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ROLL NUMBER

DESCRIPTION

1383

2001 HOUSE GOVERNMENT AND VETERANS AFFAIRS

HB 1383

2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1383

House Government and Veterans Affairs Committee

Conference Committee

Hearing Date 2/08/01

Tape Number	Side A	Side B	Meter #
1		X	878-END
2	X		0-757
3	X		1959-2339

Committee Clerk Signature *Robin L. Small*

Minutes:

REP. M. KLEIN calls the hearing to order, with all committee members present.

In favor:

REP. LONNY B. WINRICH, DISTRICT 18

REP. WINRICH introduces the bill. Urges the committee a do pass.

REP. M. KLEIN asks if this is the same bill that we had last session? REP. WINRICH replies that it is not.

In favor:

REP. APRIL FAIRFIELD, DISTRICT 29

Please see attached testimony.

REP. DEVLIN asks about the bottom line and that they would have never been able to start a business up under these provisions. REP. FAIRFIELD states that yes they could.

REP. M. KLEIN asks if there isn't a bill exactly like this one over on the senate side.

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House Government and Veterans Affairs Committee

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REP. FAIRFIELD states that there is no ping pong going on

In favor:

SEN. CAROLYN NELSON, DISTRICT 21

Please see attached testimony. NELSON states to the committee that this is a simple bill.

REP. KLEMIN asks what is the per capita / income. NELSON comments that it is based upon an average family of four.

In favor:

STEVE HUENNEKE, ASSOC. PROFESSOR FROM MINOT STATE UNIVERSITY

Please see attached testimony.

REP. M. KLEIN asks if this is a beauareacy? HUENNEKE states that it is micro-managing.

REP. CLARK asks about the happy meal index. HUENNEKE replies that it is \$4.00, public subsidies.

In favor:

DON MORRISON, NORTH DAKOTA PROGRESSIVE COALITION

MORRISON is very concerned about the quality of jobs and economic development in rural areas.

Oppose:

BILL SHALHOOB, EDND-GNDA

Economic development is an essential service in rural areas. SHALHOOB has an example such as the grocery in New Salem, North Dakota. There was a young couple that wanted to take it over but didn't have the money to do so. They then went to the Mandan growth committee to ask for help. REP. M. KLEIN asks would the grocery store in New Salem exist if they had not gotten help? SHALHOOB replies no it would not, razor thin capital.

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House Government and Veterans Affairs Committee

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Oppose:

CONNIE SPRYNZYNATYK, NORTH DAKOTA LEAGUE OF CITIES

There are bench marks being set. Businesses are under capitalization's, every city is not the same.

It is a burden on the employers. The history of North Dakota is dependent on agriculture. There are many challenges, that economy needs to be diversified. Start making real progress.

Oppose:

DAVE MACIVER, BISMARCK-MANDAN CHAMBER OF COMMERCE

Talks to the committee about the national trends.

Being there was no further testimony in favor or in opposition the hearing was then closed.

Action was taken later that day.

REP. CLARK motioned for a DO NOT PASS, seconded by REP. BELLEW. The roll call was taken with 12 YES, 3 NO and 0 ABSENT AND NOT VOTING. The motion carries. The CARRIER of the bill is REP. DEVLIN.

HB 1355: DO NOT PASS 12-3

CARRIER: REP. DEVLIN

FISCAL NOTE
 Requested by Legislative Council
 01/23/2001

Bill/Resolution No.: HB 1383

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.*

HB 1383 sets the minimum salaries for full-time employees of projects receiving financial assistance from economic development programs at or above the federal poverty level for a family of four. The fiscal impact of HB 1383 cannot be determined.

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:	Kathryn L. Strombeck	Agency:	Tax Department
Phone Number:	328-3402	Date Prepared:	02/07/2001

Date: Feb. 8th, 2001

Roll Call Vote #: 1

2001 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. HB 1383

House GOVERNMENT AND VETERANS AFFAIRS Committee

Subcommittee on _____
or
 Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Not Pass

Motion Made By Clark Seconded By Bellew

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) 12 No 3

Absent _____

Floor Assignment Rep. Devlin

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

REPORT OF STANDING COMMITTEE (410)
February 8, 2001 5:29 p.m.

Module No: HR-23-2811
Carrier: Devlin
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

HB 1383: Government and Veterans Affairs Committee (Rep. M. Klein, Chairman)
recommends **DO NOT PASS** (12 YEAS, 3 NAYS, 0 ABSENT AND NOT VOTING).
HB 1383 was placed on the Eleventh order on the calendar.

2001 TESTIMONY

HB 1383

Presented By: Rep. April Fairfield District 29
House Committee on Government and Veterans Affairs
February 8, 2001

"Job creation" is at the core of economic development efforts. While it is a necessary, even critical to a successful economic development strategy, it is not sufficient. Job creation alone should not be our ultimate goal.

As the policy-making branch of government and the keepers of the public trust, it is up to the legislature to question and identify what kind of job creation best serves the public interest and what kind of wages are being paid in relation to the level of public subsidy a business receives.

It is both appropriate and necessary for us to set the bar...to shape the vision for the future prosperity and quality of life for our citizens. Especially, when that involves public money.

HB 1383 is one element of a successful economic development strategy.

We are all concerned about our state's economy and the need to improve it. However, perhaps we have reached a time when we need to question, perhaps even challenge, the prevailing attitudes about economic development.

For example, everyone is aware that many young North Dakotans receive their education in North Dakota and leave when it's time to start their careers. But are they leaving because there are no jobs available or is it because the jobs that are available don't pay enough to keep them here?

North Dakota's has an a very low unemployment rate (2.7 percent) . That suggests that underemployment, not unemployment, is our greatest jobs problem. The fact is that thousands of North Dakota workers have two, and even three, jobs to make ends meet. So should we be spending public money on job creation alone? North Dakotans don't need another job. They need a good job.

Our state has limited amounts of tax dollars to spend on economic development. Therefore, it only makes sense that we target our efforts and our tax dollars toward the creation of jobs that pay fair wages.

New jobs that don't pay enough to get people off government assistance do not contribute to the expansion of the state's economy. In fact, they may put additional strains on our already overburdened welfare programs.

This is about return on taxpayer investment. It is the taxpayer's money being spent on economic development projects and it is their money that we spend on assistance programs. If businesses that receive economic development dollars are not asked to pay a wage that can sustain a North Dakota family, and that worker is forced to go on public assistance, then we are essentially asking the taxpayers of North Dakota to pay twice.

HB 1383 is a promise. It is a promise to North Dakota taxpayers that their tax dollars are not being spent on low wage jobs that do little for the economy and that do not retain, let alone grow, the population. This bill is about accountability. It is about fiscal responsibility. Ultimately, it is about return on the taxpayers investment.

HB 1383 would guarantee that the economic development dollars we spend are creating jobs that build our economy.

Now, we all know what is going to happen here, economic development people are going to tell us this is a very bad idea. That this will hamper efforts to attract business and will put North Dakota at a competitive disadvantage, that this will surely cause North Dakota to spiral into an economic abyss. (This is despite the fact that in the past, wage requirements included in our economic development legislation did not hamper our state's economic development efforts. The requests from businesses willing to pay those wages always exceeded the available government subsidies.)

Unfortunately, the current path of economic development at any cost isn't faring very well, either. We already lag behind other states in the region in areas of economic growth, income, population and other indicators.

If ND passed a living wage requirement, it would actually be following the lead of other states. While ND has no job quality standards, sixteen other states, including Iowa, Minnesota, Missouri and Kansas all have some standards in place and all are achieving greater success in terms of their economic development initiatives.

I am willing to concede that economic development devotees may very well be right about one thing. Higher standards could make their jobs more difficult.

Wage requirements may discourage the creation of some low-wage, low-skilled jobs. These standards may deter certain employers who do not want to pay high wages, who are looking to take advantage of economic development dollars, and who only want to recruit workers for jobs of minimum training in order to realize the lowest possible per unit cost.

And if that is the case, maybe it is time we say "so be it" because we deserve better. Our workers deserve better, the tax-payers deserve better and the young people currently leaving our state in droves deserve better.

George W. Bush has often spoken about the soft discrimination of low expectations. Our economic development policy efforts are a perfect example of that problem. If we expect more, we'll get more. Conversely, if we expect nothing, we can be assured we'll get nothing.

Living wage requirements would help shift the focus of Economic Development away from the narrow goal of "job creation" toward creating good-paying jobs, building new wealth, invigorating communities, and growing our population.

