

# MICROFILM DIVIDER

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



ROLL NUMBER

DESCRIPTION

2036

2007 SENATE INDUSTRY, BUSINESS AND LABOR

SB 2036

## 2007 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. **SB 2036**

Senate Industry, Business and Labor Committee

Check here for Conference Committee

Hearing Date: **January 16, 2007**

Recorder Job Number: **1223**

Committee Clerk Signature



*PEO Bill*

**John Bjornson – Legislative Council Staff – Senate Industry, Business & Labor Interim Staff – Worker's Comp & Staffing - In Favor**

**Senator Krebsbach - In Favor**

PEO bill – this is a tax situation, there was a discussion on the study during the interim Senate Industry, Business & Labor for businesses. We worked on agreements for the business entity. Determined it belonged in the Secretary of States office. They need to do something. It is a business conciliation. Growing need in the state, businesses today want to concentrate on the businesses and the PEO take over the responsibilities they have to do. Management, administration, see as viable and growing institution.

**S Klein:** Gaining popularity throughout the country and trying to keep up the regulations.

**S Wanzek:** Would this include people who have someone working under a CPA.

**S Krebsbach:** They would not be part of this.

**John Bjornson –Neutral**

Provisions were that the study should be done. [explained the bill draft, covered the bill]

#8, page 2 is definition, for temporary staff services, limited particularly to these organizations.  
[explained relationship and obligations under the agreement] Rights and Duties, page 3.

Page 5, procedures for licensing.

Fees: page 6, show minimum working capital, pg 7 general requirements, pg 8 provisions for PEO, pg 9 provisions added 18 & 19 subsection, pg 10 disciplinary action i.e. if acts without a license, \$500 fine, Class A misdemeanor, \$1000 fine, pg 11 on filing complaints.

They would have to be licensed by Oct. 1, 2007

**S Potter:** Is this dictating what the terms to be? Why is that?

**J Bjornson:** The issue was discussed, could deal with the content. Based on what the industry asked for. The committee didn't object.

**S Andrist:** What does a PEO do?

**J Bjornson:** In industry, they do accounting, paperwork, agreement contracts and have certain responsibilities. The business owner still has control.

Q?

**Al Jaeger – Secretary of State - Neutral**

#### **TESTIMONY # 1**

[Asked for amendment 17:56m] During the study, the office was looked upon to do the administrative part of this and so we became involved. The initial bill draft supplied by the industry, we needed to do is make sure the time frame in our office fit into our capabilities and our processes in terms of what we're able to do. We didn't have the skills and staff to do certain analysis of the national statements and what have you. Over a period of time this bill evolved in the manner that it did.

[testimony, amendments attached] During the last meeting, we found some tweaking that needs to be done, if amended and passed, we would agree. [explained what is covered in the

testimony] Duties include licensing, documents submitted to the office, issue license, renewal options, other than that, we're not involved. Fees are industry standards which are fine with them. During the drafting process, there would be general services fund, that is a retail account in response to the amount of services requested. Fees are directed into that fund, so if we get more than we planned on, we would have funds to deal with, at the end of the biennium, anything over \$75,000 gets moved to the general fund anyway. This bill would have been in July 1 because it allows money. August 1 if it doesn't deal with money normally. We have plenty of time to get forms, industry can get their act together of financial statements and all required. From SofS office, we have worked quite a bit on this and if amendments are adopted we can deal with it. Any questions on how it is handled, Clara Jenkins is here to answer your questions. For division of licensing.

**S Hacker:** The \$100,000 of equity needs to show, is that what your office came up with or the industry?

**A Jaeger:** Industry

**S Hacker:** What about liability insurance?

**A Jaeger:** Unique, places some requirements on us that we don't have with other businesses, so in the model act we were hesitant. There are some provisions that would require review by our office, I would have needed a CPA.

**S Hacker:** Do you need business insurance?

**A Jaeger:** It's part of what PEO's want

**S Behm:** \$100,000, seems like a lot of money.

**A Jaeger:** It's what the industry said. They felt PEO's need for license and renewal work on PEO's.

**S Klein:** We'll listen to the PEO's and hear why they decided this.

**Scott Biebieo – Art Gieger – Leichty Homes – Brian Reinbold - In Favor**

**TESTIMONY # 2** Covered the testimony

What's the difference between CEO and PEO? Support of the bill, sets and accomplishes standards. During 2006 interim it was discussed. [33:59m explains]]

**S Andrist:** Most of our licensing and registration laws are designed to protect the public. Who are we protecting?

**S Biebieo:** This bill makes sure we have the ability and intent to protect employers and employees.

**S Andrist:** How do we define what a PEO is? Is this going to encompass every contract an employer might want to make with someone? I haven't got any definition here.

**S Biebieo:** There is a specific definition, "out-sourced professional resource services," contract for PEO. Professional Employer Organization, whatever they call themselves, they still would require a license from the SofS office. It's all functionally driven, not driven by what the organization calls themselves.

**S Andrist:** [Asks for explanation.]

[A bit of confusion on explanation using a variety of examples]

**S Klein:** This is not an easy thing to understand, I'm looking for an easy way to explain to the committee. [uses examples] Use the services, make the payroll, make payroll reports at the end of the quarter, pay workers comp. on timely basis, all the members know if there is a change in the law or need to post any signs, your job as PEO is to take that particular part of business from worrying about it. You handle all that.

**S Biebieo:** PEO has to have "employer" status. We can't legally provide a health benefit plan to your employees unless we are also an employer.

**S Klein:** [continues to explain 41:44] Create a uniform percentage of unemployment.

Question, do we have some employers who have lousy unemployment ratings coming into this organization? It's a melded type unemployment premium that they will pay.

**S Wanzek:** Couldn't PEO vary in degrees? They hire, dismiss, interview, they pretty much have taken over. They take care of the corporation work, file it, pay it, inform us when it needs to be done, I think there is a need for liability or accountability is if they don't get it done, I don't want to find out a month from now from the IRS that my reports weren't filed and I've got fines and penalties. I'm going to trust they're going to do it.

**S Biebieo:** Once hired, they are responsible for FICA payments, you would contact PEO, and they are responsible. They are liable. There are rights and responsibilities, baseline setup included in the contract. They are subject to PEO-Client/server agreements. These are intended to be a baseline contract in order to establish a relationship.

**S Potter:** [example shared] Currently using an auditing firm to pay all bills, wages, file taxes, pay health insurance, Attorney General offices, does this threaten my relationship with my contractor by forcing them to becoming them a PEO to provide those services? What are the advantages to "co-employment." I see why the legislation is needed.

**S Biebieo:** The firm you use currently they are acting as an agent of your organization, correct? Once they have signed the agreement, they become liable.[example 47:40m]  
They're not suing you, they're suing the PEO. Department of Revenue can come back to the PEO but they're not going to come back to your company for the payment of those withholding taxes. Your company is relieved of all those administrative responsibilities associated with being an employer and you can focus your efforts on providing goods and services. House bill 1195 is a law addressing the issue. PEO is required to report tax and obtain and separate

account on each individual client. Unemployment tax rate, unemployment tax account, no blending.

**Kent French – Liechty Homes - In Favor**

[49:54m] Didn't come to testify, but I use their services. We started out with a group what we wanted to accomplish was bookkeeping, employee payroll, to make a long story short, what we got into an organization that takes care of all the stuff that we never did. We were supposed to do certain things as employers and we were never did, we didn't understand.

There is so much going on out there. We made changes and didn't realize that created some federal problems, and these people bring that to our attention. We don't have to hire people to come in on a part time basis, can't do it on a full time basis as we only have 50 people, but they're there. Another issue is the safety. They have people come out and bring to our attention many, many things that we have not done as far as the employees and we certainly don't want to be in violation of those ordinances. There is always something new coming up, our organization is extremely happy, saving money, saving money on lawsuits and are on top of the laws.

**Ann Jorgenson Green – WSI - In Favor**

[52:41m] There is a provision clarifies as a separate workmen's compensation law addressing this industry last session. It doesn't affect WC bill.

**Larry Anderson – Unemployment Insurance - Neutral**

Of interest to ND for the reason of passage in 2005. Bill 1195 which prevents "pseudo dumping". What is pseudo dumping? It is an effort if individuals through mergers or acquisitions to assume a lower unemployment insurance liability through that acquisition and dump off the liability that is experience rated. [example 55:08m] Used examples.

[Suggested Amendment, explained 2 pages and the proposed amendment]



SB 2036 is of interest to us we don't want elements to affect the efforts of the 2005 assembly.

[shared the written comments] Job service has 2 concerns with the bill. [shares the bill]

[asked they would amend bill] You asked about a blending provision in the law? Yes there is.

The threshold is \$500 or less the PEO can assume the PEO rate on request.

**Art Geiger – President of Better Business, Inc. – Billings, MT - In Favor**

The growth of our industry has allowed us to expand to ND. Purpose of bill is to identify existence and operation of a national industry that is growing at the rate of approximately 35% in industry. Reason, PEO has demonstrated that their innovative approach to help businesses adapt to the changing business growth. Company grew July 1996 with 3 to over 400 today.

Simplified explanation is a PEO enters into a contract relationship with a business where the client of the PEO and the employees become the employees of the PEO organization. The

Avedus Group has 5000 employees. They have responsibility for wages, taxes, workers compo, insurance, safety, protect integrity of WC insurance policy, benefits to employees.

Because of the complexities in the states, there comes the questions. In ND because you have a State Workers Comp and not private enterprise, we are not able to have our own policy in ND. In 23 of 25 states where we operate, it is my WC policy that is in place and all

employees covered by that policy and have that responsibility. The misunderstanding of a PEO demonstrates their fear that we are pseudo dumping. The intent of a PEO arrangement with a client is NOT to pseudo dump. The arrangement is for the PEO to have full responsibility to take care of unemployment activity. Protect the viability and protect dealings with

employees. This will allow them to be more profitable. It is an innovative approach changing the business world. Concept is to identify 2 employers in responsibility and liabilities that

results in a limited liability for the business owner and reduced administrative demands on the business owner which then allows them to be more profitable to focus on the product, their

service and their customers. Business owners are limited in their ability and knowledge to be able to write effective rules and regulations of the workplace such as an employee handbook. The PEO has a responsibility to these employees. PEO writes the handbook and coordination with the business owner. PEO to assure a fair and safe workplace for employees.

**S Hacker:** You spoke about how the liability factor in this co-employer relationship only weighs on the professional organization. If a PEO fails to do something integral to the contract of the business company and they get sued, what is to say that there is any protection to that company?

**A Geiger:** The bill is designed to clarify that. It states those conditions [example 1:14:36m]

**S Hacker:** Have you seen some lawsuits take place where the co-employers, PTOs can be judged?

**A Geiger:** In history, it is very broad [1:15:58m] I have testified in many courts.

Example seeking on question: wrongful discharge case, where employee filed claim of wrongful discharge, the PEO didn't act appropriately, they gave the employer and the client misdirection in dealing with employee complaint. When the employee filed wrongful action, the PEO was held legally liable for improper discharge. If the PEO acts properly and the client does not follow the direction or advice of the PEO, then the PEO would be indemnified from the responsibility for that action. Example: Work Comp law, where employee was injured and filed and complaint and asked for damages against it's direct employer of the business and not the PEO. PEO would be responsible for all damages on the WC law.

## **RECESS until 1:45 pm**

### **Renee Fetting – ND Building and Construction & Trade Council - *In Doubt – Favor?***

As a negative balance employer, how can I improve my margins? We support the Job service amendment would close that loophole that our concerns address.

**S Klein:** With the passage of the Amendment, your concerns are addressed.

**Todd Fuchs – Payroll Express – West Fargo - In Favor**

ND PEO – have 200 employees, most clients have 1 part time, largest has 20-25 employees. Some groups love the fact that we can pool employee groups and get them employee group health insurance pool rates. This solves the problems for employers. Love our expertise. [example:] Some people can frame a house, but they cannot run a business. This takes care of requirements and deadlines and is good for the industry.

**S Klein:** How do you charge?

**T Fuchs:** There are factors, usually % of payroll. We investigate safety and practices.

**S Klein:** You can be careful about who you choose.

**T Fuchs:** Our organization follows the rules and does an investigation on the company. We investigate with Job Service and their track record. If we bring them on it affects our rates. If our rates go up it makes it touch to go to the next guy and say, "Would you like to be my client?" and how much is it going to cost.

**S Hacker:** How long have you been in this?

**T Fuchs:** Started the company in 1996, little over 10 years 3 years ago. My job is to see clients, see how things are going, communication. Darcy runs the operation.

**S Hacker:** 10 years ago, would it have been more challenging to start that business with a requirement of \$100,000 in equity?

**T Fuchs:** Ten years ago it would have been hard. We would have go with bond option. It is not cheap.

**S Potter:** You're doing this without the co-employment status that the bill speaks to, and you don't have co-employment.

**T Fuchs:** Yes, we are all co-employers.

**S Potter:** Group health insurance, job safety, what about underwriting their health risk?

**T Fuchs:** You bet, as an employer you have to look if you want to take the client on.

Otherwise it will raise heck with health insurance if they're carrying crutches and an oxygen tank, arm in a sling. Discrimination if you are the employer, but we can review case.

**S Behm:** How do you know, what is your proof?

**T Fuchs:** Need Workman's Comp history so you know.

**S Wanzek:** Co-employee question, who's the real employer? You represent companies A,B, C, they all have different positions, are they YOUR employees, do you charge different A,B,C?

**T Fuchs:** [explains 1:30:26m] The employee lists Pay Roll Express as their employer. All employers have to have health insurance because they are all co-employers.

**S Wanzek:** At that time they can say, "I can't do it, sorry can't do it."

**T Fuchs:** Then it's sorry, you'll have to have an account Then they have to have an account and their bookkeeper do their payroll.

**S Potter:** How long term are these? Is there termination on the contract.

**T Fuchs:** Under federal law, health insurance, anybody that works 32.5 hours is eligible for health.

**S Potter:** Are there penalties for early withdrawal from this program?

**T Fuchs:** We have a termination of 2 months notice.

**Scott:** This is a co-employment common law w/employees. Clients are in with common law employment relationship.

**S Potter:** The case law you're citing, the common law, is there a law in ND?

**Scott:** There is a significant amount of federal case law and would assume that there is also some case law or recognition of the co-employment relationship in the ND courts. There is some recognition of the co-employment concept.

**S Hacker:** Hung up on \$100,000, do I have to have \$100,000 cash equity, is that correct?

**Scott:** Either \$100,000 cash or \$100,000 bond because the PEO is liable for taxes and insurance. It is the cushion fund it insures they have the money as the PEO is liable.

**S Hacker:** As a service company, not hard assets company, what difference if it would get a million liability?

**Scott:** The business liability insurance would not cover the liability for wages and taxes and things like that. It would cover the negligence on the part of the PEO, but not the business liability. The company needs a business plan for adequately providing services. They need that cushion.

**S Andrist:** I have the concern. I don't think the start up can get a \$100,000 bond.

**S Wanzek:** Is there an objection to lessen the amount. What if it was a lower amount?

**Scott:** In states similar to ND, in some are \$50,000 given size. If you desire \$50,000 we would accept that, \$100,000 might be tough to get into.

**S Klein:** Go back to the agencies that you may get "stiffed." If change is needed we need to get everyone involved if it's ok to lower to \$50,000.

**Scott:** The industry supports a baseline for PEOs in the state. If we think \$100,000 is right amount, we would still be comfortable with \$50,000 if you feel more entrepreneurs could get in.

**S Potter:** Do any other states have different size companies.

**Scott:** Not that I know of. They are either \$50 or \$100,000. Predominantly toward \$100,000. \$50,000 would be working capital.

**S Wanzek:** Isn't it going through the process for them to go through the financial process for the applicant to be reviewed? That makes for gate keeping.

**Scott:** We need a statement of management. Check backgrounds for convictions against forgery, fraud, assurance the PEO has sound financial backing to provide PEO services.

**S Behm:** That's a lot of money but maybe they have to have that.

**Scott:** The client doesn't, the PEO itself has to have it. [1:46:42m] with \$100,000 client, the state provides the state with confidence that they can secure confidence to the clients.

**S Potter:** Do they have to have the services?

**Scott:** Health benefits, 401 K, benefits. May get just payroll or other services. Legally we cannot be held liable to wages if we are not co-employed.

**S Potter:** So you don't need to subscribe to all services.

**Scott:** As long as you want co-employment services.

**S Klein:** We have model administrations.

**Scott:** Legislation is based on our model enacted in 28 states.

**Bill Butcher – NFIB – In Favor**

Support 3000 small business owners. See PEO opportunity for their members.

Agrees with Renee. Good for small business owners. Users are very happy with services and urge DO PASS.

**S Klein:** There have been issues that are tough bringing together. Important to get groups together. We would have to run the changes by Secretary of State

**Art – Fiscal Responsibility [115:01m]**

Address concerns. Responsibility in bond. That came about after 8 years of research with national industry, they have a subdivision called, "best practices committee," to study aspects of how it would represent stability for a business owner that wanted to operate a PEO in any given arena such as ND. We learned that \$100,000 and/or bond is not difficult to obtain.

PEO's liability to take care of concern of small business owners. Does not prove to be a

hazard, nor a detriment for a business in an entrepreneurial beginning to open an PEO and it does bring protection because there are lots of employees involved and the state government

is involved. Been studied thoroughly. Second point is nature of services, a business may ask for services and get assistance for some help on an employee handbook, safety consulting, you as the business owner still have 100% liability. That's the difference. The PEO assumes responsibility and liability here because they have employer status. The legislation clarifies the employer status. A small business suddenly has the corporate structure, they have a human resource department, payroll dept., safety dept, benefits dept. and all of these will bring cost-effective measures for that business to operate with all the special expertise, responsibility and liability. Major step forward for business making that decision.

Concept is ND has a quiet existence, due to population, ND hasn't been targeted. Identity concept is a challenge to small businesses. You'll see large PEO because of multi-companies. Business is in Montana, but open office in ND. Hotel, restaurant chains.

**S Klein:** Do they have to follow the ND laws?

**Art:** They are licensed in ND and follow ND laws.

**S Wanzek:** All employees become yours under the plan, how about upper management, do you include those in? A key point person that's a manager, could we still employ him separately?

**Art:** Why do it when we can. There is tax filing, wage payment, tax payments, you contract with us and are identified as a group. If you contract with us, we are identified with the Avedas group, other employers would not.

**S Wanzek:** This manager who might have a special arrangement with him, incentives, etc. percentage of profit or something because he's managing, if we put them all together, might we limit how we can treat him differently.

**Art:** There are unique situations. We discuss it. There are benefits if all employees are with or without us.

**S Potter:** Have you brought in a client who had a collective bargaining agreement?

**Art:** Yes

**S Potter:** Is that collective bargaining agreement in anyway voided, changed, because now there is a co-employer?

**Art:** There is no change on the bargaining agreement. CBA is between that business and the union [124:16m]

**S Wanzek:** Thank you for answering the questions. I hope you don't take it defensively.

**Art:** The interest you have shown, you are representing our industry, that there is a sincere desire on your part to understand what is happening, and I'm delighted that you're doing that because I've made reference in my comments a couple times. This industry is growing at a rapid rate and you will see that there's going to be more activity, specifically ND, so for your knowledge and for hard decisions on such a registration and licensing act, to protect all parties involved, is an extreme compliment to us.

**S Wanzek:** I'm seeing the benefits you can provide. Some are good at their job, but not good at paperwork. What about a public entity? School is too costly, can a public entity use a PEO.

**Art:** Yes. We have to arrive at the fees. PEO goes to prospective client and explains all the expense to operate the business. The PEO looks at the business and sees what they can do for the employer. All the expenses they currently are experiencing. 120% of payroll is the employer cost. I may be able to quote at 119% or 123%, the 3% will be tremendous advantage determined at the time of proposal. We determine costs at the time of the proposal; each could vary. It's well worth it even if it may be a couple more dollars than what you're paying.

**Todd:** \$100,000 for a new business coming in and started from scratch, one client with 8 employees might be \$8000 a week.



**T Fuchs:** [2:10:00m] Explains the story of how they got stuck. Story on loss on 1<sup>st</sup> month payroll.

**CLOSE**

## 2007 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. **SB 2036 A**

Senate Industry, Business and Labor Committee

Check here for Conference Committee

Hearing Date: **January 16, 2007**

Recorder Job Number: **1275** [start m 12:17]

Committee Clerk Signature
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Minutes:

**S Klein:** Any questions on the \$100,000 bond or \$100,000 net worth. I checked on the cost of a \$100,000 bond. It can range from \$500 to \$5000 depending on risk, Secretary of State would like it to stay at \$100,000 level.

## 2007 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. **SB 2036 B**

Senate Industry, Business and Labor Committee

Check here for Conference Committee

Hearing Date: **January 16, 2007**

Recorder Job Number: **1276**

Committee Clerk Signature
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Minutes:

**S Wanzek:** After hearing Secretary of State and Larry Anderson presenting some amendments, I think its important that we adopt those first.

**S Klein: Amendment Do Pass, Motion by Wanzek, Second by Behm**

Secretary of State, need to "tweek" during interim process.

Issue with Job Service was to make sure they are treated independently.

**S Potter:** The gentleman from Fargo and payroll, they now require 2 weeks payroll up front before they sign on makes it much more viable.

**Do Pass on Ammendments as Proposed by S. Wanzek**

**Do Pass as Ammended by S. Hacker**

**Second by S. Potter**

**Carried by Hacker**

**Vote 7-0**

# FISCAL NOTE

Requested by Legislative Council

03/13/2007

Amendment to:           Engrossed  
                                  SB 2036

**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
<b>Revenues</b>	\$0	\$0	\$0	\$3,000	\$0	\$2,000
<b>Expenditures</b>	\$0	\$0	\$0	\$2,000	\$0	\$1,000
<b>Appropriations</b>	\$0	\$0	\$0	\$0	\$0	\$0

**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
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

**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 bill is to provide for the licensing of professional employer organizations by the Secretary of State. The provisions of the bill having an impact will be the fees for the initial licensing and subsequent renewals.

**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.*

The fee for the initial license application is \$1,000. The annual renewal fee is \$500.

**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.*

The revenue will be generated by the licensing and renewal fees. However, at this time, it is unknown how many such organizations will register with the Secretary of State's office. Therefore, the bill is drafted to allow the revenue to be deposited into the agency's general services fund. This will allow for the availability of resources for the agency whether there are two or twenty organizations that become licensed.

**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.*

As stated in section A, it is unknown how many such organizations will register with the Secretary of State's office. Therefore, in order to make sure there is adequate revenue to cover expenses, whether there are two or twenty organizations licensed, the expenses will be covered by the agency's general services fund where the offsetting revenue from licensing and renewals will be deposited.

**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.*

The appropriation will be covered by the amount appropriated for the agency's general services fund.

<b>Name:</b> Al Jaeger	<b>Agency:</b> Secretary of State
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Phone Number: 328-2900

Date Prepared: 03/13/2007

**FISCAL NOTE**  
**Requested by Legislative Council**  
12/26/2006

Bill/Resolution No.: SB 2036

**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
<b>Revenues</b>	\$0	\$0	\$0	\$3,000	\$0	\$2,000
<b>Expenditures</b>	\$0	\$0	\$0	\$2,000	\$0	\$1,000
<b>Appropriations</b>	\$0	\$0	\$0	\$0	\$0	\$0

**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
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

**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 bill is to provide for the licensing of professional employer organizations by the Secretary of State. The provisions having an impact will be the fees for the initial licensing and subsequent renewals.

**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.*

The fee for the initial license application is \$1,000. The renewal fee is set at \$500.

**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.*

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**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.*

The appropriation will be covered by the amount appropriated for the agency's general services fund.

<b>Name:</b>	Al Jaeger	<b>Agency:</b>	Secretary of State
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Phone Number: 328-3670

Date Prepared: 01/01/2007

Date: 1-17-06 from 1-16.  
 Roll Call Vote: 1

**2007 SENATE STANDING COMMITTEE ROLL CALL VOTES**

BILL/RESOLUTION NO. 2036

Senate INDUSTRY BUSINESS & LABOR Committee

Check here for Conference Committee

Legislative Council Amendment Number Amendments.

Action Taken NO PASS

Motion Made By Wanzek Seconded By Behm

Senators	Yes	No	Senators	Yes	No
Chairman Klein, Jerry	✓		Senator Behm, Arthur	✓	
Senator Hacker, Nick VC	✓		Senator Heitkamp, Joel	✓	
Senator Andrist, John	✓		Senator Potter, Tracy	✓	
Senator Wanzek, Terry	✓				

Total Yes 7-0 No \_\_\_\_\_

Absent \_\_\_\_\_

Floor Assignment \_\_\_\_\_

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