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Deanna Hallworth
Operator's Signature

10/3/03
Date

2003 HOUSE INDUSTRY, BUSINESS AND LABOR

HB 1370

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2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 1370

House Industry, Business and Labor Committee

Conference Committee

Hearing Date January 28, 2003

Tape Number	Side A	Side B	Meter #
3		X	1,027-4276

Committee Clerk Signature *Elizabeth R. Fier*

Minutes: **CHAIR KEISER**: Opened hearing on HB 1370.

REP. RUBY: Discussed intent of bill.

MARY SKAR (E.W. Wylie): Provided spreadsheet. Discussed how the Small Business Survival Index rates ND terribly because of a cap that no one understands. ND is rated 36th. This is an economic disadvantage. The least ND could do is be consistent with other states around us. He supports a revenue neutral gross payroll.

DALE ANDERSON (Pres., GNDA): Concerned about the gross payroll provision.

REP. RUBY: Is there any benefit of this being set up on a graduated phase-in period of three years? Anderson thought this was an interesting possibility. Basing workers' comp on a payroll basis represents different ways. Rep. Ruby asked if he has considered the possibility of the effect of positive experience rating. Would it allow the experience rating to have a more significant benefit on the employers? Anderson said that they could discuss it and get back before the committee takes action.

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REP. ZAISER: Would this make ND look better? Anderson said that it is a consideration.

REP. KASPER asked what the objections are. Anderson said they are concerned with making a change at this level and that rates can go up down the road. Rep. Kasper reminded the committee that the fund has to be solvent on its own merits. If the fund depletes, rates would have to go up anyway without. Anderson said this is a possibility they will consider.

DAVE KEMNITZ (ND AFL-CIO): Short-term businesses would pay much less. This could take full-time jobs away. This takes away the incentive to keeping people on the payroll.

REP. KASPER: Would it be legal if there was a graduated phase-in and then full-time.

Kemnitz said that workers' comp is related to injury and whether or not your business is more injury prone.

RON NESS (ND Petroleum Council): This is just a tax shift. Although this is revenue neutral to the state, another employer will have to pick up the tab. We cannot compare to other states because we have a monopolistic state fund. This concept was brought up two years ago and all of this needs to be evaluated between the businesses and the WCB (Worker' Comp Bureau).

MICHAEL WOLF (ND Assoc. of Counties): Neutral with testimony.

JOHN HALVORSON (ND WCB): Neutral with testimony.

2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 1370

House Industry, Business and Labor Committee

Conference Committee

Hearing Date February 10, 2003

Tape Number	Side A	Side B	Meter #
1		X	3555-4500

Committee Clerk Signature *Elizabeth R. Feier*

Minutes: **Chair Keiser:** Opened discussion on 1370

Rep. Ruby: Willing to do a 3 yr. phase-in. Would discuss with Workers' Comp. Benefits outweigh the problems.

Rep. Froseth: He has visited with employers in his area and this would cost them an extra \$150,000/yr.. Detrimental to those who offer full-time employment with good pay.

Rep. Johnson: Believes this penalizes those for having high-paid, stable employees.

Rep. Ruby: This equalizes the amount being paid. Some are unfairly charged now. The counties are neutral because some win and some lose. Some have seen a shift as high as \$400,000 in one year because of a shift of employees at the wrong time. He would rather pay a higher percentage that is consistent than have a huge shift in one year.

Rep. Severson: Opposes because of the need to maintain long-term employees.

Rep. Keiser: This is an important policy question. Are we business friendly? This is a substantial change. Does not feel this should pass, but this should be a Legislative Council study.

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Page 2
House Industry, Business and Labor Committee
Bill/Resolution Number 1370
Hearing Date February, 10, 2003

This is revenue neutral, but still cost shifting. Perhaps a different formula would work. We cannot want good paying jobs and then tax them for paying the employees more.

Rep. Ruby: Would not oppose an amendment to turn it into a study. If you look at it, someone will always win or lose.

Rep. Ekstrom: Recommended to have positive and negative balance tables to make the findings obvious.

Rep. Severson: Said he would talk to LC.

Chair Kelser: Closed discussion on HB 1370

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2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 1370

House Industry, Business and Labor Committee

Conference Committee

Hearing Date February 11, 2003

Tape Number	Side A	Side B	Meter #
1	X		250-687
Committee Clerk Signature <i>Elizabeth R. Fein</i>			

Minutes: **Chair Keiser:** Opened discussion on HB 1370

Rep. Severson: Brought forth an amendment to turn bill into a study resolution.

Rep. Klein moved to pass the amendment on HB 1370. Rep. Severson seconded.

Rep. Ruby: Does not want this issue to die in a study. Would like to see if a phase-in would work.

Rep. Severson: Does not believe there is enough time to study during the session.

Voice vote on amendment. Amendment carries.

Rep. Severson moved a DP as amended. Rep. Nottestad seconded.

Vote: **13 Yes 0 No 1 Absent and not voting** Carrier: Severson

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FISCAL NOTE
 Requested by Legislative Council
 02/13/2003

Amendment to: HB 1370

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.*

	2001-2003 Biennium		2003-2005 Biennium		2005-2007 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.*

2001-2003 Biennium			2003-2005 Biennium			2005-2007 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
 2003 LEGISLATION
 SUMMARY OF ACTUARIAL INFORMATION

BILL DESCRIPTION: Gross Payroll Study

BILL NO: Engrossed HB 1370

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 engrossed bill allows Legislative Council to consider studying the feasibility and desirability of calculating workers' compensation premium based on an employee's gross annual wage.

FISCAL IMPACT: No significant fiscal impact on NDWC is anticipated.

DATE: February 14, 2003

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.*

see narrative

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.*

see narrative

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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:	John Halvorson	Agency:	NDWC
Phone Number:	328-3760	Date Prepared:	02/14/2003

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Demetri Halvorson
Operator's Signature

10/3/03
Date

