

2009 SENATE GOVERNMENT AND VETERANS AFFAIRS

SB 2353

2009 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. 2353

Senate Government and Veterans Affairs Committee

Check here for Conference Committee

Hearing Date: 1/29/09

Recorder Job Number: 8094

Committee Clerk Signature

Kate Oliver

Minutes:

Senator Krebsbach: I am here today to introduce a simple bill. Today it behooves us to see the great effect to see the impact that the hospitality industry keeps us healthy. The request is for a \$5 increase per year per night until it reaches the rate of fed service rate. I have one amendment for the bill that I will pass. You will hear other testimony of others who are more affected by this bill.

Sheila Peterson: OMB, amendment does minor word changing relating to adopting rules rather than policy. In OMB we have established the policies for travel for all of state government. Because those amounts are part of statute it's not a rule making process it is just a policy statement that comes out of our office. We would really support this bill. We have had great deal of concern challenging in western part of state, they are filled and don't need to get state rate of \$55 a night. In eastern part of the state we are unable to get a state rate on weekends but we do have staff that has to travel to the eastern part of the state to do implementations, upgrades, that kind of thing over the weekends.

Senator Dever: Keep a list of places that honor state rate? Can you give us an idea of how many we lose/change over time.

Sheila Peterson: Not a specific list of hotels that honor the state rate, more though experience that an agency perhaps has to have an individual in a particular location, they call numerous hotels and no one is offering it. As you know, we did suggest there be an exception process put in place to allow for paying above state rate. Agencies, about half a dozen, have to pay over state rate over year and a half. It is not a large number but it is a challenge; we do know that some places their government is the GSA rates.

Senator Horne: If we approve this as the US Gen Service rate, North Dakota would follow federal guidelines?

Sheila Peterson: GSA sets rate for every state and in some cases city rates based on the cost of living. North Dakota just has one rate, which right now I believe is \$70.

Senator Nelson: Would you favor GSA rate for meals and incidentals, too?

Sheila Peterson: Yes we would.

Senator Dever: Is this in the governor's budget?

Sheila Peterson: No it is not specifically in the budget our expectations is that within the budget as approved that agencies make adjustments based on travel. There are a few agencies that travel significantly, those that have auditors on the road, some that employees travel almost full time. Regular state agencies who travel occasionally wouldn't need additional appropriation.

Senator Dever: Some dip into own pocket?

Sheila Peterson: Yes, absolutely.

Senator Cook: What about hotels that their normal rate is lower than GSA rates?

Sheila Peterson: Then pay that rate; the maximum we would pay is the GSA rate.

Senator Dever: Thank you Sheila

Rudie Martinson: See attached testimony #1.

Senator Horne: Do you know what percentages of hotels do not accept state rates?

Rudie Martinson: It varies on availability and full service versus economy hotels. As we move forward, and as the average daily rate that these hotels can get on the open market rises and state rate doesn't, the percentage drops.

Senator Dever: Do you have an idea on the average what state rates represents versus normal cost.

Rudie Martinson: That depends on what part of the state you are in. By way of example, some of our members in the Fargo area that are limited service hotels that are doing an average daily rate of \$80-\$85 in some cases, so there we are talking \$25-\$30 a night. But that is by no means universal; it depends on when and where you are staying.

Senator Nelson: Do you think that this change will increase number of hotels available in eastern part of the state?

Rudie Martinson: Yes I do. That is a big part of the discussion that our board of directors had when we got together and decided what we were going to put before the legislature; how can we do this in a way that will allow us to increase the services as an industry that we offer to state employee and also not be too big of a bite for the hotel as we move forward.

Senator Dever: I suppose you don't know how many nights state employees stay in hotels?

Rudie Martinson: That is probably a question for the Office of management and Budget

Senator Cook: Hotel industry has multiple rates there is the off the streets rate, AARP rate, a CSG rate, & a state rate. Don't you think it would be wise for us to get the lowest rate that the hotel does offer?

Rudie Martinson: I think it would be wise. The way the law works is that it reimburses, that is a top end limit on what the government will pay. I was in Bottineau last month and had a hotel

room for \$39 and that was the going rack rate. That is what is paid out if it doesn't reach that limit.

Dave Achtenberg: My name is Dave Achtenberg, I am the general manager of Ramkota Hotel in Bismarck. We do honor state rates at our hotel and always have; I am here to testify in favor of this bill which would allow the state per diem to mirror the current federal per diem rate by August 1, 2011. The current \$55 state per diem is \$13.13 lower than the average rate of \$68.13 for all rooms rented in the state of North Dakota for the calendar year of 2008. Those rates vary geographically and by season but that is the overall picture the average rate in Bismarck was \$69 for the past year. The fed per diem in North Dakota \$70, lowest rate allowed by the GSA. Rates range from \$70 in North Dakota to \$360 rates in New York. I feel SB2353 establishes a fair and equitable system determining North Dakota's state travel per diem.

Senator Dever: certain number of rooms that make available for state rate?

Dave Achtenberg: Based on availability, contract with the group at a state rate and set aside rooms based on what they need. Usually we try and honor it up to last room availability.

Senator Dever: Anyone else? Close public hearing on SB2353.

2009 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. 2353

Senate Government and Veterans Affairs Committee

Check here for Conference Committee

Hearing Date: 01/29/09

Recorder Job Number: 8856

Committee Clerk Signature

Kate Owe

Minutes:

A motion was made by Senator Nelson with a second by Senator Horne to consider the amendment on SB2353.

There was no discussion on the amended bill.

Senator Nelson moved a Do Pass as amended with a re referral to appropriations with a second by Senator Horne.

There was no discussion on the bill.

The motion passed 5-0 with Senator Nelson carrying the bill.

FISCAL NOTE
Requested by Legislative Council
04/13/2009

Amendment to: Engrossed
SB 2353

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.*

	2007-2009 Biennium		2009-2011 Biennium		2011-2013 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues	\$0	\$0	\$0	\$0	\$0	\$0
Expenditures	\$0	\$0	\$163,935	\$282,078	\$163,935	\$282,078
Appropriations	\$0	\$0	\$0	\$0	\$0	\$0

1B. **County, city, and school district fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

2007-2009 Biennium			2009-2011 Biennium			2011-2013 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 current GSA rate for lodging is \$70 per night. This amount will be used for both bienniums. These amounts DO NOT include Higher Education.

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.*

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:	Jeff Larshus	Agency:	OMB
Phone Number:	328-4902	Date Prepared:	04/13/2009

FISCAL NOTE
Requested by Legislative Council
01/21/2009

Bill/Resolution No.: SB 2353

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.*

	2007-2009 Biennium		2009-2011 Biennium		2011-2013 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues	\$0	\$0	\$0	\$0	\$0	\$0
Expenditures	\$0	\$0	\$153,689	\$264,449	\$307,378	\$528,896
Appropriations	\$0	\$0	\$0	\$0	\$0	\$0

1B. County, city, and school district fiscal effect: *Identify the fiscal effect on the appropriate political subdivision.*

2007-2009 Biennium			2009-2011 Biennium			2011-2013 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 current GSA rate for lodging is \$70 per night. Based on that rate, the 2011-13 biennial lodging rate is based on \$70 per night for the whole biennium. These amounts DO NOT include Higher Education.

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.*

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:	Jeff Larshus	Agency:	OMB
Phone Number:	328-4902	Date Prepared:	01/23/2009

KB
2-5-9

PROPOSED AMENDMENTS TO SENATE BILL NO. 2353

Page 1, line 16, replace "determined" with "established" and replace "rule" with "policy"

Page 1, line 18, replace "adopt rules" with "establish a policy" and replace "establish" with "set"

Page 1, line 22, replace "amend" with "revise" and replace "rules" with "policy"

Renumber accordingly

2353

Date: 2-5
Roll Call Vote #: 2

2009 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO.

Carrie Nelson

Senate Government and Veterans Affairs Committee

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Pass - AS amended Ref

Motion Made By Nelson Seconded By Horne

Senators	Yes	No	Senators	Yes	No
Dick Dever	X		Dwight Cook	X	
Dave Oehlke	X		Carolyn Nelson	X	
Robert M. Horne	X				

Total Yes _____ No _____

Absent _____

Floor Assignment _____

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

REPORT OF STANDING COMMITTEE

SB 2353: Government and Veterans Affairs Committee (Sen. Dever, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** and **BE REREFERRED** to the **Appropriations Committee** (5 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2353 was placed on the Sixth order on the calendar.

Page 1, line 16, replace "determined" with "established" and replace "rule" with "policy"

Page 1, line 18, replace "adopt rules" with "establish a policy" and replace "establish" with "set"

Page 1, line 22, replace "amend" with "revise" and replace "rules" with "policy"

Renumber accordingly

2009 SENATE APPROPRIATIONS

SB 2353

2009 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. 2353

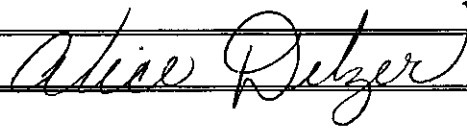
Senate Appropriations Committee

Check here for Conference Committee

Hearing Date: 02-11-09

Recorder Job Number: 9276

Committee Clerk Signature



Minutes:

Chairman Holmberg called the committee to order at 4:00 pm in reference to SB 2353 in regards to state officer and employee lodging reimbursement.

Senator Krebsbach stated part of this has been covered in another bill the one thing that is not in there we are trying to put the hotel lodging expense , if we equal the rate that is

established by the United States Government GSA for lodging reimbursement similar to what we are doing with gas mileage and that basically is what the bill amounts to, for lodging expenses and so on. The hotel rate was included in the compensation bill, was it not.

Chairman Holmberg said for legislators during the session because off session we only get what state employees get. Its unique with the session because of the nature living full time.

Senator Krebsbach said the other thing this would do is increase it each biennium to reach that level, and once it reaches that level it will synchronize by itself with GSA.

Chairman Holmberg asked if this went through GVA and what was their response. Obviously they passed it but was it a big tax fight?

Senator Krebsbach said she didn't stay for the hearing.

V. Chair Bowman asked if this is for the lodging, how much does that amount per night per person? You are raising it \$5 for all state employees?

Rudie Martinson, North Dakota Hospitality Association stated there was no large fight about it.

Senator Krebsbach asked how the vote turned out and she was told it was 5 to 0 Do Pass.

Chairman Holmberg closed the hearing and asked if they wanted to pass the bill out.

Discussion followed regarding what fund this would come from, and the dollar amount again was discussed.

Sheila Peterson, OMB explained the amendment more fully.

Chairman Holmberg called for a roll call vote on a DO PASS.

SENATOR KREBSBACH MOVED A DO PASS. SECONDED BY SENATOR WARDNER. A ROLL CALL VOTE WAS TAKEN RESULTING IN 13 YEAS, 1 NAY, 0 ABSENT. SENATOR NELSON FROM GVA WILL CARRY THE BILL.

Chairman Holmberg closed the hearing closed on SB 2353. (13.46)

Date: 2/11/09
Roll Call Vote #: 1

2009 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2353

Senate _____ Committee _____

Check here for Conference Committee

Legislative Council Amendment Number do pass

Action Taken Do Pass Do Not Pass Amended

Motion Made By K R Sen. Krebsbach Seconded By ~~Sen. Wardner~~ Sen. Wardner

Representatives	Yes	No	Representatives	Yes	No
Senator Krebsbach	✓		Senator Seymour	✓	
Senator Fischer	✓		Senator Lindaas	✓	
Senator Wardner	✓		Senator Robinson	✓	
Senator Kilzer	✓		Senator Warner	✓	
V. Chair Bowman	✓		Senator Krauter	✓	
Senator Christmann	✓		Senator Mathern	✓	
V. Chair Grindberg	✓				
Chairman Holmberg	✓				

Total Yes 13 No 1

Absent _____

Floor Assignment GVA.

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

REPORT OF STANDING COMMITTEE (410)
February 11, 2009 4:23 p.m.

Module No: SR-27-2448
Carrier: Nelson
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

SB 2353, as engrossed: Appropriations Committee (Sen. Holmberg, Chairman) recommends **DO PASS** (13 YEAS, 1 NAY, 0 ABSENT AND NOT VOTING). Engrossed SB 2353 was placed on the Eleventh order on the calendar.

2009 HOUSE GOVERNMENT AND VETERANS AFFAIRS

SB 2353

2009 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. Senate Bill 2353

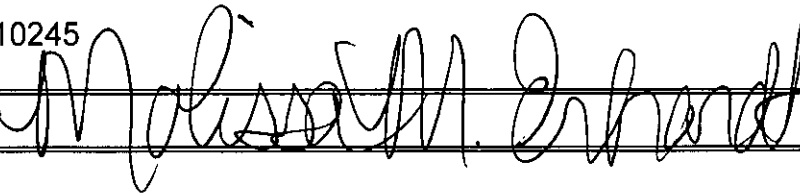
House Government and Veterans Affairs Committee

Check here for Conference Committee

Hearing Date: 3/5/2009

Recorder Job Number: 10245

Committee Clerk Signature



Minutes:

Chairman Grande: Open the hearing on SB 2353. Clerk read the title. Rep. Boehning do you want to introduce the bill or is someone coming down.

Vice Chairman Randy Boehning: I don't know.

Chairman Grande: Anyone wishing to speak in favor of SB 2353?

Rudie Martinson, ND Hospitality Association: Testimony. See Attachment # 1. I am handing out a couple pieces of testimony this morning and the first one is my testimony and the second one is testimony from a member of our board of directors up in Minot who could not be here today. Handed out testimony for Pete Zimmerman, See Attachment # 2.

Chairman Grande: So we are looking at for 2009 we go to \$60, for 2010 we go to \$70, and after that whenever the Federal level increases we just go along with that .

Rudie Martinson: Actually Chairman Grande, 2009 would be \$60, 2010 would be \$65, 2011 would be \$70 and then after that it would rise or fall as the Federal rises or falls.

Chairman Grande: I see in 2010 it says a \$5 increase and then every year thereafter as necessary.

Rudie Martinson: Up to \$5 a year, yes.

Vice Chairman Randy Boehning: The only change that I could find in the amendment was that they "shall adopt rules" instead of "shall establish policies" is that the amendment?

Rudie Martinson: Yes, it is. OMB actually suggested that amendment because that is the language they use internally. OMB testified that they don't establish rules they use policies or whatever the language changed to. It had to with their internal language.

Rep. Amerman: Once we tie to the Federal rate, how has that been going up the last several years? How much has it been jumping year to year?

Rudie Martinson: We are now entering the third year were the Federal rate has not increased. It has not increased in 2009, it did not increase in 2008 or 2007 either. It has been \$70 for going on three years now.

Rep. Amerman: I don't know if you know how they base their scale, when they go up, being that they have not gone up for a number of years, do you know what they tie that too?

Rudie Martinson: I don't know the details of how they do that. I imagine it is similar to how they set rates for mileage reimbursement and that kind of thing. The GSA also sets those rates and they look at States differently. It has gone up for ND. They treat ND as one entity, CA by contrast there are three different Federal rates for if you are around LA, if around the Bay area or if you are anywhere else in CA, so they treat ND as one entity and they haven't raised our rate in three years. I imagine there is a very complicated Federal bureaucratic process to figure it out.

Chairman Grande: Any other questions for Mr. Martinson? Favor? Opposition? Neutral? Closed the hearing on SB 2353.

2009 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. Committee Work One SB 2353

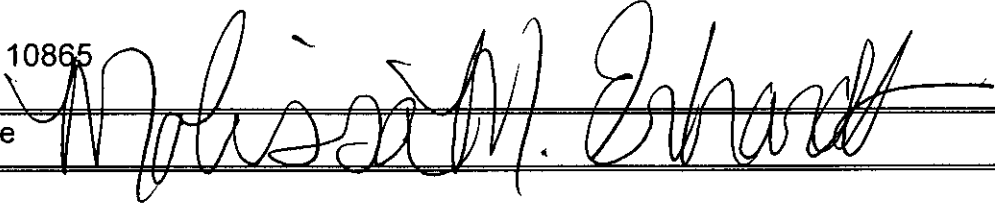
House Government and Veterans Affairs Committee

Check here for Conference Committee

Hearing Date: 03/12/2009

Recorder Job Number: 10865

Committee Clerk Signature



Minutes:

COMMITTEE WORK ONE:

Chairman Grande: We will discuss SB 2353.

Rep. Kasper: This one of the two that we had talked about amending and our committee wasn't getting together everyone was busy Monday, Tuesday, and Wednesday. So I called Legislative Council to do some amendments and I also asked Rep. Winrich to sort of do a checklist with this caucus on where the caucus might have a feeling on retro-activity on that lodging of a \$1000 because right now the bill we just passed will make the \$1000 lodging effective probably April 1. So the hotels get one month of lodging. The Senate had heartburn on retro-acting the lodging to January 1. But I thought if we could get some consensus here on both sides of the isle that maybe we could have one bill that would retro-act the lodging and pass the other one out. Which we did pass the other one out. There are amendments here that do retro-act the lodging to

January 1 for the \$1000 but I don't want to push the amendments if we don't have a somewhat bi-partisan agreement.

Rep. Winrich: If we like the provisions of this bill, which basically increase the daily room rate regularly until it gets up to the Federal GSA rate, I don't think it would be wise to amend any retro-activity into it because I don't think there is much support in my caucus and I am sure that if we send this back to the Senate they will retro-act it again. Since the one increase up to \$60 for the first year is in the other bill, this one could be killed and still increase the room rate. I think it would be good to pass it.

Rep. Schneider: I am not absolutely opposed to retro-activity but did you happen to have any conversations with Karen Mund or anyone at Legislative Council and how they would implement it. Just for example, I say, if it would be \$1000 a month but on all my reimbursements the last couple months I have only claimed \$900, would I just have to go back and show that I actually was paid (could not hear, coughing), I just don't know how they would implement it.

Rep. Winrich: There was a room rate bill that passed in like 2003 or 2001 that was retro-active in January and what Legislative Council did was simply add in the increase in the next monthly travel allowance that you got and so you got reimbursed for those first three months.

Rep. Schneider: Everybody?

Rep. Winrich: If you turned in receipts for more than the amount.

Rep. Kasper: I did not talk with Karen Mund but I think if everybody would go back and get a voucher from your Landlord that says you were billed a \$1000 they would accept it. But I don't have that verified.

Chairman Grande: I am sure the mechanism is in place but I don't think it is an issue because we have done the retro before. But it just needs to be a matter of whether or not the vote was there.

Vice Chairman Randy Boehning: Just referring back to SB 2064 that \$1000 is not in the Emergency Clause.

Chairman Grande: Correct.

Vice Chairman Randy Boehning: Rep. Kasper said it was in the Emergency Clause but it is not in the Emergency Clause because that section wasn't stated in there.

Rep. Wolf: Yes, it is.

Rep. Winrich: Yes it is. In Section 10 it has effective dates for various sections. Section 11 is an Emergency Clause for the whole bill. Section 4 is not listed in one of the effective dates so it would be under the Emergency Clause.

Chairman Grande: So it is retro in the first bill?

Rep. Kasper: No. It is an Emergency Clause effective April 1.

Rep. Conklin: Move for a Do Pass with re-referral to appropriations.

Rep. Winrich: 2ND. With re-referral to appropriations.

Rep. Kasper: If we don't retro-act this would you consider adding an amendment on this bill that would increase the housing allowance in 2011 to \$1100 a month so that we can be prepared for two years from now.

Chairman Grande: Do you know did the commission say that that is what they are going to decide on?

Rep. Kasper: This is supposed to go up to \$1254.

Rep. Winrich: This bill as it stands just applies to all State Employees and not just Legislators.

Rep. Nathe: But not Higher Education?

Chairman Grande: Higher Education's numbers are not in the budget but it applies to them too because theirs are in a separate budget.

Rep. Winrich: I would argue that it is not a good idea to send this back to the Senate with additional amendments on it or various things because with the provision in the other bill for an increase to \$60 a night. It doesn't have to pass and I really kind of like to see this one pass and get us in sync with the GSA rate.

Rep. Wolf: A flip side to that \$1100 proposal from Rep. Kasper, have you and Rep. Froseth talked about the apartments because there was some discussion about that too.

Chairman Grande: No, we haven't talked about that. Any other discussion?

Clerk will call the roll on a Do Pass.

Clerk Erhardt: Roll Call. Yes: 12. No: 1. Absent: 0. Carrier: Rep. Froseth.

Date: 3/12/19

Roll Call Vote #: 1

2009 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2353

House Government and Veterans Affairs Committee

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Pass Do Not Pass Amended

Motion Made By Conklin Seconded By Winrich

Representatives	Yes	No	Representatives	Yes	No
Chairman Grande		<input checked="" type="checkbox"/>	Rep. Amerman	<input checked="" type="checkbox"/>	
Vice Chairman Boehning	<input checked="" type="checkbox"/>		Rep. Conklin	<input checked="" type="checkbox"/>	
Rep. Dahl	<input checked="" type="checkbox"/>		Rep. Schneider	<input checked="" type="checkbox"/>	
Rep. Froseth	<input checked="" type="checkbox"/>		Rep. Winrich	<input checked="" type="checkbox"/>	
Rep. Karls	<input checked="" type="checkbox"/>		Rep. Wolf	<input checked="" type="checkbox"/>	
Rep. Kasper	<input checked="" type="checkbox"/>				
Rep. Meier	<input checked="" type="checkbox"/>				
Rep. Nathe	<input checked="" type="checkbox"/>				

Total (Yes) 12 No 1

Absent 0

Floor Assignment Rep. Froseth

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

Pre-referred to Appropriations

REPORT OF STANDING COMMITTEE (410)
March 12, 2009 5:51 p.m.

Module No: HR-45-4762
Carrier: Froseth
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

SB 2353, as engrossed: Government and Veterans Affairs Committee (Rep. Grande, Chairman) recommends DO PASS and BE REREFERRED to the Appropriations Committee (12 YEAS, 1 NAY, 0 ABSENT AND NOT VOTING). Engrossed SB 2353 was rereferred to the Appropriations Committee.

2009 HOUSE APPROPRIATIONS

SB 2353

2009 HOUSE STANDING COMMITTEE MINUTES

SB 2353

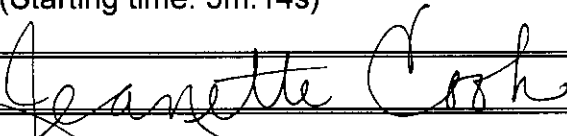
House Appropriations Committee

Check here for Conference Committee

Hearing Date: March 24, 2009

Recorder Job Number: 11451 (Starting time: 5m:14s)

Committee Clerk Signature



Minutes:

Chm. Svedjan called the House Appropriations Committee to order. Clerk, Holly Sand, called the roll and a quorum was declared.

Rep. Glen Froseth, District 6 approached the podium to explain SB 2353 and the Fiscal Note.

This bill raises the daily rate from \$55 to \$60 a day. This goes into effect Aug. 1 2009. The

next section raises the daily lodging reimbursement in increments of \$5.00 a year, starting in August 2010, until it reaches the federal reimbursement rates of US General Services

Administration. Right now the federal reimbursement rate is at \$70 a day. It would reach that

federal rate by 2011. On the fiscal note in the 2009/2011 biennium it calls for \$153,689 in

general funds and \$264,449 in other funds. On the 2011/2013 biennium it is figured at the \$70

rate. The general fund is figured at \$307,000 and the other funds \$528,000. This does not

include the Higher Education reimbursement for lodging. That's in their budget. (7:13)

Chm. Svedjan: What is the GSA rate?

Rep. Froseth: It's \$70.

Rep. Williams: What was your vote in Committee?

Rep. Froseth: It was 11-2, Do Pass.

Rep. Williams moved a Do Pass on SB 2353.

Rep. Kempenich seconded the motion.

Rep. Nelson: How often does the GSA rate change? Once we use this system the legislature will lose control of how this is paid moving forward, is that correct?

Rep. Froseth: Yes, it will. I don't know how it is determined.

Chm. Svedjan: Does GSA revise these numbers down occasionally?

Rep. Bette Grande approached the podium to clarify.

Rep. Grande: We are giving authority to OMB to make that adjustment. We cannot tie ourselves to them. It still has to be done by rule and the adjustment from OMB. If they choose not to by rule, they don't have to.

Chm. Svedjan: If GSA were to revise our rate down to \$65, would this bill follow suit?

Rep. Grande: It would give OMB the authority to change the rule.

Rep. Glassheim: My understanding is that this requires OMB to set it the same as the federal rate.

Chm. Svedjan: It increased it by five dollar increments to reach the five dollar level.

Rep. Glassheim: Should it go up, they must increase it to the federal level.

Rep. Martinson: Does that mean that under the government guidelines they have different rates for different towns?

Rep. Froseth: I'm not sure. I thought it was by the whole state.

Rep. Dosch: They establish it by region. ND would be the same rate statewide.

Rep. Nelson: Does the Fiscal Note reflect all of state government? In Human Resources the travel budgets have increased in almost every area. The explanation has been that the reimbursement for lodging is a big part of the increase.

Rep. Froseth: SB 2064 deals with legislator's salary and monthly lodging rates and mileage.

Rep. Hawken: We have a lot of discussion about things that are out of our control. Would this keep us from doing that?

Chm. Svedjan: To the extent that it would match with the GSA rate. You could argue that it would.

Rep. Hawken: Is this self-serving for us? We're looking at reimbursing ourselves. We don't let other people do this, but we do it for ourselves.

Rep. Delzer: I don't plan to support this because it's tied to the GSA. This is not just for the legislators. It's for all state employees.

Rep. Glassheim move to make a substitute motion. I move to delete Section 2.

Rep. Nelson seconded the motion.

Rep. Dosch: When the federal government establishes these rates, they do it by region. It's not an arbitrary number. It is based on the average rates in that area. It tends to be a fair rate. Regarding Rep. Hawken's comment, this is for all state employees. If you go anywhere else in the country, the state of North Dakota will reimburse you for whatever that room rate is. It basically steps on the lodging industry in North Dakota and only will reimburse at the \$x level. If they treated us like everyone else, they would reimburse at corporate levels. We treat our own people in our own businesses differently than any other state in the country.

Rep. Glassheim: We may be a little bit lower. I've felt the hotels/motels have benefited even though they may take a discount. I don't think they are hurt too badly by getting a little less than market.

Rep. Klein: There is a disconnect. Sometimes while working for FEMA you are under the state system. You may not be able to stay at the same hotel as the federal employees because they wouldn't accept the state rate. Then the employees were separated, so it might not work very well.

Rep. Delzer: I don't like tying to the federal rate, but I also don't like going to \$60.

A voice vote was taken with an uncertain outcome.

A roll call vote was taken on the substitute motion. **Aye 9 Nay 13 Absent 3**

The substitute motion failed.

Rep. Berg: There is a positive to tie it into the federal rates. Maybe we should tie it to 90 percent of the federal rate and that would allow it to adjust.

Chm. Svedjan: We are back to the **Do Pass motion on SB 2353.**

A roll call vote was taken. **Aye 10 Nay 12 Absent 3**

The motion failed.

Rep. Berg moved to an amendment to set the rate at 90% of the federal rate.

Rep. Thoreson seconded the motion.

Rep. Grande: SB 2064 deals with mileage, lodging and salary in it. We did not want to lose lodging and mileage in case people on the floor decided that we don't want to raise our salaries.

Chm. Svedjan: What am I missing?

Rep. Thoreson: SB 2064 has Section 7 has the mileage reimbursement tied to the federal

Rep. Grande: Yes, I would like to discuss that also. There is a reason for doing it there.

Rep. Thoreson: Is lodging addressed the same in that bill as in 2353?

Rep. Grande: No, lodging is by dollar amount.

Rep. Bellew: Does Rep. Berg's motion to eliminate Section 2 make this a hog house amendment?

Chm. Svedjan: Yes, it would make it a hog house.

Rep. Berg: I defer to you, if you want me to make that motion on the following bill, I would.

Chm. Svedjan: It appears that we can address it in the other bill. If we make the change here, we would have to make the change there.

Rep. Berg: The question is if the other bill doesn't pass.

Chm. Svedjan: True, then we are back to where we are now.

Rep. Berg: Then we should act on this and hold it until we act on the other one.

Roxanne: Instead of going to \$55 - \$60, would the motion be to go to 90 percent in 2009?

Rep. Berg: It would be effective August 1 2009.

Chm. Svedjan: Using that effective date, it is in effect a hog house amendment.

Rep. Skarphol: Would Section 2 be deleted from the bill?

Rep. Berg: My understanding is that as we move forward as the fed rate changes so would our state rate.

Rep. Nelson: That would raise the fiscal note for this biennium with this amendment, correct?

Chm. Svedjan: It would.

Rep. Berg: The Fiscal Note would change by amending Section 2 from 100 percent to 90 percent.

Rep. Nelson: By using the beginning date of August 2009, we would almost double the Fiscal Note for the coming biennium.

Rep. Delzer: You would go up \$3 for the first year and down \$2 the second year.

Chm. Svedjan: It goes up by \$5 increments until it reaches the GSA rate.

Rep. Nelson: Isn't the Fiscal Note figured from the difference of \$55 to \$60 in the 2009/2011 biennium?

Chm. Svedjan: Yes, which would increase the Fiscal Note by \$3.

A voice vote was taken with uncertain results.

A roll call vote was taken. **Aye 12 Nay 11 Absent 2**

The motion carried and the amendment was adopted.

Rep. Wald moved Do Pass as amended on SB 2353.

Rep. Berg seconded the motion.

A roll call vote was taken on SB 2353 as amended. **Aye 11 Nay 12 Absent 2**

The motion failed.

Rep. Berg: We debate this every session, and I think the people of North Dakota want us to get a fair rate. We are not experts on the hotel business in the different cities in North Dakota. If there is a shortage of hotel space, and we are asking hotels to take a discount of \$25 or \$30 to have a legislator stay there, I don't think that is fair. If we pass this, I think that we would be serving the people well.

Rep. Wald: I would echo Rep. Berg's words, I don't think the lodging industry should subsidize state employees to stay there. I think it is a fairness issue and hope you would support it.

Rep. Delzer: If someone moves a Do Pass, I would change my vote to get the bill on the floor.

Rep. Berg moved a Do Pass as amended.

Rep. Thoreson seconded the motion.

A roll call vote was taken. **Aye 14 Nay 9 Absent 2**

The motion carried.

Representative Berg will carry SB 2353 as amended.

Date: 3/24/09
 Roll Call Vote #: 1

2009 HOUSE STANDING COMMITTEE ROLL CALL VOTES
 BILL/RESOLUTION NO. 2353

May 53

Full House Appropriations Committee

Check here for Conference Committee

Legislative Council Amendment Number _____

Amended Action Taken No Pass
 Motion Made By Williams Seconded By Kemperich

Representatives	Yes	No	Representatives	Yes	No
Chairman Svedjan		✓			
Vice Chairman Kempenich	✓				
Rep. Skarphol		✓	Rep. Kroeber		✓
Rep. Wald	✓		Rep. Onstad		✓
Rep. Hawken	✓		Rep. Williams	✓	
Rep. Klein	✓				
Rep. Martinson	✓				
Rep. Delzer		✓	Rep. Glasheim		✓
Rep. Thoreson	✓		Rep. Kaldor		✓
Rep. Berg	✓		Rep. Meyer		✓
Rep. Dosch	✓				
Rep. Pollert		✓	Rep. Ekstrom		✓
Rep. Bellew		✓	Rep. Kerzman	✓	
Rep. Kreidt		✓	Rep. Metcalf	✓	
Rep. Nelson		✓			
Rep. Wieland	✓				

Total (Yes) 10 No 12

Absent 3

Floor Assignment _____

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

Date: 3/24/09
 Roll Call Vote #: 2

2009 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2353

Full House Appropriations Committee

Check here for Conference Committee

Legislative Council Amendment Number TBD

*Subst:
motion
Failed*

Action Taken delete section 2

Motion Made By Glassheim Seconded By Nelson

Representatives	Yes	No	Representatives	Yes	No
Chairman Svedjan		✓			
Vice Chairman Kempenich	✓				
Rep. Skarphol		✓	Rep. Kroeber	✓	
Rep. Wald		✓	Rep. Onstad	✓	
Rep. Hawken	✓		Rep. Williams		✓
Rep. Klein		✓			
Rep. Martinson		✓			
Rep. Delzer		✓	Rep. Glassheim	✓	
Rep. Thoreson		✓	Rep. Kaldor	✓	
Rep. Berg	✓		Rep. Meyer	✓	
Rep. Dosch		✓			
Rep. Pollert		✓	Rep. Ekstrom		
Rep. Bellew	✓		Rep. Kerzman		✓
Rep. Kreidt		✓	Rep. Metcalf		✓
Rep. Nelson	✓				
Rep. Wieland	✓				

Total (Yes) 9 No 13

Absent 3

Floor Assignment Voice Vote - uncertain

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

Date: 3/24/09
 Roll Call Vote #: 3

2009 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2353

Full House Appropriations Committee

Check here for Conference Committee

Legislative Council Amendment Number TBD

Carries
 Action Taken 90% of fed vote 8/1/09.

Motion Made By Berg Seconded By Thoreson

Representatives	Yes	No	Representatives	Yes	No
Chairman Svedjan		✓			
Vice Chairman Kempenich	✓				
Rep. Skarphol	✓		Rep. Kroeber		✓
Rep. Wald	✓		Rep. Onstad		✓
Rep. Hawken	✓		Rep. Williams		✓
Rep. Klein		✓			
Rep. Martinson	✓				
Rep. Delzer		✓	Rep. Glassheim		✓
Rep. Thoreson	✓		Rep. Kaldor		✓
Rep. Berg	✓		Rep. Meyer		✓
Rep. Dosch	✓				
Rep. Pollert	✓		Rep. Ekstrom		
Rep. Bellew	✓		Rep. Kerzman		✓
Rep. Kreidt	✓		Rep. Metcalf	✓	
Rep. Nelson		✓			
Rep. Wieland					

Total (Yes) 12 No 11

Absent 2

Floor Assignment Vice Vet -

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

Date: 3/24/09
 Roll Call Vote #: 4

2009 HOUSE STANDING COMMITTEE ROLL CALL VOTES
 BILL/RESOLUTION NO. 2353 *May 53*

Full House Appropriations Committee

Check here for Conference Committee

Legislative Council Amendment Number 738

Failed

Action Taken No Pass to Amend

Motion Made By Wald Seconded By King

Representatives	Yes	No	Representatives	Yes	No
Chairman Svedjan		✓			
Vice Chairman Kempenich	✓				
Rep. Skarphol		✓	Rep. Kroeber		✓
Rep. Wald	✓		Rep. Onstad		✓
Rep. Hawken	✓		Rep. Williams		✓
Rep. Klein		✓			
Rep. Martinson	✓				
Rep. Delzer		✓	Rep. Glassheim		✓
Rep. Thoreson	✓		Rep. Kaldor		✓
Rep. Berg	✓		Rep. Meyer		✓
Rep. Dosch	✓				
Rep. Pollert	✓		Rep. Ekstrom		
Rep. Bellew	✓		Rep. Kerzman		✓
Rep. Kreidt	✓		Rep. Metcalf	✓	
Rep. Nelson		✓			
Rep. Wieland		✓			

Total (Yes) 11 No 12

Absent 2

Floor Assignment _____

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

VR
3/25/09

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2353

Page 1, line 2, remove "; and"

Page 1, line 3, remove "to provide an effective date"

Page 1, line 8, remove "sixty" and overstrike "dollars" and insert immediately thereafter "an amount established by policy by the director of the office of management and budget. The director shall establish a policy to set the lodging reimbursement at an amount not to exceed ninety percent of the rate established by the United States general services administration for lodging reimbursement in this state"

Page 1, remove lines 12 through 24

Page 2, remove lines 1 through 4

Renumber accordingly

Date: 3/24/09
 Roll Call Vote #: 5

2009 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2853

Full House Appropriations Committee

Check here for Conference Committee

Legislative Council Amendment Number TBD

Action Taken Do Pass as Amended

Motion Made By Berg Seconded By Thoreson

Representatives	Yes	No	Representatives	Yes	No
Chairman Svedjan		✓			
Vice Chairman Kempenich	✓				
Rep. Skarphol		✓	Rep. Kroeber		✓
Rep. Wald	✓		Rep. Onstad		✓
Rep. Hawken	✓		Rep. Williams	✓	
Rep. Klein		✓			
Rep. Martinson	✓				
Rep. Delzer	✓		Rep. Glassheim		✓
Rep. Thoreson	✓		Rep. Kaldor	✓	
Rep. Berg	✓		Rep. Meyer		✓
Rep. Dosch	✓				
Rep. Pollert	✓		Rep. Ekstrom		
Rep. Bellew	✓		Rep. Kerzman		✓
Rep. Kreidt	✓		Rep. Metcalf	✓	
Rep. Nelson		✓			
Rep. Wieland					

Total (Yes) 14 No 9

Absent 2

Floor Assignment Rep. Berg

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

REPORT OF STANDING COMMITTEE

SB 2353, as engrossed: Appropriations Committee (Rep. Svedjan, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (14 YEAS, 9 NAYS, 2 ABSENT AND NOT VOTING). Engrossed SB 2353 was placed on the Sixth order on the calendar.

Page 1, line 2, remove "; and"

Page 1, line 3, remove "to provide an effective date"

Page 1, line 8, remove "sixty" and overstrike "dollars" and insert immediately thereafter "an amount established by policy by the director of the office of management and budget. The director shall establish a policy to set the lodging reimbursement at an amount not to exceed ninety percent of the rate established by the United States general services administration for lodging reimbursement in this state"

Page 1, remove lines 12 through 24

Page 2, remove lines 1 through 4

Renumber accordingly

2009 TESTIMONY

SB 2353

Testimony of Rudie Martinson
ND Hospitality Association
Executive Director
SB 2353

*Sent to
House
6/17*

Mr. Chairman and Committee Members, thank you for the opportunity to appear before you today. My name is Rudie Martinson, and I represent the ND Hospitality Association. I'm here today in support of SB 2353.

The ND Hospitality Association worked with Sen. Krebsbach to draft this bill in order to provide a mechanism by which the state rate can respond to changing market conditions in North Dakota without the need to come before the Legislature to adjust the rate. This bill provides for a \$5 increase in the state rate, from \$55 to \$60, in 2009. It then allows the Office of Management and Budget to increase the rate by up to \$5 per year until it reaches the rate established by the US General Services Administration for lodging in North Dakota.

By way of background, the state rate was raised by \$5 in both the 2005 and 2007 sessions. Prior to that, the rate had been stagnant for four years. Since 2005, the state reimbursement rate for hotel rooms has gone up \$2.50 per year.

By contrast, the Average Daily Rate in North Dakota rose anywhere from \$4 to \$6 in 2007 and \$6 to \$8 in 2008. These rates rise because of the rising cost of business. The cost of good and services continually rises with time. We have also had two minimum wage increases since the last legislative session, and North Dakota's economy has caused us to raise wage scales to compete for labor.

We understand these changes are the cost of doing business. For all of our other customers, we can raise rates in order to cover rising costs. For state business, we have to come before the legislature.

This bill will allow hotels and motels to better afford to serve state guests by bringing the state rate closer to the value of a room on the open market. It will also expand the number of businesses offering the state rate and make traveling easier and more hassle-free for state employees.

Mr. Chairman and Committee Members, the ND Hospitality Association supports SB 2353 because it provides a mechanism for the state rate to respond to changing economic conditions without having to come before the legislature for a rate change every legislative session. This will allow us to better budget for state business as an industry, and better serve our state customers as a whole. We ask you to give SB 2353 a "DO PASS" recommendation.

Thank you for your time, and I would be happy to answer any questions.



ND's Restaurant, Lodging & Beverage Association

P.O. Box 428 • Bismarck, ND 58502 • Phone: 701-223-3313 • Fax: 701-223-0215
E-mail: ndha@btinet.net • www.ndhospitality.com



March 3, 2009

Members of the Government and Veterans Affairs Committee
600 East Boulevard
Bismarck, ND 58501

Madam Chair and Members of the Committee:

My name is Pete Zimmerman. I am the Managing Partner of the Holiday Inn Minot and the Holiday Inn Express and Suites in Minot. I present this written testimony to you in hopes that you will support SB 2353.

Having been in the lodging business in Minot for over 20 years, I have made the trip to Bismarck on several occasions to ask for the support of the ND Legislature as it pertains to the State Room Rate Per Diem for North Dakota. Each session, we ask for and receive your time and consideration in hopes of raising the per diem \$2.00 - \$5.00 per biennium. We have been successful on some occasions and not so successful on others. What we would like to do in SB 2353 is gradually increase the State Room Rate Per Diem for North Dakota each year until it reaches that of the Federal Room Rate Per Diem as it pertains to North Dakota. At that point, any future increases would be automatic. This, in my mind, will make the per diem rate much more competitive with what is actually going on in the marketplace. Our Average Daily Room Rates, for both of our hotels, is substantially higher than the current per diem rate. This makes it difficult, financially speaking.

We currently and will always value State of North Dakota business. Under the current rate system, we do not allocate more than 5 – 8 rooms per night for State of North Dakota travelers. We do this, not to be bad corporate citizens, but rather because we can not afford to sell large numbers of rooms for \$55.00 per night. It simply doesn't pay the bills in today's business environment. We feel that this "piggyback" to the Federal System would make the reimbursement much more equitable and keep us out of your hair on this issue each biennium. By having a more market competitive rate for the hotels, it should also, in theory, make more lodging facilities in North Dakota available at the State Rate for ND State Employees.

I thank you for the opportunity to present this testimony and for your consideration. Should you have any questions of me, please do not hesitate to contact me at (701) 852-2504 or via email at pzimmerman@srt.com