

MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION
SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

1212

2001 HOUSE GOVERNMENT AND VETERANS AFFAIRS

HB 1212

2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1212 A

House Government and Veterans Affairs Committee

Conference Committee

Hearing Date 2/1/01

Tape Number	Side A	Side B	Meter #
1	X		0-4817
Committee Clerk Signature <i>Robin D. Small</i>			

Minutes:

REP. M. KLEIN called the meeting to order, all members were present.

In favor:

REP. DEKREY introduced the bill to the committee. DEKREY was requested by a retired farmer from Burleigh county to bring up this piece of legislation.

REP. M. KLEIN asks about retaining some benefits that are then used to pay for dues, asks DEKREY to give an example. DEKREY then explains it to the committee. DEKREY also states to the committee that 80% of the dividends are tax free to that persons heirs.

REP. CLEARY asks could you now ask that you didn't want this money deducted? DEKREY replies that yes you can do that right now. REP. CLEARY asks if this wouldn't put a lot of extra burden on co-ops? DEKREY replies that he doesn't think so.

REP. KROEBER asks isn't this a local co-ops decision? DEKREY replies that he is sure that they could. REP. KROEBER states that in a way isn't this bill doing that, telling the local co-op

what they can and can't do? DEKREY replies that he can not think of any other organization that automatically makes you a member. This is unique to the farmer's union.

REP. METCALF asks about the statement on the back of checks. DEKREY addresses the issue.

REP. DEVLIN asks about the retired farmer that asked for this bill. DEKREY explained to the farmer that he doesn't have to pay his dues. REP. DEVLIN asks what REP. DEKREY'S profession is. REP. DEKREY replied that he farms and ranches.

Oppose:

MARK SITZ, NORTH DAKOTA FARMERS UNION

Please see attached testimony.

REP. M. KLEIN asks if all of the unions are using the same guidelines? SITZ replies that no they are not. The local board makes up the decision making process. REP. M. KLEIN asks what is the standard cost of dues? SITZ replies that they are \$15.00.

REP. DEVLIN asks if they are automatically taken out. SITZ replies that is the decision of the board.

REP. GRANDE asks if she had her name taken off of the check off, would that be voted on by the board whether my name could come off or not? SITZ replies no. REP. GRANDE asks if she ever has a choice to be put on? SITZ replies yes. REP. GRANDE asks about not using a co-op and using a co-op. SITZ replies that is your decision.

REP. HAAS asks how many locals do not deduct their membership dues? SITZ replies that he does not know. REP. HAAS asks if he was an occasional patron to a local co-op, and has not elected to be a member, and his purchases are not enough to accumulate fifteen dollars worth of dividends, would you then send me a bill? SITZ replies if you were a member of that co-op prior, there's becoming a member and maintaining that membership. If that co-op has a profit, then you

would still maintain your membership and therefore this would continue on being a member.

Occasionally going in to that cooperative then no you would not be.

REP. BRUSEGAARD asks in reference to the wheat check off, would it be a voluntary refund?

SITZ replies that he isn't quite sure, and isn't following the question. Does not know if they impose that.

REP. M. KLEIN asks if they would take fifteen bucks out of that farmers kitty that would be retired and isn't involved in farming anymore? SITZ replies that your account, it would be predicated on the fact that your account, if your doing enough cash business to justify a dividend.

REP. M. KLEIN asks if it would be dead account if I was living in Arizona and wasn't farming anymore? SITZ replies no it would be an annual basis.

Oppose:

ALBERT A. WOLFE, WHEELER WOLFE LAW FIRM

Please see attached testimony.

REP. BRUSEGAARD asks about a contract entered into by a member and the local cooperatives, will there be an annual contract renewed every year? WOLFE replies that the contract would be ongoing if there is business still going on.

REP. KLEMIN asks if any provisions apply to the contracts? WOLFE replies that if the by-laws are operational, then you can not change them. If they are not valid then you can contest them and challenge it. The constitution applies to all contracts. REP. KLEMIN asks about deductions.

WOLFE states that the bill that is before them is in violation to the constitution.

Oppose:

EVERETT DOBRINSKI, SELF

Please see attached testimony.

REP. BRUSEGAARD asks about check off commodity groups, do the members have the opportunity to write in and get their refund back? DOBRINSKI refers to his testimony.

REP. CLARK asks if the person is ever asked if they want to be a member or not? DOBRINSKI replies that is up to the local co-op.

REP. DEVLIN asks about the language in a bill. DOBRINSKI replies that he is not sure of a bill like that. REP. DEVLIN asks is the state then telling someone they have to belong?

DOBRINSKI replies if you do not want to pay the dues, go across the street. REP. DEVLIN asks what if you lived in a smaller community? DOBRINSKI replies that there is certainly the Internet out there for that person to use.

REP. KLEMIN asks where would you get your power from if you didn't want to join an electric cooperative? DOBRINSKI replies that you always have a choice, like putting up a windmill.

REP. HUNSKOR asks if an issue has ever surfaced like this before? DOBRINSKI replies no not to his knowledge.

Oppose:

BOB KUYLEN, SELF

Please see attached testimony.

REP. CLEARY asks if he didn't want his dues deducted could he say so to the cooperatives?

KUYLEN states that you could bring it up to the board if you didn't want your dues taken out.

REP. CLEARY asks if it is already in place, so there is no need for this? KUYLEN replies yes, there is no need for this. You can do it on your own if you wanted to.

REP. DEVLIN asks are your membership dues all deducted from the check off system?

KUYLEN replies that his dues are all deducted from one company. Like the farmers union.

REP. CLARK talks about deductions. KUYLEN replies that it is only taken out once.

Oppose:

SCOTT HIGBEE, PRESIDENT OF THE ND COOPERATIVES OF DIRECTORS ASSOC.

HIGBEE states to the committee that last week at their annual meeting they handed out checks in the amounts of well over \$1,000.00 to their patrons. This system is working why do we need to change it! HIGBEE urges the committee a do not pass on this bill.

Oppose:

CHARLES LINDERMAN, SELF

Please see attached testimony.

REP. M. KLEIN asks if you get your dividends back when you retire? LINDERMAN replies that it all depends. REP. M. KLEIN asks about the system that the REC's have, LINDERMAN states that he is not aware of their program.

REP. DEVLIN asks about the fifteen dollar dues, does that stay with the local cooperative or does that go to the North Dakota Farmers Union? LINDERMAN replies that goes to the North Dakota Farmers Union.

2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1212 B

House Government and Veterans Affairs Committee

Conference Committee

Hearing Date 2/15/01

Tape Number	Side A	Side B	Meter #
1	X		3782-5333
Committee Clerk Signature <i>Robin A. Small</i>			

Minutes:

COMMITTEE WORK:

REP. M. KLEIN called the committee to order. HB 1212 was heard on Feb. 1, 2001.

ACTION:

All members were present, except REP. BRUSEGAARD.

General discussion. REP. METCALF motioned for a DO NOT PASS, seconded by

REP. KROEBER. The roll call vote was 13 YES, 1 NO and 1 ABSENT AND NOT VOTING.

The motion carries. The CARRIER of the bill is REP. DEVLIN.

HB 1212: DO NOT PASS 13-1

CARRIER: REP. DEVLIN

Date: Feb. 15th, 2001

Roll Call Vote #: 1

2001 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. HB 1212

House GOVERNMENT AND VETERANS AFFAIRS Committee

Subcommittee on _____
or
 Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Not Pass

Motion Made By Metcalf Seconded By Kroeber

Representatives	Yes	No	Representatives	Yes	No
CHAIRMAN KLEIN	✓		REP KROEBER	✓	
VICE CHAIR GRANDE	✓				
REP BELLEW		✓			
REP BRUSEGAARD					
REP CLARK	✓				
REP DEVLIN	✓				
REP HAAS	✓				
REP KASPER	✓				
REP KLEMIN	✓				
REP MEIER	✓				
REP WIKENHEISER	✓				
REP CLEARY	✓				
REP HUNSKOR	✓				
REP METCALF	✓				

Total (Yes) 13 No 1

Absent 1

Floor Assignment Rep. Devlin

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

REPORT OF STANDING COMMITTEE (410)
February 15, 2001 11:22 a.m.

Module No: HR-28-3481
Carrier: Devlin
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

HB 1212: Government and Veterans Affairs Committee (Rep. M. Klein, Chairman)
recommends **DO NOT PASS** (13 YEAS, 1 NAY, 1 ABSENT AND NOT VOTING).
HB 1212 was placed on the Eleventh order on the calendar.

2001 TESTIMONY

HB 1212

Testimony- Mark Sitz, North Dakota Farmers Union
HB1212
House Government and Veterans Affairs Committee

Good Morning, Mr. Chairman and members of the committee my name is Mark Sitz. I am a farmer from Drake, and I am here today representing the members of the North Dakota Farmers Union.

We stand in strong opposition to HB1212 which relates to "written authorization required" before membership dues can be deducted from patronage dividends.

This whole bill is a local issue that is and has been decided at the local level for a long time. Many cooperatives placed in their by-laws a provision to deduct or "check-off" membership dues when that particular cooperative was originally set up. In some cases, this has been done for seventy plus years. It is important to remember that whether or not local cooperatives check membership dues, it is totally up to that cooperative. I would refer you to the handout that you have received. This is an example of actual by-laws that serve the Farmers Union Oil Co. of Edgley, North Dakota. If passed, this bill would pre-empt local democratically developed by-laws such as these of a cooperative.

This bill is simply unnecessary. The members of a cooperative already have the ability this bill attempts to give them. The authorization that is referred to on line nine of the bill is achieved when an individual chooses and patronizes that cooperative. That is a choice they make of themselves.

In addition and contrary to other styles of business or "non-cooperatives" that have a basic "take it or leave it" approach, member owned cooperatives allow amending of the by-laws by the membership/owners at any annual meeting. This commonly used method of making changes to the cooperatives' business practices certainly may include the area of membership dues. However, it would be a local decision made by the members who own the cooperative, not state government.

In circumstances where the members refuse to amend the by-laws for an individual, that individual can ask their board of directors or manager to have their name simply removed from the check-off list.

North Dakota Farmers Union respects those cooperatives which choose not to deduct membership dues as much as those that do allow for deductions to occur. It is a local choice that's worked well and in some cases for seventy plus years. We feel it should stay that way and would urge a "do not pass" recommendation on HB1212. Thank-you.

