes.

2. State fiscal effect in dollar amounts:

	1997-99 Biennium		1999-2001 Biennium		2001-03 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues	0	0	0	0	0	0
Expenditures	0	0	-33,700	-33,700	-33,700	-33,700

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

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

4. County, city, and school district fiscal effect in dollar amounts:

1997-99 Biennium			1999-2001 Biennium			2001-03 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts
0	0	0	0	0	0	0	0	0

Signed: *Pam Sharp*

Typed Name: Pam Sharp

Department: OMB

Phone Number: 328-4606

Date Prepared: 1-5-99

Date: 1/21/99  
Roll Call Vote #:

1999 SENATE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. 2108

Senate GOVERNMENT AND VETERAN'S AFFAIRS Committee

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

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

Action Taken Do Pass

Motion Made By Sen. Thane Seconded By Sen. Wardner

Senators	Yes	No	Senators	Yes	No
SENATOR KREBSBACH	✓				
SENATOR WARDNER	✓				
SENATOR KILZER	✓				
SENATOR STENEHJEM	✓				
SENATOR THANE	✓				
SENATOR DEMERS	✓				
SENATOR MUTZENBERGER	✓				

Total (Yes) 7 No 0

Absent 0

Floor Assignment Sen. Wardner

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

REPORT OF STANDING COMMITTEE (410)  
January 21, 1999 1:00 p.m.

Module No: SR-13-0975  
Carrier: Wardner  
Insert LC: . Title: .

**REPORT OF STANDING COMMITTEE**

**SB 2108: Government and Veterans Affairs Committee (Sen. Krebsbach, Chairman)**  
recommends **DO PASS** (7 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2108  
was placed on the Eleventh order on the calendar.

**1999 HOUSE GOVERNMENT AND VETERANS AFFAIRS**

**SB 2108**


1999 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2108

House Government and Veterans Affairs Committee

Conference Committee

Hearing Date 2-4-1999

Tape Number	Side A	Side B	Meter #
2	X		55.0 - 61.0
2		X	0 - 6.3
Committee Clerk Signature 			

Minutes: Some of the individuals testifying submit written testimony. When noted please refer to it for more detailed information.

Representative Klein, Chairman of the GVA Committee opened the hearing on February 4, 1999.

Summary of the Bill: Relating to prepayment of out-of-state lodging expenses for state officers and employees.

Testimony in Favor:

Pam Sharp, OMB submitted written testimony which she read in it's entirety (**please refer to her testimony**).

Representative Cleary, Isn't this more of a hassle and will it save anything (money)?

Sharp, The fiscal note says it will/may save 33,000 in general funds. It was really difficult in figuring out that fiscal note, because we don't have any idea in how many situations this really would be worked out.

Representative Kliniske, Is there something in statute right now that would prevent this?

Sharp, Yes, right now reimbursement.

Representative Devlin, I have no problem, except why prepayment? Why can't they just bill you?

Sharp, Most hotels won't bill.

Representative Hawken, Working with the schools in Fargo, we always prepaid. That was a condition that was set.

Testimony in Opposition: None.

Committee Action:

Representative Thoreson, Made a motion for a Do Pass.

Representative Winrich, Seconded the motion.

Representative Hawken, Maybe we should say prepaid or billed. That way we would have the option.

Representative Klein, Withdraw the motions.

Representative Klein, Will take up the amendment. Line 7 and line 17 we would say prepayment or billing. The lodging provider to bill the agency or to have the agency prepay. Now we have the amendments before us, all in favor of the amendments say I.

Motion Passes: Yes (vocal).

Representative Thoreson, Made a motion for a Do Pass as amended.

Representative Winrich, Seconded the motion.

Motion Passes: Do Pass as amended **15-0**.

Representative Grande, Is the carrier for the bill.

Date: 2-4-99

Roll Call Vote #: 1

1999 HOUSE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. 2108

House GOVERNMENT AND VETERANS AFFAIRS Committee

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

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

Action Taken AMENDED BILL DP

Motion Made By THORESON Seconded By WINRICH

Representatives	Yes	No	Representatives	Yes	No
CHAIRMAN KLEIN	✓		REP. WINRICH	✓	
VICE-CHAIR KLINISKE	✓				
REP. BREKKE	✓				
REP. CLEARY	✓				
REP. DEVLIN	✓				
REP. FAIRFIELD	✓				
REP. GORDER	✓				
REP. GRANDE	✓				
REP. HAAS	✓				
REP. HAWKEN	✓				
REP. KLEMIN	✓				
REP. KROEBER	✓				
REP. METCALF	✓				
REP. THORESON	✓				

Total (Yes) 15 No 0

Absent 0

Floor Assignment GRANDE.

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



**REPORT OF STANDING COMMITTEE**

**SB 2108: Government and Veterans Affairs Committee (Rep. Klein, Chairman)** recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (15 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2108 was placed on the Sixth order on the calendar.

Page 1, line 2, after "prepayment" insert "and direct billing"

Page 1, line 7, after "**Prepayment**" insert "**and direct billing**"

Page 1, line 17, after "expense" insert "or to have the lodging expense directly billed to the agency"

Renumber accordingly

**1999 SENATE GOVERNMENT AND VETERANS AFFAIRS**

**SB 2108**

**CONFERENCE COMMITTEE**

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Senate Government and Veterans Affairs Committee

Bill/Resolution Number SB 2108 (Conference Committee Appointed)

Hearing Date February 26, 1999

*On February 26, 1999 Chairman Krebsbach indicated that the House had returned SB 2108 to the Senate with additional amendments added to it. The committee reviewed the amendments and indicated that at this time they do not concur with the House as the committee felt that the bill needs to be further amended to be in proper form. As such CHAIRMAN KREBSBACH appointed SENATORS WARDNER, KILZER, and DEMERS to a conference committee. A meeting date will be determined after the House appoints its 3 members to the Conference Committee. (Tape 1, Side A, Meter #'s 1840-2279) Members from the house appointed to the conference committee were Representatives Kilinske, Devlin, and Metcalf.*

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Senate Government and Veterans Affairs Committee

Bill/Resolution Number SB2108 (Conference Committee Action)

Hearing Date March 3, 1999

*On March 3, 1999 Senator Wardner, Chairman of the Conference Committee met with each member of the conference committee for the senate and the house. It was determined that a formal conference committee was not necessary to resolve the differences of opinion that had occurred on this bill. A formal report of conference committee was filed to comply with necessary paperwork and prior actions on this bill. It was decided that the senate would accede to the actions of the house on SB 2108. See attached copy of conference committee report.*

Insert LC: .

**REPORT OF CONFERENCE COMMITTEE**

**SB 2108:** Your conference committee (Sens. Wardner, Kilzer, DeMers and Reps. Kliniske, Devlin, Metcalf) recommends that the **SENATE ACCEDE** to the House amendments on SJ page 558 and place SB 2108 on the Seventh order.

SB 2108 was placed on the Seventh order of business on the calendar.

**1999 TESTIMONY**

**SB 2108**

# **ND Legislative Assembly**

John M. Andrist  
State Senator - District 2  
Post Office Box E  
Crosby, ND 58730

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**TO: Veterans and Government Affairs Committee Members**  
**FROM: John Andrist, District 2**  
**RE: Senate Bill 2108**

Senate Bill 2108 is one of those bills which is designed to save a few nickles in our government travel costs -- quite a few nickles, as a matter of fact.

A travel agent from my home town who contracts with the state organization of Future Homemakers of America put me on to this. He takes a couple hundred girls to the east coast each year, and saves all the sales tax money that would normally be paid, by drawing a check on a government entity. It amounts to thousands of dollars.

I asked Rod Backman to figure out how we could cash in on this kind of arrangement, and 2108 is the result.

Let me give you an example: The legislature sends an average of 32 members to major conferences such as NCSL each year. That's 116 nights in out-of-state hotels. Figure an average cost of \$100 a night and a sales tax of 12 percent, which is typical, and we can save \$2,500 just by paying the bill in advance on a state check.

Imagine what could be saved if every agency sending employees out of state would tap into this arrangement. Senate Bill 2108 provides just such a vehicle.

When I asked OMB to plan the system and bill draft, this is what they prepared. I would have preferred that the procedure be mandatory, rather than permissive, but this is at least a beginning. I hope you will bless it and pass it to the full chamber.

Testimony on Senate Bill 2108  
January 14, 1998

Good Afternoon Madam Chairman and members of the Government and Veterans Affairs Committee.

My name is Pam Sharp. I am the Deputy Director of the Office of Management and Budget and am here to testify on Senate Bill 2108, which was introduced at the request of the Office of Management and Budget.

Several months ago Senator Andrist contacted our office and requested that we do some research on avoiding sales taxes on lodging expenses for state employees. In addition to researching how other states handle sales taxes on lodging expenses, our office met with individuals from the Auditor's Office and the Tax Department to figure out a way to avoid paying out-of-state sales taxes on lodging. All of the states responding to our survey of how they handle out-of-state lodging expenses, handle the situation the same way North Dakota does. In essence, the employee traveling out of state, pays the lodging bill including sales tax and is subsequently reimbursed by the state.

We have developed a system that allows for the possibility of state agencies to be exempt from paying out-of-state sales tax on lodging. That system is the basis for Senate Bill 2108 and here's how it works:

The Office of Management and Budget will attempt to obtain sales tax exemptions from all states and the District of Columbia and will keep those sales tax exemptions on file. When an agency has employees traveling out of state, the agency could contact our office to see if we have a sales tax exemption for that state. If one is available, we will provide them with the necessary information. The requesting agency will then make their own arrangements with the out-of-state hotel for prepayment of the bill excluding sales tax.

Obviously, this method won't work for all out of state travel. OMB may not be able to obtain sales tax exemptions from every state. This method wouldn't be feasible in situations where the length of stay is uncertain. This bill does not provide for exemptions for any local taxes. However, in many situations, it could make out-of-state travel less expensive for agencies.

Madam Chairman, that concludes my prepared testimony. I would be happy to answer any questions the committee may have.