Minutes of the

LEGISLATIVE COMPENSATION COMMISSION

Tuesday, July 25, 2006
Harvest Room, State Capitol
Bismarck, North Dakota

Mr. Charles Axtman, Chairman, called the meeting to order at 10:00 a.m.

Members present: Charles Axtman, Chris Christopherson, Meyer Kinnoin, John Mahoney, Terry Wanzek

Others present: See attached appendix

BACKGROUND INFORMATION

The Legislative Council staff reviewed North Dakota Century Code (NDCC) Sections 54-03-19.1 and 54-03-19.2. Section 54-03-19.1 provides that the Legislative Compensation Commission shall:

- Consist of five members appointed by the Governor with no more than three members representing the same political party.
- Develop recommendations for a long-term policy on legislative compensation, expense allowance, and insurance benefits.
- Recommend appropriate levels of legislative compensation, expense allowance, and insurance benefits.

North Dakota Century Code Section 54-03-19.2 provides that the Legislative Compensation Commission must meet at least once each biennium to determine levels of legislative compensation, expense allowance, and insurance benefits which permit citizens to hold legislative office without undue financial sacrifice or disadvantage. The commission may consult with the leadership of the Legislative Assembly and review compensation, expense allowance, and insurance benefits for legislative service in other states and in other areas. The commission is to report its findings and recommendations regarding legislative compensation to the Legislative Assembly, and the commission may file with the Legislative Council a bill incorporating its recommendations.

The Legislative Council staff presented a memorandum entitled *Legislative Compensation and Expense Reimbursement - Background Memorandum* regarding the history of the Legislative Compensation Commission and legislative compensation and expense reimbursement rates in North Dakota. The following schedule summarizes increases in legislative compensation and expense reimbursement rates from 1889 to 2005:

Year	Compensation for Each Calendar Day During Session	Expense Reimbursement During Session			Expense Reimbursement or Compensation for Each Month During Term of Office	Compensation for Each Day Attending Interim Meetings
		Per Session	For Each Day During Session	For Each Month During Session		
1889	$5	10 cents per mile				
1945	$5	$300				$5.00
1949	$5	$600				$10.00
1957	$5	$1,200[1]			[1]	$10.00
1965	$5	$1,200[2]			$35[2]	$10.00
1967	$5		$25		$35	$20.00
1969	$5		$35		$35	$30.00
1971	$5		$40		$50	$30.00
1973	$5		$50		$50	$30.00
1975	$5		$60		$75	$45.00
1977	$5		$60		$150	$45.00
1979	$5		$70		$150	$52.00
1981	$5		$85		$180	$62.50
1983	$40[3]		$50[3]		$180	$62.50
1985	$90			$600[4]	$180[5]	$62.50
1997	$111			$650	$250	$62.50
1999	$111			$650	$250	$75.00
2001	$125			$650	$250	$100.00
2005	$125			$900[6]	$350[6]	$100.00[7]

[1]Section 54-03-20 was amended in 1959 to provide that the $1,200 payment was reimbursement for expenses incurred during the interim and during the session.

[2]Section 54-03-20 was amended in 1965 to provide that the $1,200 payment was reimbursement for expenses incurred during the session only and to provide for payments of $35 per month during each legislator's term of office for uncompensated expenses.

[3]Bismarck legislators received $90 per day during session as compensation and did not receive any amount for daily expense reimbursement.

[4]Section 54-03-20 was amended to provide that legislators receive reimbursement for lodging or mileage at the rates provided for state employees, to a maximum of $600 per month.

[5]House Bill No. 1243 (1985) amended Section 54-03-20 to provide that the monthly amount paid to legislators during the interim was compensation, not reimbursement for expenses.

[6]The 2005 Legislative Assembly increased the maximum lodging expense reimbursement allowed during legislative sessions from $650 to $900 per month, effective January 1, 2005, and increased legislators' monthly compensation from $250 to $350, effective July 1, 2005.

[7]In addition to the compensation for each day attending interim meetings, legislators are entitled to receive up to $25 per day for expense reimbursement for meals.

The Legislative Council staff said the 2005 Legislative Assembly increased legislators' monthly compensation from $250 to $350, effective July 1, 2005, and increased the maximum lodging expense reimbursement allowed during legislative sessions from $650 to $900 per month, effective January 1, 2005.

The following schedule, also included in the background memorandum, summarizes the current compensation and expense reimbursement rates provided to members of the Legislative Assembly:

Compensation for Regular, Special, or Organizational Sessions	
Salary (Section 54-03-20)	$125 per calendar day
Additional compensation (Section 54-03-10)	
Speaker of the House	$10 per calendar day
House majority leader	$10 per calendar day
Senate majority leader	$10 per calendar day
House minority leader	$10 per calendar day
Senate minority leader	$10 per calendar day
Chairmen of substantive standing committees	$5 per calendar day
House assistant majority leader	$5 per calendar day
Senate assistant majority leader	$5 per calendar day
House assistant minority leader	$5 per calendar day
Senate assistant minority leader	$5 per calendar day
Expense Reimbursement for Regular, Special, or Organizational Sessions	
Lodging expenses (Sections 44-08-04 and 54-03-20)	$50 plus tax per calendar day up to $900 per month
Mileage (Sections 54-03-20 and 54-06-09)	Thirty-seven and a half cents per mile for one round trip each calendar week going to and from the meeting of the Legislative Assembly. If travel is by common carrier, reimbursement must be at coach fare and may not exceed 1.5 times the amount the legislator would be entitled to receive as mileage reimbursement for travel by motor vehicle. Legislators who live in districts outside Bismarck are allowed daily round trip mileage reimbursement of 37.5 cents per mile or lodging reimbursement of up to $50 per night plus any applicable state or local taxes, or a combination of mileage and lodging reimbursement up to a maximum of $900 per month.
Compensation During Term of Office	
Compensation paid to legislators during their term of office, either monthly or every six months at the legislator's option (Section 54-03-20)	$350 per month
Additional compensation for majority and minority leaders and Legislative Council chairman (Section 54-03-20)	$250 per month
Compensation for Interim Meetings	
Compensation for attendance at meetings of the Legislative Council and its committees (Section 54-35-10)	$100 per day
Additional compensation	
Council chairman (Section 54-35-10)	$5 per day
Committee chairmen (Section 54-35-10)	$5 per day
Expense Reimbursement for Interim Meetings	
Meals (Section 44-08-04)	Up to $25 per day in state; an amount equal to the federal per diem meals rate for out-of-state travel
Lodging (Section 44-08-04)	Actual expenses not to exceed $50 per day, plus any applicable state or local taxes in state; actual expenses for out-of-state travel
Mileage (Section 54-06-09)	Thirty-seven and a half cents per mile by motor vehicle; 18 cents per mile by motor vehicle 300 miles beyond the state border; 70 cents per mile by private airplane

In response to a question from Commissioner Mahoney, the Legislative Council staff said legislators are entitled to receive up to $25 per day for expense reimbursement for meals in addition to the compensation for each day attending interim meetings. The Legislative Council staff said the expense reimbursement for meals was increased by

the 2005 Legislative Assembly from $20 to $25 per day.

In response to a question from Commissioner Kinnoin, the Legislative Council staff said legislators are not required to submit receipts to receive the $25 per day expense reimbursement for meals.

The Legislative Council staff presented a memorandum entitled *Legislative Compensation Increases Compared to Inflation and State Employee Salary Increases - 1981 Through 2006*. The following schedule compares actual calendar year 2006 legislative compensation rates to 1981 rates adjusted annually for inflation and percentage salary increases provided to state employees:

	Actual 2006 Compensation Rates	1981 Compensation Rates Adjusted for Inflation	1981 Compensation Rates Adjusted for Salary Increases Provided to State Employees
Interim daily compensation	$100	$138.21	$123.59
Session daily compensation	$125	$199.03	$177.92
Monthly compensation during term of office	$350	$398.11	$355.90

The Legislative Council staff presented a memorandum entitled *Legislative Compensation and Reimbursement Survey Results*. The Legislative Council staff conducted a survey of members of the Legislative Assembly regarding legislative compensation and reimbursement issues. The following is a summary of the legislative compensation and reimbursement issues the members of the Legislative Assembly were asked to respond to and the responses of 54 members.

Legislative Compensation and Reimbursement Issues	Responses	
Compensation for regular, special, or organizational sessions - The current compensation for regular, special, or organizational sessions is $125 per calendar day. The compensation was last increased in 2001 from $111 to $125 per day.	Increase compensation by $25 per day, from $125 to $150 per day	8
	Increase compensation by 18 percent, or $22.50 per day, from $125 to $147.50 per day	1
	Increase compensation by $20 per day, from $125 to $145 per day	1
	Increase compensation by $15 per day, from $125 to $140 per day	1
	Increase compensation by $10 per day, from $125 to $135 per day	5
	Increase compensation by $10 per day, from $125 to $135 per day, and tie future increases in compensation to state employee raises	2
	Increase compensation by 5 percent, or $6 per day, from $125 to $131 per day	1
	Increase compensation by 2.5 percent, or $3 per day for each year, from $125 to $128 and $131 per day, respectively	1
	Increase compensation by a modest percentage	3
	Tie increases in compensation to state employee increases	5
	No suggested change	26
	Total	54
	NOTE: One legislator also noted the Legislative Compensation Commission should consider increases to additional compensation paid to committee chairs and leaders.	
Lodging expense reimbursement for regular, special, or organizational sessions - The current lodging expense reimbursement for regular, special, or organizational sessions is $50 plus tax per calendar day up to $900 per month. The maximum expense reimbursement allowed was last increased in 2005 from $650 to $900.	Limit the maximum amount of reimbursement allowed for an individual rental	1
	Allow legislator to retain any savings resulting from securing lodging below the $900 maximum expense reimbursement to encourage competitive shopping	1
	Lower the maximum expense reimbursement for private residences to $600 per month unless a legislator is allowed to stay in the residence for the entire legislative session	1
	Increase the reimbursement rate to cover actual rates charged by most motels	2
	Increase the per day reimbursement rate to $60 plus tax	1
	No suggested change	48
	Total	54
Mileage expense reimbursement - The current mileage expense reimbursement for regular, special, or organizational sessions and interim meetings is 37.5 cents per mile. The rate was last increased in 2005 from 31 to 37.5 cents per mile. As of January 1,	Increase reimbursement by 7.5 cents per mile, from 37.5 to 45 cents per mile	1
	Increase reimbursement by 7 cents per mile, from 37.5 to 44.5 cents per mile	12

Legislative Compensation and Reimbursement Issues	Responses	
2006, the federal mileage expense reimbursement rate is 44.5 cents per mile.	Increase reimbursement by 2.5 cents per mile, from 37.5 to 40 cents per mile	2
	Increase the reimbursement	9
	Tie the reimbursement to federal mileage reimbursement rate	17
	Tie the reimbursement to the price of fuel	3
	No suggested change	10
	Total	54
Compensation during term of office - The current compensation paid to legislators during their term of office is $350 per month. The compensation was last increased in 2005 from $250 to $350 per month.	Increase compensation by $150 per month, from $350 to $500 per month	2
	Increase compensation by $50 or $100 per month, from $350 to $400 or $450 per month	1
	Increase compensation by $50 per month, from $350 to $400 per month	2
	Increase compensation by $25 per month, from $350 to $375 per month	1
	Increase compensation by a modest percentage	5
	Tie the compensation to inflation or state employee increases	2
	Tie the compensation to the size of the legislative district	1
	Decrease the compensation to $250 per month and increase the compensation for interim meetings and the mileage expense reimbursement	1
	No suggested change	39
	Total	54
Compensation for interim meetings - The current compensation for attendance at meetings of the Legislative Council and its committees is $100 per day. The compensation was last increased in 2001 from $75 to $100 per day. In addition to the compensation for each day attending interim meetings, legislators are entitled to receive up to $25 per day for expense reimbursement for meals.	Increase compensation by $100 per day, from $100 to $200 per day	1
	Increase compensation by $50 per day, from $100 to $150 per day	2
	Increase compensation by $45 per day, from $100 to $145 per day	1
	Increase compensation by $25 per day, from $100 to $125 per day	12
	Increase compensation by $20 per day, from $100 to $120 per day	1
	Increase compensation by $15 to $25 per day, from $100 to $115 to $125 per day	2
	Increase compensation	1
	Tie increases in compensation to inflation or state employee salary increases	2
	Tie the compensation for interim meetings to compensation for the legislative session	14
	Increase the additional compensation for committee chairman	1
	No suggested change	17
	Total	54
Other issues - Are there any suggestions for other areas of compensation or reimbursement, such as reimbursement for wireless telephone services?	Provide a reimbursement for wireless telephone service	2
	Provide a reimbursement of $25 per month for wireless telephone service with the requirement the telephone number be a public number	1
	Provide a reimbursement for high-speed wireless Internet access	1
	Reimburse local legislators for meals	1
	Utilize technology to hold meetings	1
	Provide an allowance for postage, printing, etc.	1
	Start a retirement plan for legislators	1
	Replace legislators' computers	1

In response to a question from Commissioner Mahoney, the legislative budget analyst and auditor said the suggestions relating to reimbursement for high-speed wireless Internet access and replacement of legislators' computers are not responsibilities of the Legislative Compensation Commission.

The Legislative Council staff presented a memorandum entitled *Legislative Compensation Levels in Other States*. The information presented includes legislative compensation, expense reimbursement, and other benefits provided to legislators in each of the 50 states as prepared by the National Conference of State Legislatures.

COMMISSION DISCUSSION AND STAFF DIRECTIVES

In response to a question from Commissioner Wanzek, Chairman Axtman said 129 of the 141 legislators have elected to receive health insurance benefits from the state.

Chairman Axtman said the 2005 Legislative Assembly increased:

- Legislators' monthly compensation from $250 to $350, effective July 1, 2005.
- The maximum lodging expense reimbursement allowed during legislative sessions from $650 to $900 per month, effective January 1, 2005.
- The state mileage reimbursement rate from 31 cents to 37.5 cents per mile.

Chairman Axtman said the current compensation for regular, special, or organizational sessions is $125 per calendar day. He said the compensation was last increased in 2001 from $111 to $125 per day. He said a 3 percent increase would be an increase of $4 per day, a 4 percent increase would be an increase of $5 per day, and a 5 percent increase would be an increase of $6 per day.

In response to a question from Commissioner Wanzek, the legislative budget analyst and auditor said the estimated cost of a $5 or $10 increase in the compensation for regular, special, or organizational sessions is approximately $88,000 or $176,000, respectively.

Commissioner Wanzek said it is difficult to consider increases in the legislative compensation levels because he is running for the Senate.

Chairman Axtman said the commission needs to consider the members of the Legislative Assembly and not just perceptions among voters.

Commissioner Mahoney said it is also difficult for him to consider increases in legislative compensation because he is also running for the Senate. He said legislative compensation needs to be a level that allows all individuals to run for the positions. He said the health insurance benefit provided by the state is a large benefit to members of the Legislative Assembly. He said a modest increase of 4 percent for compensation for regular, special, or organizational sessions would not be out of line.

It was moved by Commissioner Kinnoin, seconded by Commissioner Christopherson, and carried on a roll call vote that the Legislative Compensation Commission recommend a 4 percent, or $5 per day, increase in compensation for regular, special, or organizational sessions, from $125 to $130 per day. Commissioners Axtman, Christopherson, Kinnoin, Mahoney, and Wanzek voted "aye." No negative votes were cast.

Chairman Axtman said the current state mileage expense reimbursement for regular, special, or organizational sessions and interim meetings is 37.5 cents per mile. He said the rate was last increased in 2005 from 31 cents to 37.5 cents per mile.

In response to questions from Commissioner Wanzek, the legislative budget analyst and auditor said any change in the state mileage reimbursement would affect state agencies; however, state employees are encouraged to use the Department of Transportation Fleet Services vehicles rather than receive reimbursement for using their own vehicles. He said the estimated biennial impact for the legislative branch of increasing the state mileage reimbursement rate by 7 cents, from 37.5 cents to 44.5 cents per mile, is approximately $116,600.

In response to a question from Commissioner Axtman, the legislative budget analyst and auditor said the estimated biennial impact for the legislative branch of increasing the state mileage reimbursement rate by 5 cents, from 37.5 cents to 42.5 cents per mile, is approximately $83,000.

In response to questions from Commissioner Wanzek, the legislative budget analyst and auditor said the Governor's executive budget could include a recommendation for an increase in the state mileage reimbursement rate. He said the Constitution of North Dakota provides that legislators must be reimbursed at the same rate for meals, lodging, and mileage as other state employees.

In response to a question from Commissioner Kinnoin, the legislative budget analyst and auditor said the legislative branch has used technology on occasion to hold interim meetings; however, most members of interim committees prefer to meet face to face.

It was moved by Commissioner Mahoney, seconded by Commissioner Christopherson, and carried on a roll call vote that the Legislative Compensation Commission recommend a 5-cent increase in the state mileage reimbursement rate, from 37.5 cents to 42.5 cents per mile. Commissioners Axtman, Christopherson, Kinnoin, Mahoney, and Wanzek voted "aye." No negative votes were cast.

The commission discussed other legislative compensation and reimbursement levels, including compensation during term of office, compensation for interim meetings, additional compensation for committee chairmen and majority and minority leaders, and lodging expense reimbursement and recommended no changes for those areas of compensation and expense reimbursement.

Chairman Axtman requested the staff of the Legislative Council prepare a report and bill drafts incorporating the commission's recommendations and submit the report and the recommended bill drafts to the 2007 Legislative Assembly.

The meeting was adjourned sine die at 11:04 a.m.

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Roxanne Woeste
Senior Fiscal Analyst

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Jim W. Smith
Legislative Budget Analyst and Auditor

ATTACH:1