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Dennis Halliwell
Operator's Signature

10/3/03
Date

2003 HOUSE INDUSTRY, BUSINESS AND LABOR

HB 1382

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2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1382

House Industry, Business and Labor Committee

Conference Committee

Hearing Date 1/29/03

Tape Number	Side A	Side B	Meter #
1		x	15.7-end
2	x		0.0-13.6
2	x		19.-26.0
Committee Clerk Signature <i>Judith Hamme</i>			

Minutes: **Chairman Keiser** opened the hearing on HB 1382.

Rep. Johnson, District 37, introduced HB 1382 which relates to the direct deposit of wages.

Processing two sets of payroll checks (manual and automated) is onerous to employers.

Transaction accounts are available that have no minimum balance required and no upfront charges to open the account. Federal government Social Security checks are already directly deposited. If senior citizens are comfortable with this, why can't employees accept direct deposit?

Rep. Ekstrom: On line 11, by removing the language, "employer may not require", are we in fact, implying that an employer may require?

Rep. Johnson: That is what we are doing here. An employer can have all his employees be paid on one system.

Chairman Keiser: Will employers still provide a pay stub or a document with appropriate information?

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Page 2
House Industry, Business and Labor Committee
Bill/Resolution Number HB 1382
Hearing Date 1/29/03

Rep. Johnson: Most systems do print out pay stubs to be handed to the employee or mailed.

Rep. Severson: How about employees without bank accounts? My concern is that this might be inappropriate for some employees.

Rep. Grosz, District 42: This bill is business friendly and can generate tremendous savings because of the reduction of manually administering payroll computations. Employees are paid sooner. Pay stubs don't require signatures, that's a further administrative cost savings.

For those people who need pay stubs for verifying information for social services etc, another statute under the aegis of the Labor Commissioner handles that. I don't know if this impacts agricultural employers.

Rep. Zaiser: What are the ramifications for employees who don't do banks?

Rep. Grosz: I guess they'd be forced to get an account if they want to be paid for their labor.

Jeff Swank, Vice-president, TMI Systems Design Corp. of Dickinson, appeared to testify in support of HB 1382. (See Attachment #1) We are not forcing employers to choose to use this. The single process can be beneficial for certain businesses.

Chairman Keiser: Does TMI or anybody else you know use an incentive to encourage employers to use direct deposit? Say \$10 a month or something?

Swank: 90% of our employees use direct deposit, we only do 6 manual payroll checks every other weeks. The systems generate detailed pay stubs for the direct deposits.

Brian McClure, Human Resources Manager, Midwest Coca Cola, testified in support of HB 1382. Our payroll department is located in Florida. Pay stubs are available either by mail or e-mail. We can also get our W-2 forms via the Internet.

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Page 3
House Industry, Business and Labor Committee
Bill/Resolution Number HB 1382
Hearing Date 1/29/03

Dale Anderson, President of GNDA, appeared to enthusiastically testify in support of HB 1382.

Direct deposit is safe, convenient, confidential, fast and it saves money.

Steve Spilde, CEO of the ND Insurance Reserve Fund, appeared to testify in support of HB 1382. (See Attachment # 2) Direct deposit saves administrative staff time and energy if a business requires countersignatures. Employers have to make the call whether an employee who resists being paid electronically is worth keeping on staff if that employee impairs the employer's option to utilize direct deposit.

John Risch, representing United Transportation Union, appeared to testify in opposition to HB 1382. He stated that this allows employers to force employees to have direct deposit. Itinerant employees will be negatively impacted.

Rep. Ekstrom spoke on her concerns regarding garnishment of wages and how that might be impacted or handled with direct deposit.

Mark Bachmeler, Commissioner of Labor, took the podium to answer questions.

Rep. Zaiser: what options are available to employees who don't want direct deposit? What ramifications could come about if an employee doesn't opt to have direct deposit for his pay? Could an employee be dismissed?

Bachmeier: Under current law there is a degree of discretion on the part of the individual worker as to the form or manner of payment they receive for their labor. This legislation allows an employer to compel his employees to accept a certain mode of payment. What options available to an employee at that point would be at the discretion of the employer. And yes, in North Dakota, an employee could be dismissed, as employment in ND is at will. It would depend on how valuable that employee was to his employer.

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Page 4
House Industry, Business and Labor Committee
Bill/Resolution Number HB 1382
Hearing Date 1/29/03

Rep. Ekstrom: How would wage disputes be handled?

Bachmeier: There might be better records of payments because the transaction is direct as opposed to whether a person received a check through the mail etc. There is availability of evidence here. Whether it's a direct deposit or a paper check the pay stub or pay voucher requirement exists.

Rep. Ruby: Do you foresee an increase of complaints filed with your office if this legislation passes?

Bachmeier: Potentially. This issue already comes to my office several times a month. Not a lot of formal disputes, but clarification of issues and inquiries. At present, employers can't compel, if someone wants a paper check, you have to pay them that way. Certain employers could take advantage until statutory change.

Rep. Thorpe: Are there federal guidelines available pertaining to this?

Bachmeier: I don't believe so.

Rep. Nottestad: What about young people under the age of 18? This would require minors to have checking account.

Bachmeier: I believe that an employer could compel of a minor employee as well as adult employees.

Rep. Kasper: Could a direct deposit be defined as or be required to, for those employees who don't like a direct deposit going into a bank account, a wire transfer or money order or cashier check?

Bachmeier: That might meet the current law of not requiring direct deposit.

Rep. Zaiser: Do any other states have equivalent legislation?

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Page 5
House Industry, Business and Labor Committee
Bill/Resolution Number HB 1382
Hearing Date 1/29/03

Bachmeier: I don't have a good sense of how many states have laws like our current statutes or how many have laws compelling direct deposit. Some employers who have employees in other states have inquired if they can compel here.

Chairman Keiser: Do you think there is choice and accountability in this?

There isn't anything legally could prevent an employer from passing along additional costs except possibly the employee's morale and the relationship between employees and their employer. I'd rather see an incentive offer to accept direct deposit rather than punitive action for not concurring. Just getting paid sooner is an incentive.

As no one else was present to testify either in support or opposition to HB 1382, the hearing was closed.

Chairman Keiser called for committee work on HB 1382. **Rep. Klein** moved a Do Pass. **Rep.**

Johnson seconded the motion.

Rep. Severson: the only concern I have is that last line that takes away the option from employees who may want a paper check in their hand.

Rep. Thorpe: I'm going to oppose this bill. The concept is great but I'm from the old school. Do all the employees have to go to the same bank?

Chairman Keiser: No, there's a lot of leeway here for the employee. This sure solves the dilemma of what do you when you go on vacation!

Rep. Johnson: The employee has the option of choosing which financial institution the funds are directed to.

Rep. Kasper: Is my suggestion about wire transfers a no go?

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Page 6
House Industry, Business and Labor Committee
Bill/Resolution Number HB 1382
Hearing Date 1/29/03

Rep. Klein: I move a Do Pass. **Rep. Johnson** seconded the motion. The results of the roll call vote were: 11-3-0. **Rep. Tieman** will carry this on the floor.

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Date: 1/29/03
Roll Call Vote #: 1

2003 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1382

House Industry, Business & Labor Committee

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Pass

Motion Made By Klein Seconded By Johnson

Representative(s)	Yes	No	Representatives	Yes	No
Chairman Keiser	/	/	Rep.Boe	/	/
Rep. Severson, Vice-Chair	/	/	Rep. Ekstrom	/	/
Rep. Dosch	/	/	Rep. Thorpe	/	/
Rep. Froseth	/	/	Rep. Zaiser	/	/
Rep. Johnson	/	/			
Rep. Kasper	/	/			
Rep. Klein	/	/			
Rep. Nottlestad	/	/			
Rep. Ruby	/	/			
Rep. Tieman	/	/			

Total (Yes) 11 No 3

Absent 0

Floor Assignment Tieman

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

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REPORT OF STANDING COMMITTEE (410)
January 29, 2003 1:08 p.m.

Module No: HR-17-1255
Carrier: Tieman
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE
HB 1382: Industry, Business and Labor Committee (Rep. Kelsner, Chairman)
recommends **DO PASS** (11 YEAS, 3 NAYS, 0 ABSENT AND NOT VOTING).
HB 1382 was placed on the Eleventh order on the calendar.

(2) DESK, (3) COMM

Page No. 1

HR-17-1255

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