

# MICROFILM DIVIDER

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*Salvatore Rickford*  
Operator's Signature

*10/16/03*  
Date

2003 HOUSE INDUSTRY, BUSINESS AND LABOR

HB 1504

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10/16/03  
Date

2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1504

House Industry, Business and Labor Committee

Conference Committee

Hearing Date February 26, 2003

| Tape Number                                    | Side A | Side B | Meter #  |
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| 3  | x      |        | 0.0-12.5 |
| Committee Clerk Signature <i>Judith Hammer</i> |        |        |          |

Minutes: **Chairman Keiser** opened the hearing on HB 1504.

**Rep. Rick Berg**, introduced HB 1504. He stated that "There is an appropriations on here so that's another issue that will have to be looked at". The essence of this bill is how do we create jobs and stimulate and strengthen our economy. There's a lot of political rhetoric and different ways in doing things and we need a program. The fundamental thing is, if we have a strong business climate, one of the best in the country, then every business, regardless of what type of business it is will be successful. We won't have to fear businesses leaving for states with a better tax or business climate. Likewise, if we have the best business climate possible, we'll attract businesses to our state that can take advantage of our experienced and well educated workforce, the capital and resources of our state. I have copies of the Small Business Survival Index 2002 for you. (See attached) North Dakota is ranked 35 out of 50 states according to this index. The intent of this legislation is to create a business congress to operate during the interim. This business congress would be charged with three specific things:

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House Industry, Business and Labor Committee

Bill/Resolution Number HB 1504

Hearing Date February 26, 2003

1. Examine business climate indicators. Try and set those that apply to North Dakota, specific and measurable and something that we can track. Establish a business climate index.
2. Jobs are created in three ways: existing primary business expansion, start ups, and the attraction of out-of-state businesses to relocate here. Examine existing programs, determine which are providing impact, which ones are not and seek out those that have not yet been utilized.
3. Active businesses will be invited to participate by providing statistical and anecdotal input and dialogue (How can the state help them grow? What should the state stop doing that is a barrier to business growth?) Get input from private sector businesses that are experiencing growth in ND.

At the end of the interim, the business congress, composed of legislators and private sector businesses will have determined and drawn conclusions that will be helpful at the next legislative session.

A second premise of this bill is to partner up with the reservations. They have special abilities whereby they can bid on federal project contracts and become sole source suppliers for those products. The opportunity is that reservation businesses could put in the bids and utilize businesses off the reservations to supply fulfillment. This would link federal contracts with human resources around the state.

**Rep. Johnson:** Is this similar to the higher education roundtable? Can we look to having some sort of congress for the tax structure in the state too?

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**Rep. Berg:** That's a good comparison. Some people are sensitive to the word roundtable, that's why we're calling this a congress. This is an interim committee, it has a start and stop date, not an ongoing group or organization. In response to your second question, we'll see how this congress works!

**Rep. Thorpe:** Don't we have faith in our newly formed Department of Commerce to work in these arenas? Isn't this duplicating what the Department of Commerce is mandated to do?

**Rep. Berg:** This Business Congress would meet around the state to get direct input from the local businesses. It would not duplicate but tie on efforts that have been done and focus primarily on existing businesses.

**Rep. Ekstrom:** How will this dovetail with Workforce Development, the Dept. of Commerce, Job Service, etc? Who will crunch the numbers, manipulate all the data for these studies? Will consultants be hired to manage that? We've seen the compartmentalization of resources, certain types of economic development activities, loans, grants, programs. Do you see us consolidating and folding these things together, eliminating some, any thoughts of that?

**Rep. Berg:** This will lay out a road map for the Legislature. There are five chartered industries signaled out for attention: advanced manufacturing, information technology, energy, tourism and value added agriculture. What do we need to do to bolster these? The Legislative Council will staff this although we have considered hiring a consultant. We hope this will bring focus to what the need is. If we lack employees for certain industries, it may not mean that we need to recreate or change everything to fulfill that need. Your last question outlines my frustration. There are about 15 things on the books that are tax credits, designed for economic development that

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haven't been used. There are so many programs all spread out. Hopefully that would be the charge of the congress, to consolidate and roll together those things that are strong, like PACE. The Department of Commerce is charged with accomplishing so many things. What we want them to do are recruit new companies to the state.

**Rep. Kasper:** What response or reaction have you gotten from the Indian tribes?

**Rep. Berg:** A very positive response. They've come to Senator Stenehjem and myself to talk about these opportunities I mentioned earlier. They are excited about being at the table to discuss business partnerships.

**Chairman Keiser:** I just spent crossover at an ENCOIL meeting and they were amazed at what we've done with Workers' Compensation and at our positive relationship with Labor, with the our low premiums, our highest benefit packages for injured workers. With the action that's happened during this legislative session, we'll rise dramatically above 37th of 50. Regarding the policy issue, the legislature plays that roll, we do set policy on issues that create an environment that is favorable for companies who are looking at expanding. What we've done will be shared with legislators across the country. Where is the Commerce Dept? The Commerce Dept. is a policy issue. We created it and we direct it. This is scoring us, not the Commerce Dept. If we bring those who create jobs to the table and into play. In the past, we've been asking the same people for their input. The real entrepreneurs are too busy to volunteer to attend process meetings. For local examples, Kadrmas, Lee & Jackson and Cross Country Courier. We have a lot of options. But if we do nothing, we stay where we are. Take risks and try something new!

**Rep. Kasper:** In line 11 & 12, would you want to consider adding representatives from the North Dakota Indian Tribes as participants in this Business Congress?

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Hearing Date February 26, 2003

**Rep. Berg:** This is, my thought was to identify them as a group. I certainly expect them to be part of this. But I want them viewed not as a separate business entity, but representatives of primary sector business. The way this is worded, it must include businesses, economic developers, executive branch. No disrespect, but can't we go directly to the existing businesses for their input?

**Rep. Thorpe:** I don't know if this fits into your vision, but could that group of young people, mostly NDSU affiliates, from the *Saving North Dakota* program, would you consider their input? Could they be brought to the table? That group has abilities and positive thoughts that could do the state a lot of good. I get the feeling that unless we make sure to include them, they'll think we as legislators are talking the talk but not walking the walk.

**Rep. Berg:** *Saving North Dakota* brought a lot of strong feelings from youth that are faced with leaving. Youth want career jobs. The focus of this is to create those career jobs. I do expect them to be part of this. They are not spelled out here specifically, though.

**Chairman Keiser:** The only group that has to be included is the primary sector group. The rest are optional. Leaving it optional creates flexibility so that other players can be invited in. The minute we start identifying groups, we'll be in trouble. Keeping it simple is our best bet.

As there was no one present who wished to testify in opposition to HB 1504, **Chairman Keiser** closed the hearing.

**Rep. Kasper** moved a **Do Pass** with a recommendation that, considering the \$200,000 price tag, HB 1504 be **Referred to the Appropriations Committee**.

**Rep. Tleman** seconded the motion.

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House Industry, Business and Labor Committee

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Hearing Date February 26, 2003

**Rep. Ruby** voiced his support for HB 1504. He's already been contacted by a constituent experienced in government contracts who is enthused about the possibilities of contracting through the reservations.

Results of the roll call vote were 12-0-2.

**Rep. Tieman** will carry this on the floor.

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Date: 2/26/03  
Roll Call Vote #: 1

2003 HOUSE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. HB 1504

House Industry, Business & Labor Committee

Check here for Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken Do Pass / Referred to Appr.

Motion Made By Kasper Seconded By Tieman

| Representatives           | 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) 12 No 0

Absent 2

Floor Assignment Tieman

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

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