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2001 HOUSE FINANCE AND TAXATION

HB 1337

2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1337

House Finance and Taxation Committee

Conference Committee

Hearing Date January 24, 2001

Tape Number	Side A	Side B	Meter #
1		X	5,070
2	X		0
Committee Clerk Signature <i>Janice Stein</i>			

Minutes:

REP. AL CARLSON, CHAIRMAN Opened the hearing and read the fiscal note.

REP. BLAIR THORESON, DIST. 44, FARGO, Introduced the bill. See attached written testimony.

SEN. BOB STENEHJEM, DIST. 30 Testified in support of the bill. He felt it is very important that workers that are having money withheld from their paycheck, for whatever purposes, have a right to decide for what purposes those withholdings are used. This is a great opportunity for organizations and unions. I know several people, who have either not joined, or cancelled their membership to unions, simply because of the union or their political activity. This will give them an opportunity to get back into the union and help them with the bargaining for their wages and worker's rights.

REP. WINNICH TO REP. THORESON You sort of imply that money is being withheld without the permission of the individuals, do you have any instances of that?

REP. THORESON Not in all cases, what is happening is, in some situations, many of the members are given a chance to opt out at the beginning of joining the organization, and after that, they don't have a period where they can withdraw from that. This legislation reverses the process. You can opt in, then on an annual basis, they can decide if they want part of their wages or compensation go to a segregated forum.

REP. WINRICH Are you talking about union dues here?

REP. THORESON Union dues, salary or other forms of compensation as is addressed in the bill.

REP. WINRICH To the best of my knowledge, in order to have something held from a person's pay, that person must specifically authorize a withholding.

REP. THORESON I am not certain of the situation in all organizations, but from what I have understood and from the members of different groups, they may have one opportunity when they join, and that is it. They can join or quit, then they aren't represented. By passing this law, we would give them a chance, annually, to decide whether they want part of their money to go to political purposes, but still have the opportunity to have grievance resolution, contract negotiation, and that type of thing.

REP. WINRICH My experience is certainly different, one, I think such deductions must specifically be authorized, and two, I believe the individual has the right to unauthorize them at any time. You noted in the bill on lines 19 to 23, where the term "union" is defined as being an association of employees that has as its primary purpose the promotion of the economic interests of its members and goes on to say, that the organization is freely chosen by the majority of employees as a bargaining group, and in fact, decisions of that union are made by a majority of

the members of the union. We just dealt with three bills where it would primarily affect the economic interests of certain groups, wind energy developers, etc. They are looking for help from legislation. Isn't it conceivable that legislation might affect the economic interests of workers and that unions would have a legitimate interest in legislation and political activity?

REP. THORESON I am not certain that I can answer that at this time.

REP. KROEBER Would groups such as Meridian, Credit Unions, A T & T, would they be included in this?

REP. THORESON Yes, this does include organizations, I believe there are people here from certain organizations who will want to address that.

REP. KROEBER This affects everyone who gives money to a candidate, is going to have to do this periodic reporting every thirty days.

REP. THORESON Any person who gives to a segregated fund, such as political action committees, or organizations, yes, they would.

REP. KROEBER If I am taking a member of NRA, a member of NRA will have to fill this out with our Secretary of State on all of their members?

REP. THORESON If they are using a portion of your dues to the NRA for political purposes, if they have a segregated fund.

REP. CARLSON Is the definition of "union" found somewhere else in code?

REP. THORESON This was added by the legislative council, I am not certain if it is in code any place.

REP. DROYDAL Does this mean anybody who has contributed to a political action committee or anybody who has contributions automatically deducted from their wages?

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REP. THORESON Must be a segregated fund.

REP. LLOYD I thought this was in regard to employees of an organization.

REP. THORESON Under the lanugage in the code, when they say association, it means a club, union, fraternity, Yes, those organizations are covered.

DE ANN BJORNSON, AMERICANS FOR TAX REFORM Testified in support of the bill.

See attached written testimony. She related to the question regarding clubs and organizations, stating it does apply to all organizations and associations. What we are looking at within this bill, are the payroll deductions. If you write a check for dues for the NRA, that would be your written consent. Any company that is doing payroll deductions for their salaries, wages or any compensation.

REP. KROEBER What is the number of your membership in North Dakota of the Americans for Tax Reform Group?

DE ANN BJORNSON At this time, I don't have a current list, but I will be happy to provide that to you.

REP. SCHMIDT Related to the new language on page 5, line 21 and 22, it states dues being collected by force, is that a problem in North Dakota?

DE ANN BJORNSON I believe that was just put in to further clarify that that is not acceptable, it does not imply that it is happening.

JACK KAVANEY, LEADERSHIP COUNCIL CHAIRMAN FOR NFIB, Testified in support of the bill. Submitted handouts to the committee regarding NFIB of North Dakota. Also submitted a copy of a ballot survey. He related to one question on the ballot survey, which was "should a cabinet level Department of Commerce be established in North Dakota", we had a

forty eight percent return which is not substantial enough for us to take a position on. Related to another question "should unions get a worker's permission before using a portion of his or her union dues on politics" ninety five percent of our responses, the greatest response we have ever had, said YES. Ninety five percent of our workers told us, we believe we have problems. We do this three times a year. Read from his handout pertaining to paycheck protection.

REP. WINRICH It is my understanding that it is against the law for union dues to be used for political purposes in North Dakota, do you know of a specific instance where union dues were used for a political purpose?

JACK KAVANEY No

REP. WINRICH If ninety percent of your membership said union dues should not be used on politics, that is essentially an endorsement of the current law?

JACK KAVANEY I don't know.

STEVEN L. LATHAM, ON BEHALF OF AFL-CIO Testified in opposition of the bill.

See attached written testimony.

REP. CARLSON On the difference between communicating and funding, I don't think it says you can't communicate does it?

STEVEN LATHAM The intent of this bill is to prevent union officers who are paid out of the union's general fund, from communicating with their members, for a political purpose.

REP. CARLSON Show me where it says they can't communicate with them.

STEVEN LATHAM Under the definition of a contribution, means wages, salaries, union dues, used for a political purpose, then it goes on to expand on the political purpose. What this section says, is when a union's wages are used to pay a union officer and those officers communicate to

their members, on particular political issues, that would be a contribution, that then is later prohibited under the next section.

REP. DROYDAL The presenter of the bill said this only dealt with PAC contributions, you are saying, because of the definition, it also includes the union dues, themselves?

STEVEN LATHAM This adds to the definition of contributions, to include wages, and wages are paid by union dues. When those people who are paid, take a political issue, that becomes a contribution, under this definition.

REP. WINRICH At the present time, all of the money I get in salary, is automatically deposited in my checking account, I in turn, have authorized certain electronic transfers to pay continuing bills, etc., if I authorize an electronic transfer to a segregated fund, is it conceivable that it may be interpreted as such a contribution under this bill, and the bank would have to get involved in reporting these things?

STEVEN LATHAM It is possible, we don't know what the practical effects will be with this legislation. This type of legislation has been considered by at least twenty other states, and rejected everywhere.

**CHRIS RUNGE, SECRETARY-TREASURER OF THE NORTH DAKOTA AFL-CIO
AND EXECUTIVE DIRECTOR OF THE NORTH DAKOTA PUBLIC EMPLOYEES
ASSOCIATION, AMERICAN FEDERATION OF TEACHERS AND LOCAL 4660,**

Testified in opposition of the bill. See attached written testimony.

REP. DROYDAL If a union member wants to discontinue giving to the PAC , what is the process that he or she must go through to get the payroll deduction corrected.

CHRIS RUNGE All they have to do is go to their payroll clerk and discontinue that. In my organization, I may not find out for a month that someone has either quit the organization or has discontinued the PAC. They simply go their payroll clerk and say, I don't want to participate. That is immediate, there is no 30 day waiting period. It is done.

REP. DROYDAL Is that true for all unions in North Dakota?

CHRIS RUNGE It is my understanding that no union member is forced to participate in a PAC, it is against the law, it is totally voluntary.

REP. CARLSON When you have the deduction, for example, is it two categories then?

CHRIS RUNGE They are not going to be separate, segregated funds.

REP. LLOYD Can they opt back in, after they opt out.

CHRIS RUNGE At any time a member wants to join a union or a PAC, they are more than welcome to do so.

REP. HERBEL What percentage of your people have opted out?

CHRIS RUNGE I would say about one third of the members participate voluntarily in our PAC

REP. CLARK It is my understanding, since the segregated funds already exist, that you don't have any problems with the way that part of the bill is worded, your problem, basically lies, with the communication aspect?

CHRIS RUNGE That is not correct. We have a problem with the entire bill. We feel this bill infringes on our right, as an organization, to decide how this organization will run. We feel that the government is interfering, and trying to tell us, who we can accept as members and who we don't accept as members.

SHEILA DAVIS, FORMER OPERATOR, Testified in opposition of the bill. Stated she retired three days ago, but will continue to support her union, will continue to pay dues through her retirement, because she needs a voice. I worked in the same office that Rep. Thoreson has worked in. I think he is confused. My union at the telephone company is ninety six percent unionized, that is North Dakota, so that means it is voluntary. It is not like Minnesota, where they have to. I know he was not a member while he was there, so he continued to reap the benefits of the pay and his ability to come to be part of the legislation. However, he didn't fully understand or go into it, because he would understand the dues are a separate thing. I sign a little card saying that I am going to give to my political candidate, and yes, it is separate on my paycheck. It is something that I have to freely give. One thing that confused me is, if I can't give to who I want to and let that party go with it, then if, say the Republicans got into office or something, and I am a Democrat, do I no longer have to pay my taxes because I don't support what they support?

REP. CARLSON Stated that the amendments to the bill will be looked at when the bill is acted on. Any one who wants to be notified when we act on the bill, can let us know, so they can have their say. If you have testimony that you want to give, and did not give it, you are welcome to give it to us. He also reminded everyone to sign the register.

With no further testimony, the hearing was closed.

COMMITTEE ACTION 1-31-01, TAPE #3, SIDE B, Meter 0

CORY FONG, NORTH DAKOTA SECRETARY OF STATE'S OFFICE Appeared before the committee to submit amendments to the bill. He explained his amendments and how they make the bill work.

