

FISCAL NOTE
Requested by Legislative Council
01/13/2015

Bill/Resolution No.: HB 1293

- 1 A. **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.*

	2013-2015 Biennium		2015-2017 Biennium		2017-2019 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues	\$0	\$0	\$0	\$30,000	\$0	\$15,000
Expenditures	\$0	\$0	\$193,000	\$30,000	\$145,000	\$15,000
Appropriations	\$0	\$0	\$0	\$0	\$145,000	\$15,000

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

	2013-2015 Biennium	2015-2017 Biennium	2017-2019 Biennium
Counties			
Cities			
School Districts			
Townships			

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

HB 1293 would create chapter 34-06.2 and require certain employers to obtain a equal pay certificate from the Department. The Department would be required to review applications, issue equal pay certificates, and otherwise ensure employers are complying with the provisions of HB 1293.

- 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.*

1. 34-06.2-02(2) - This sub-section would require the Department to review requests from employers to be exempt from the requirements of the bill when its application would cause "undue hardship" on the employer. Department staff would be required to spend time reviewing each request on a case-by-case basis and issuing a decision on the request to be exempt from application of the chapter.

2. 34-06.2-03 and 34-06.2-04 - These sections require the Department to accept and process applications for equal pay certificates from employers. The Department would be required to generate the forms necessary for the application process, update in-house software through ITD to input and track applications and certificates, and review applications to ensure their compliance with the chapter. Department staff would be required to spend time reviewing each application to ensure its compliance with the chapter. In addition, it is not entirely clear whether the commissioner has any discretion in issuing a certificate to an employer under HB 1293. As a result, this note assumes some staff time would be required to investigate certain applications based upon the materials provided by employers to ensure compliance with the chapter.

3. 34-06.2-05 - This section would allow the commissioner to revoke or suspend an equal pay certificate if an employer fails to comply with the provisions of the chapter. This would imply there is some oversight requirement that the Department must undertake with regards to employers covered by this bill. As a result, the Department has assumed staff time will be necessary for such oversight efforts.

4. 34-06.2-07 - This section permits an employer to request a hearing under N.D.C.C. ch. 28-32 upon receiving notice of a suspension or revocation of a certificate or termination of a contract with the state. The Department has included estimated costs associated with the Office of Administrative Hearings and other professional fees and services in this note.

5. 34-06.2-09 - This section requires the commissioner to report to legislative management regarding the number of certificates issued and the processes used by businesses to comply with the chapter. Department staff will be required to spend time gathering and reviewing information to compile the report.

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 Department has assumed 100 employers will apply for an equal pay certificate each fiscal year in the upcoming biennium. This equates to 200 applications per biennium at \$150 each, for total revenue of \$30,000 in the 2015-17 biennium. These funds are deposited in a special fund with the state treasury to be used by the commissioner for the administration of this chapter (34-06.2-03(1)). For the 2017-19 biennium, the Department assumed a 50% reduction in the number of applications, as the equal pay certificate issued by the Department is valid for 4 years (34-06.2-04).

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.*

The Department has estimated the following expenditures associated with HB 1293 in the 2015-17 biennium in this note:

1. ITD (Generate forms, update and deploy in-house software programs) - \$10,000.00
 2. Operating Expenses (office supplies, etc.) - \$5,000.00
 3. OAH/Professional Fees and Services - \$50,000.00
 4. 1 FTE to implement HB 1293 (salary, benefits, etc.) - \$153,000.00
 5. Costs associated with biennial report - \$5,000.00
- Total Estimated Expenditures for 2015-17 Biennium - \$223,000.00

For the 2017-19 Biennium, the Department assumed a 50% reduction in the number of applications received, as the equal pay certificates are valid for 4 years (34-06.2-04). The Department estimated that this would result in a 25% reduction in the Department's on-going expenditures described above. In addition, the Department would not have the one-time expenditures for ITD in the 2017-19 biennium. Therefore, the Department has estimated total expenditures in the 2017-19 biennium would be \$160,000.00.

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 or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.*

It is estimated the Department would need an appropriations increase of \$223,000.00 for the 2015-17 biennium. The Department's 2015-17 budget is contained within SB 2007. This appropriation would be \$193,000 of general funds and \$30,000 of special fund authority. It is expected the special fund created by HB 1293 could be used to defray a portion of these general fund expenditures. However, it will take some time for the special fund to contain sufficient funds to cover a portion of the Department's expenditures under HB 1293.

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