

MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION
SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

1204

2007 HOUSE INDUSTRY, BUSINESS AND LABOR

HB 1204

2007 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. HB 1204

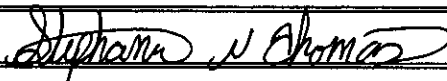
House Industry, Business and Labor Committee

Check here for Conference Committee

Hearing Date: January 29, 2007

Recorder Job Number: 2115

Committee Clerk Signature



Minutes:

Chairman Keiser: Opened the hearing on HB 1204.

Representative Kempenich: Appeared in support of HB 1204. This bill is a presumption clause in work safety for volunteer fire departments, it has been before IBL in the past, it is fairly self explanatory.

Representative N. Johnson: Do you have any idea what the fiscal impact would be to WSI?

Representative Kempenich: That is one of the problems with what we are trying to do. When you go out on a fire, it is basically who shows up. There are requirements that have been established for physicals, I couldn't guess what the impact would be.

Representative Zaiser: Are there any moral problems when you talk to fire fighters due to the fact that full time paid firemen are getting covered by WSI, where as the person is volunteering is not being paid a nickel, and is not covered.

Representative Kempenich: That is why this bill is here.

Representative Ruby: On the bottom of page 1, it talks about occupational cancer, and apparently that is a term that they are OK with for full time fire fighters, what would that be for a volunteer?

Representative Kempenich: What that deals with is asbestos type.

Rick Craberg, Fire Captain, Bismarck, North Dakota: Appeared neutral on HB 1204

Tim Wahlin, Staff Counsel, Workforce Safety Insurance: Appeared neutral on HB 1204

and provided a written statement (**SEE ATTACHED TESTIMONY**).

Representative Keiser: Given the 2 formulas, one for full time paid fire fighters and volunteer fire fighters that have no association with risk, if this bill were to pass would WSI have to apply the same formula for those entities, so their premium payments would change if this became law?

Tim Wahlin: That's my understanding yes. It is mandatory, and the base rates charge would track the risks.

Lois Hartman, Executive Director, North Dakota Fire Fighters Association: Appeared neutral on HB 1204.

No other testimony presented.

Hearing closed.

2007 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. HB 1204

House Industry, Business and Labor Committee

Check here for Conference Committee

Hearing Date: January 31, 2007

Recorder Job Number: 2488

Committee Clerk Signature

Stephanie J Thomas

Minutes:

Chair Keiser opened the hearing in HB 1204. This bill was relating to workers compensation presumption of compensability for volunteer firefighters.

Rep. Zaiser: I move a do not pass.

Rep. Ruby: Second. Taking this up I thought it might possibly be a good idea, something that they wanted, but I went over testimony that this was a requirement of all the districts to have it, and it could bankrupt most of them.

Rep. Zaiser: There would have to be some way for the state to help out.

Rep. Keiser: If the state helps out, then all of the big political subdivisions that are paying for it would also like to have it paid for. The full time are already paying for it, \$1200 a year per person, per Bismarck, or Fargo.

Roll call vote was taken. 11 Yeas, 0 Nays, 3 Absent, Carrier: Rep. Dietrich

Hearing closed.

FISCAL NOTE
Requested by Legislative Council
01/08/2007

Bill/Resolution No.: HB 1204

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.*

	2005-2007 Biennium		2007-2009 Biennium		2009-2011 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.*

2005-2007 Biennium			2007-2009 Biennium			2009-2011 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

2A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

The proposed legislation extends the presumption of compensability for certain conditions to volunteer firefighters.

B. Fiscal impact sections: *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

WORKFORCE SAFETY & INSURANCE
2007 LEGISLATION
SUMMARY OF ACTUARIAL INFORMATION

BILL NO: HB 1204

BILL DESCRIPTION: Presumption Clause—Volunteer Firefighters

SUMMARY OF ACTUARIAL INFORMATION: Workforce Safety & Insurance, 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 proposed legislation extends the presumption of compensability for certain conditions to volunteer firefighters.

FISCAL IMPACT: We do not have access to sufficient data to permit a comprehensive evaluation of the potential rate level and reserve impact of this proposed legislation. However, WSI anticipates that, if passed in its present form, the legislation will act to increase costs, possibly by a material amount, for class 7710, which is used in establishing premiums for coverage provided to volunteer firefighters. To the extent that such costs increase, local governmental entities could be faced with higher workers compensation premiums. The cost of such increases, if any, may in turn, be passed on to the community at large.

We cannot definitively predict how the claims environment may change under the proposed legislation. But, we believe that the exposure to loss presented by the proposed change could differ from that associated with paid firefighters. We understand that traditional fire fighting units have stringent standards regarding pre-employment screening, on-going health standards, training and equipment. We have no way to evaluate the degree to which such standards may differ for volunteer organizations, or the degree to which any difference that may exist would influence the cost of expanding coverage.

DATE: January 26, 2007

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.

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.

C. **Appropriations:** Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation is also included in the executive budget or relates to a continuing appropriation.

Name:	John Halvorson	Agency:	WSI
Phone Number:	328-3760	Date Prepared:	01/26/2007

Date: 1-31-07
Roll Call Vote #: _____

2007 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. HB 1204

House Industry Business & Labor Committee

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Not Pass

Motion Made By Rep Zaiser Seconded By Rep Ruby

Representatives	Yes	No	Representatives	Yes	No
Chairman Keiser	X		Rep. Amerman	X	
Vice Chairman Johnson			Rep. Boe		
Rep. Clark	X		Rep. Gruchalla	X	
Rep. Dietrich	X		Rep. Thorpe	X	
Rep. Dosch			Rep. Zaiser	X	
Rep. Kasper	X				
Rep. Nottestad	X				
Rep. Ruby	X				
Rep. Vigesaa	X				

Total Yes 11 No 0

Absent 3

Floor Assignment Rep. Dietrich

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

REPORT OF STANDING COMMITTEE (410)
February 1, 2007 9:38 a.m.

Module No: HR-22-1746
Carrier: Dietrich
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

HB 1204: Industry, Business and Labor Committee (Rep. Keiser, Chairman)
recommends **DO NOT PASS** (11 YEAS, 0 NAYS, 3 ABSENT AND NOT VOTING).
HB 1204 was placed on the Eleventh order on the calendar.

2007 TESTIMONY

HB 1204

#1

2007 House Bill No. 1204
Testimony before the House Industry, Business and Labor Committee
Presented by: Tim Wahlin, Staff Counsel
Workforce Safety and Insurance
January 29, 2007

Mr. Chairman and Members of the Committee:

My name is Tim Wahlin and I am Staff Counsel with Workforce Safety and Insurance (WSI). WSI's Board of Directors has taken a neutral stance on HB 1204.

This bill seeks expansion of the class of employees eligible for coverage under a presumption clause contained in N.D.C.C. 65-01-15.1. Normally, an injured employee is required to prove that the injury arose out of and was sustained in the course of employment. However, the presumption clause presumes certain conditions found in law enforcement officers and full-time paid firefighters were caused by their employment and the burden of proof is placed on WSI and the employer to prove it was not. In other words, these conditions are presumed to be attributable to their employment unless WSI can prove they are not.

The conditions presumed compensable include lung or respiratory diseases, hypertension, heart disease, or exposure to blood borne pathogens. For full-time paid firefighters, it also includes occupational cancers which arise out of exposure to smoke, fumes, or carcinogenic, poisonous, toxic, or chemical substances while performing their duties.

HB 1204 seeks to expand the presumption clause to include not only full-time paid firefighters, but volunteer firefighters as well. Volunteer firefighters are currently covered by WSI in the same way other workers in North Dakota are covered. To the extent volunteer firefighters are injured in a work-related accident, they are entitled to the same benefits as other injured employees in North Dakota.

WSI believes it is important to point out that in order to qualify for the presumption, a full-time paid firefighter is required to undergo periodic medical examinations which are paid for by the employer. Additionally, the rates paid for this coverage by the employers of the full-time paid firefighter are substantially larger than those paid for volunteer firefighters.

Rates for volunteer firefighter coverage are charged differently than for every other rate class. Traditionally, rates are developed based on the risk the employment presents, the employer's loss history, and the payroll dollars generated. This mode of charging for risk is not available when the workforce is not paid. As a result, rates for volunteer firefighters are based upon the population of the fire district which they serve. Currently, the volunteer fire departments are supported by local and other taxes.

As noted previously, WSI's Board has taken a neutral position on this bill. Consequently, the following cost data is being provided for no other purpose than to assure that you are aware of the potential cost of any decision.

In 2006, North Dakota insured all of its volunteer fire districts for \$175,732. The total number of volunteer firefighters is unknown because the fire districts are not required to report each person to WSI and because volunteer fire districts have the power to designate citizens on the spot to assist when and/or where needed. Thus, in order to form a cost estimate, WSI relied on the U.S. Department of Homeland Security's website for U.S. Fire Administration Census data. Based on this reported data, North Dakota has 6,802 volunteer firefighters. (NOTE: A number of districts did not report their data.)

Even with this conservative estimate, North Dakota pays on average \$25.84 per volunteer firefighter per year to offer its coverage. A comparable base rate for one full-time paid firefighter would be \$1,784 a year –not including the cost of the required physical. If this cost structure was extrapolated to just the volunteer firefighters, the premium payments would rise from \$175,732 to more than \$12.1 million per year.

This concludes my testimony. I would be glad to answer any questions the Committee may have for me at this time.