

MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION

SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

1368

2001 HOUSE GOVERNMENT AND VETERANS AFFAIRS

HB 1368

2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1368 A

House Government and Veterans Affairs Committee

Conference Committee

Hearing Date 2/2/01

Tape Number	Side A	Side B	Meter #
1	X		3840-END
		X	0-1493
Committee Clerk Signature <i>Robin D. Small</i>			

Minutes:

REP. M. KLEIN called the meeting to order.

In favor:

REP. AUDREY CLEARY, introduces the bill. Please see attached testimony.

In favor:

REP. LISA MEIER also speaks on behalf of the bill, she too is a sponsor on the bill. MEIER introduces GARY NELSON, the constituent that approached them to propose this bill.

In favor

GARY L. NELSON, BUSINESS MANAGER, SELF

Please see attached testimony.

In favor:

KRIS RUNGE, NDAFL-CIO NDPES

RUNGE wants to state that for the record they are for this bill. Urges a do pass.

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House Government and Veterans Affairs Committee

Bill/Resolution Number HB 1368 A

Hearing Date 2/2/01

Oppose:

DICK JOHNSEN, NDWC BOARD OF DIRECTORS

Please see attached testimony.

REP. M. KLEIN asks how many cases of fraud do they have record of? JOHNSEN does not have that info.

REP. KLEMIN asks if they have an audit procedure. JOHNSEN replies that yes they do have one.

REP. KROEBER asks if some of the contractors have unfair bidding? JOHNSEN replies yes, that is possible.

REP. CLEARY asks about using another tool, maybe getting more attention. JOHNSEN replies anything that is changing information that is not accurate.

REP. MEIER asks how many times are employers audited? JOHNSEN replies that they are audited annually.

REP. CLEARY asks if it is ever unfair to the employee and not the employer? JOHNSEN states that it is never personal.

Oppose:

KURT PETERSON

PETERSON states that he does not like the bill.

REP. M. KLEIN asks what is his major objection of the bill. PETERSON states that it is the privacy issue.

REP. KROEBER also asks about the unfair bidding situations. PETERSON replies that anybody is curious can find out why.

Oppose:

JULIE LEER, GENERAL COUNSEL FOR NDWC

Please see attached testimony.

REP. M. KLEIN asks about reports of fraud, how many do you get in each area? What is the proportion of it, between employer and employee fraud? LEER replies that since the hot line has opened up there has been 133 referrals.

REP. CLEARY asks about the difference of policy procedures LEER states that it depends on the different types of fraud. REP. CLEARY asks how do you investigate employer fraud? LEER replies that they send out investigators, surveillance, and or tax records. REP. CLEARY asks how do you hear about employer fraud? LEER replies from hot line tips

In favor:

GARY NELSON, SELF

NELSON addresses the committee again, NELSON makes a challenge to everyone in the room. There are 4 employees in his office, if anyone can tell him what his gross wages are, paid for one year, he will take all of them out for dinner. That's all he had to say.

REP. M. KLEIN asks if this is only a problem with the iron workers union? NELSON replies that they do not classify their employees right.

Being there was no further testimony, the hearing was then closed. No action was taken at this time.

2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1368 B

House Government and Veterans Affairs Committee

Conference Committee

Hearing Date 2/08/01

Tape Number	Side A	Side B	Meter #
3	X		1334-1958
Committee Clerk Signature <i>Robin A. Small</i>			

Minutes:

ACTION: HB 1368 TESTIMONY HEARD 2/02/01

REP. BRUSEGAARD motioned for a DO NOT PASS, seconded by REP. CLARK. The roll call vote was taken with 11 YES, 4 NO and 0 ABSENT AND NOT VOTING. The motion carries.

The CARRIER of the bill is REP. M. KLEIN.

HB 1368: DO NOT PASS 11-4

CARRIER: REP. M. KLEIN

FISCAL NOTE

Requested by Legislative Council
01/26/2001

Bill/Resolution No.: HB 1368

Amendment to:

1A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	1999-2001 Biennium		2001-2003 Biennium		2003-2005 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures						
Appropriations						

1B. **County, city, and school district fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

1999-2001 Biennium			2001-2003 Biennium			2003-2005 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

2. **Narrative:** *Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.*

**NORTH DAKOTA WORKERS COMPENSATION
2001 LEGISLATION
SUMMARY OF ACTUARIAL INFORMATION**

BILL DESCRIPTION: Confidentiality of Employer Reports

BILL NO: HB 1368

SUMMARY OF ACTUARIAL INFORMATION: North Dakota Workers Compensation, together with its actuary, Glenn Evans of Pacific Actuarial Consultants, has reviewed the legislation proposed in this bill in conformance with Section 54-03-25 of the North Dakota Century Code.

The proposed bill expands the information in employer reports that would be open to the public to include the number of employees in each rate classification as well as the policy expiration date.

FISCAL IMPACT: Anticipate no impact to rate and reserve levels.

DATE: January 22, 2001

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type*

and fund affected and any amounts included in the executive budget.

B. Expenditures: *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

C. Appropriations: *Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.*

Name:	Paul R. Kramer	Agency:	ND Workers Compensation
Phone Number:	328-3856	Date Prepared:	01/29/2001

Date: Feb. 8th, 2001

Roll Call Vote #: 1

2001 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. HB 1368

House GOVERNMENT AND VETERANS AFFAIRS Committee

Subcommittee on _____
or
 Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Not Pass

Motion Made By Brusegaard Seconded By Clark

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) 11 No 4

Absent _____

Floor Assignment Rep. M. Klein

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

REPORT OF STANDING COMMITTEE (410)
February 8, 2001 5:24 p.m.

Module No: HR-23-2808
Carrier: M. Klein
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

HB 1368: Government and Veterans Affairs Committee (Rep. M. Klein, Chairman)
recommends **DO NOT PASS** (11 YEAS, 4 NAYS, 0 ABSENT AND NOT VOTING).
HB 1368 was placed on the Eleventh order on the calendar.

2001 TESTIMONY

HB 1368

House Government and Veterans Affairs Committee
HB 1368
Representative Audrey Cleary District 49
February 2, 2001

Chairman Klein and members of the House Government and Veterans Affairs Committee.

For the record I am Audrey Cleary, Representative from District 49.

I come before you today in support of HB 1368.

HB 1368 requires the Workers' Compensation Bureau upon request to disclose the number of employees in each rate classification, and the expiration date of the premium paid by an employer.

Access to claimant information is granted to the public under Chapter 65-05-32, section 5 of the North Dakota Century Code. Which states that "The claimant's name; social security number; date of birth; injury date; employer name; type of injury; whether the claim is accepted, denied, or pending, and whether the claim is in active or inactive pay status will be available to the public. This information may not be released in aggregate form, except to those persons contracting with the bureau for exchange of information pertaining to the administration of this title or except upon written authorization by the claimant for a specified purpose."

Concerns over the cost of workers' compensation insurance premiums have brought about widespread allegations of claimant fraud. However, Employers who misclassify their employees in an effort to reduce their workers' compensation premiums defraud the system also.

Please allow me at this time to introduce to you Mr. Gary Nelson, Business Manager for Ironworkers Local 793, who can further explain HB 1368.

Testimony

Before the House Industry, Business and Labor Committee

Urging a "Do Pass" Recommendation

January 25, 2001

Gary L. Nelson, Business Manager
Ironworkers Local 793

Mr. Chairman, Members of the Committee.

My name is Gary Nelson and I am Business Manager for Ironworkers Local 793. Our jurisdiction is the Entire State of North Dakota and the bordering counties of Minnesota. I am here today in support of House Bill # 1368.

When I went to the Bureau in 1995, they were collecting premiums on a gross payroll of 2.43 million with a total of 431 employees being reported in the 5040 classification (Steel Erection). After my contact with the Bureau, they sent a letter to all contractors explaining that if they are doing steel erection, they must pay on the 5040 classification (Steel Erection). The year starting 6-30-97, premiums were paid on a gross payroll of 5.58 million with a total of 1211 employees being reported. So, as you can see, quite a few employers were not paying on the correct classification. The 5040 classification premium rate is 25.26% of wages, while the 5410 classification (Building Construction) premium rate that most employers pay on is 11.64% of wages. For a difference of 13.63%. A potential lost of \$13.63 per hundred dollars of wages.

By passing this Legislation, it would not hinder the Bureau; it could possibly help the Bureau collect premiums on misclassified employees. I am not stating that there is a lot of misclassification going on, but it is not fair to the employers who are paying on the correct classification, when others are not. If all employers paid correctly, possibly the premium rate would go down in certain classifications.

The Bureau has opposed this bill in the past two sessions. In the past, the Bureau has stated that if this bill were passed a requester would be able to calculate the wages and premiums paid by an employer by knowing the number of employees in each classification.

According to my calculations their statement is incorrect. By just knowing how many

