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2003 HOUSE EDUCATION

HB 1241

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2003 HOUSE STANDING COMMITTEE MINUTES
 BILL/RESOLUTION NO. HB 1241
 House Education Committee

Conference Committee

Hearing Date February 4, 2003

Tape Number	Side A	Side B	Meter #
1	x		00-end
1		x	00-2096
Committee Clerk Signature <i>Linda Giechta</i>			

Minutes: **Chairman Kelsch** opened HB 1241. There are two separate issues in this bill. The Legislators come forward and testify so that they can go back to their committee meetings. Then we will break it out so that we have discussion based on the University System and the k-12.

Rep Wes Belter, District 22,

This is much more complex than it appears. The issue at hand here is that in both k-12 and higher Ed, we need to come to some type of agreement so we do not have competition between our tax supported institutions and private enterprises. Yet we also have to keep in mind that there are some instances where private enterprises is not going to fulfill all needs. What you will ultimately find is that common sense of those who are involved in the food service is what is needed. The Legislature lay out some parameters, saying to private sector that we want you to participate and provide those services that you can provide. And have legislation that allows the state supported food services to provide those services that can not be provided by the private system. We have two issues here, they both face the same problem. If there is anything I can assist the committee with, please ask.

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(300) Rep. Carlson, District 41, South Fargo

On the Benefit of one of our constituents, the Oven Door. The issue on this goes back to 1999, because John called me up and said I am loosing all my business, that I have built up over the past 9 years, to the Fargo Public School. What can we do about it. So we got an Attorney General's opinion done and John will give you the history on that. The Fargo Public school stopped competing with the Oven Door in respects to serving meals to day cares. They used some office of the Federal Nutrition Act for Children. What they did was take away 60% of his business by underbidding all of his prices. that would be easy to do because you are buying commodities and you have subsidized equipment, electricity, and etc. But it hasn't been with out threat along the way, Fargo Public is sending out letters requesting another opportunity to bid. I told the Fargo Public School at a board meeting that this isn't a threat or a policy, we will develop legislation to protect private business.

Rep. Eckre, District 25, See Attached Testimony with amendments.

I hope that flexibility doesn't mean that we put private businesses out of business. We don't want the colleges to do reunions, weddings that can be done at other places. These are state buildings with state subsidies. Colleges do have a function, to teach. There has to be a fine line here somewhere. Please read the enclosed letter.

Rep. Hunskor MSU Bottineau, they have an independent private contractor called the Marriott, which is the only full-service catering business in Bottineau. There is nowhere else to hold it, where would they go?

Eckre: Under this bill they can do it, because there is nowhere else to go.

Rep. Hunskor Is there a gray area here?

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Eckre: It comes down to common sense, I don't know if you can legislate common sense. There is always going to be gray area.

Rep. Herbel Section 2, A,B,C,D are they covered under E.

Eckre: I didn't want to spell it out, I just wanted to try to put something together to start on this.

(1000-1900) John Carlson, Oven Door Catering Business, See Attached Testimony

Rep. Mueller Are here other business being affected like you are?

Carlson: VIP Catering, Grainery, I don't know all of them.

Rep. Sitte Senior Citizen Center's Meal on Wheels, by NDSU, do you know of any other?

Carlson: No I do not. No one will bid on the Meals on Wheels program.

Rep. Meler What was the Fargo School's reason for not serving day care with less than 25 kids.

Carlson: I don't know what the rationale was, but if I were to speculate, it was because it is less possible to make a profit to deliver the meal I received a call for the business manager at the Fargo School wanting me to do just that, they take the larger, and I the smaller. I did not agree.

Rep. Herbel This would not affect Dickinson, Valley City, Jamestown, Mayville, and smaller communities like that, correct? **Carlson:** I don't believe it would.

Suzie White, I have been in the hospitality business for over 30 years.

What used to be a great state for a for-profit state. Today I have brought a bag of shoes' soles are thin from the many hours of hard work in this industry, I want you to take off your shoes today and walk in mine before you make a decision on this bill. I want you to really listen and be come aware what is happening to for-profit business persons in ND. And I'm not just talking about the hospitality industry either. Any one in our industry knows that your heart has to be in service to people in order to stay afloat. And over the years, for-profits of industry, motel lounges have

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decreased dramatically. I would love to blame the influx of big out-of-state chains, but that is small comparison to the nonprofit state and federal subsidized organizations that are serving against us and are allowed to compete illegally and legally.

- 1) The nonprofit clubs that allow anyone in their clubs, like the for-profit does, and they in turn allowed are allowed to operate as a charitable gaming site. Keeping 50% of the profits to off set their expenses. And to pay for their labor that is not volunteer, and for remodeling and utility costs. The senior centers around the state that are now catering and they are leasing rental space and serving thousands of meals which by law are to be served from a local restaurant when possible before building or funding centers. As not to jeopardize for-profit business. The rents that they collect are called donations, when I collect rent I have to pay tax on it.
- 2) We compete against schools and local fund groups and local churches, and every social nonprofit organization there is on a daily basis. These groups do not pay insurance for food poisoning and are not forced to follow state health food codes, and do not pay taxes on their labor. And now for the past several years, schools and higher Ed have become competitive to the point of embarrassment. If you want to have food catered or to book convention, meeting room, wedding or family reunion. Call a college club or school, a for-profit business does not stand a chance in competing. University of Mary's high tech meeting rooms will make the best convention center in Bismarck look meager. I could bore you with stories about Universities competing. And I mean competing for what we go into business for to serve and cater food, not to educate people. I'm starting to wonder if they know what there mission is.

Rep. Mueller Are you suggesting we go beyond educational institutions and address that?

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White: I was just trying to let you know that this is just another freighting area for us. We have talked many times and how to address these issues, what is fair. But when nonprofit organizations are out competing and selling themselves and advertising to take away our business. I find that to be difficult to compete with.

Patty Lewis, Hospitality Association

This is a huge issue for us this session, for the reasons that already have been addressed by previous speakers. I would like to share with you one other story, one of our board members in Minot shared with us that Minot State University advertises their huge, new banquet rooms rates against the Holiday Inn. That is just another example of how this is encompassing us and how we have to compete.

Rep. Hanson In Minot do they lease out their facilities or do they allow a catering service to come in? **Lewis:** It is my understanding they are doing the whole thing.

Chairman Kelsch are they actually providing the food as well **Lewis:** Yes

Rep Gross, District 42, NW Grand Forks, See Attached Testimony

Rep. Williams Flexibility, In you own mind how do you rationalize going up against with private enterprise.

Gross: I believe we are in competition sometimes. If you take the state track meet for example: it is going to be held at the Memorial Stadium, in Grand Forks and the is University property and the concession stand that are used for our own functions are used for that. It is impossible for us to allow another vendor to use the facility. It would be just like the local hardware store, had another come into your store and set up shop. The controls are in place so that you can't do it.

Rep. Williams In the amendment in section E, cover that very issue.

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