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*Salveta Rickford*  
Operator's Signature

10/16/03  
Date

2003 HOUSE GOVERNMENT AND VETERANS AFFAIRS

HCR 3060

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Yolanda Richardson  
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10/16/03  
Date

2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HCR 3060

House Government and Veterans Affairs Committee

Conference Committee

Hearing Date 2-27-03

Tape Number	Side A	Side B	Meter #
1	x		9.9-end
1		x	0-33.3
Committee Clerk Signature <i>James Rinke</i>			

Minutes: Chairman Klein: called the hearing to order on HCR 3060. All committee members were present.

Representative Weiler: was present and in favor of HCR 3060. I was contacted back in December by a constituent who had some major concerns about the sudden and steep increase in his business unemployment insurance, and this has been an ongoing issue with many business owners in North Dakota. Rather than taking you through the issues myself there are a couple others here that have dealt with this issue for several sessions and others deal with it on a personal basis as a business owner at this time I will turn it over to them.

Representative Dosch: I come to speak in support of this resolution, what it basically boils down to is Dave brought up some specific problems that are occurring with our employment rate. I think a lot of you have seen this already this Small Business Survival Index and my view on this is preception is reality, and in this report it ranks North Dakota with an unemployment tax rate at 7.11 percent which puts us in the worst in the nation and what this survival index is, anyone out

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*10/16/03*  
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House Government and Veterans Affairs Committee

Bill/Resolution Number HCR 3060

Hearing Date 2-27-03

there looking to bring their business to North Dakota that want to locate here they take a look at this and see some of the ratings and this is just another thing that preception saying that I guess we don't want to go there, their umemployment rates are terrible. Now I don't believe we have the highest umemployment rates in the nation, the problem is on how we calculate those rates. What we need to do is study this and determine a different way that we can calculate this, right now they are doing it on a percentage of the income, that is used for the tax. We have to change that. Can we do a revenue neutral change on our unemployment rate to bring these rates down as far as the recording is going on we are the highest in the nation.

Representative Berg: I encourage Representative Weiler to address this, we look at Job service there are three areas that should be discussed really on the future, one is the positive balance employers and the negative balance employers, I don't know what has been said about that but the escense of that is the people that have seasonal workers generally have more claims paid out of their account then they put premiums in so they have a negative balance from the start to the present. Positive balance employers generally have fewer claims then the premiums they paid in and from their individual accounts they would have a positive balance. It's O.K. for the positive balance employers to pay a little bit more to help off set the negative balance employers if they were not doing that then we may have to bring people out of state to do those seasonal jobs. Should the negative balance employers cover everything or should the positive balance employers cover part of that, and the other issue is what should the trust fund balance be? And this was a challenge for us back in 1999, because there are theories nationally that say you should have one years claim in a trust fund and so to determine what that is the current statute says that you take the worst year in the last twenty and two of the worst years in the last ten, and

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House Government and Veterans Affairs Committee

Bill/Resolution Number HCR 3060

Hearing Date 2-27-03

average them together and then use a factor times that. They have to use those three and that is our trust fund balance. What we done before is we just said forty million well as our work force grows and we have more people forty million is not the right amount, so again that is a floating number based on three of the worst years in the past twenty. I think that ought to be reviewed on an on going basis. The third is the rate system about 80 % of the people are in the lowest rates the rate system is like grading a paper it creates 10 rates with 10% of the people in each rate, so those who have a higher positive balance pay a lower rate, and those who would have a lower positive balance will pay a higher rate and so again that is something that is appropriate for us to look at and examine and question is that appropriate now, does it make sense to have some sort of citizens or business group like we have with Workers Comp. An advisory group would have been good the last four years.

John Graham, Director of Unemployment Insurance Program, Job Service: I'm here to express Job Services support for the study that is called for in this resolution. We also agree that the unemployment insurance tax program which were changed by the 1999 Legislature should be subject to continuing legislative involvement and oversight and looking at how that plan is progressing is certainly an interim effort. I also provided a written statement (SEE ATTACHED TESTIMONY).

Mary Scar, President of E.W. Wylie Corporation: I'm here in support of the HCR 3060 and providing a written statement (SEE ATTACHED TESTIMONY). It doesn't take a rocket scientist to figure out why negative balance accounts aren't paying their fair share. If you lay a person off for 26 weeks at \$300.00 that guy draws \$7,800.00 the maximum he can be charged at 10 1/2% the fund gets tapped almost \$6,000.00. The old insurance where the good takes care of

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House Government and Veterans Affairs Committee

Bill/Resolution Number HCR 3060

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the bad is no longer in existence. If you negotiated insurance rates in the last three years, if you are a user your rates go high or your kicked out of the fund. You have 72 % of your employers upset at Job Service because of the rate increases that we took this year. We need representation. They can spend our money and not have any input from the people that are paying the bills? We need an employer advisory board we need our input. Why should we be begging for this board when it should be there naturally.

Dave Kemnitz, ND.AFL-CIO: appeared in support of HCR 3060.

Renee Pfenning, North Dakota Building and Construction Trades Council: appeared in favor of HCR 3060.

Representative Grande: made a **DO PASS** motion on HCR 3060.

Representative Kasper: **SECOND** the do pass motion.

**YOTE: 11-YES 1-NO 2-ABSENT- (WINRICH, SITTE).**

**Motion carried.**

Representative Kasper: will carry the bill to the floor.

Meeting adjourned.

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Date: 2-27-03

Roll Call Vote #:

2003 HOUSE STANDING COMMITTEE ROLL CALL VOTE  
SENATE BILL/RESOLUTION NO. HCR 3060

House GOVERNMENT AND VETERANS AFFAIRS Committee

Check here for Conference Committee

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

Action Taken Do Pass

Motion Made By Rep. Grande Seconded By Rep. Kasper

Representatives	Yes	No	Representatives	Yes	No
Chairman M.M. Klein	X		B. Amerman		X
Vice Chairman B.B. Grande	X		L. Potter	X	
W.R. Devlin	X		C. Williams	X	
C.B. Haas	X		L. Winrich	A	A
J. Kasper	X				
L.R. Klemin	X				
L. Meier	X				
M. Sitte	A	A			
W.W. Tieman	X				
R.H. Wikenheiser	X				

Total (Yes) 11 No 1

Absent (2) Rep. Winrich, Rep. Sitte

Floor Assignment Rep. Kasper

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

REPORT OF STANDING COMMITTEE (410)  
February 27, 2003 4:10 p.m.

Module No: HR-35-3631  
Carrier: Kasper  
Insert LC: . Title: .

**REPORT OF STANDING COMMITTEE**  
HCR 3060: Government and Veterans Affairs Committee (Rep. M. Klein, Chairman)  
recommends **DO PASS** and **BE PLACED ON THE CONSENT CALENDAR** (11 YEAS,  
1 NAY, 2 ABSENT AND NOT VOTING). HCR 3060 was placed on the Tenth order on  
the calendar.

(2) DESK, (3) COMM

Page No. 1

HR-35-3631

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2003 SENATE GOVERNMENT AND VETERANS AFFAIRS

HCR 3050

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