

Minutes of the

LEGISLATIVE COMPENSATION COMMISSION

Tuesday, June 17, 2008
 Roughrider Room, State Capitol
 Bismarck, North Dakota

Mr. Charles Axtman, Chairman, called the meeting to order at 1:00 p.m.

Members present: Charles Axtman, Richard Brown, Meyer Kinnoin, John Mahoney, Margaret Sitte

BACKGROUND INFORMATION

The Legislative Council staff presented a memorandum entitled [Legislative Compensation Commission - Background Memorandum](#). The memorandum provides information on statutory provisions relating to the Legislative Compensation Commission, the history of the Legislative Compensation Commission, and recent recommendations of the Legislative Compensation Commission. The Legislative Council staff said North Dakota Century Code (NDCC) Section 54-03-19.1 provides that the Legislative Compensation Commission:

- 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.

The Legislative Council staff said NDCC 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 Expenses](#) regarding the history of legislative compensation and expense reimbursement rates in North Dakota, additional compensation, current compensation rates and reimbursements, and Legislative Assembly 2005-07 biennium expenditures and 2007-09 biennium appropriations. The following schedule summarizes increases in legislative compensation and expense reimbursement rates from 1889 to 2008:

| 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 | | | | \$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 |
| 2007 | \$130 | | | \$900 | \$364 | \$104.00 ⁷ |
| 2008 | \$135 | | | \$900 | \$378 | \$108.00 ⁷ |
| 2009 | | | | | | \$135.00 ⁷ |

¹Section 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.

²Section 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.

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

⁴Section 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.

⁵House 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.

⁶The 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.

⁷In 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 2007 Legislative Assembly made the following legislative compensation changes:

- Increased legislators' daily pay during legislative sessions by 4 percent for the first year of the 2007-09 biennium from \$125 to \$130 per day and by 3.85 percent for the second year of the biennium from \$130 to \$135 per day.
- Increased monthly compensation during each legislator's term of office by 4 percent for the first year of the 2007-09 biennium from \$350 to \$364 and by 3.85 percent for the second year of the biennium from \$364 to \$378.
- Increased the interim compensation rate by 4 percent for the first year of the 2007-09 biennium from \$100 to \$104 per day and by

3.85 percent for the second year of the biennium from \$104 to \$108. The 2007 Legislative Assembly also increased the compensation rate to \$135 per day beginning July 1, 2009.

- Increased the additional monthly compensation for majority and minority leaders of the House and Senate and chairman of the Legislative Council, if not a majority or minority leader, by 4 percent for the first year of the 2007-09 biennium from \$250 to \$260 and by 3.85 percent for the second year of the biennium from \$260 to \$270.

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

| | |
|--|--|
| <p>Compensation for Regular, Special, or Organizational Sessions Salary (Section 54-03-20)</p> | <p>\$130 per calendar day (\$135 per calendar day effective July 1, 2008)</p> |
| <p>Additional compensation (Section 54-03-10) Speaker of the House House majority leader Senate majority leader House minority leader Senate minority leader Chairmen of substantive standing committees House assistant majority leader Senate assistant majority leader House assistant minority leader Senate assistant minority leader</p> | <p>\$10 per calendar day \$10 per calendar day \$10 per calendar day \$10 per calendar day \$10 per calendar day \$5 per calendar day \$5 per calendar day \$5 per calendar day \$5 per calendar day \$5 per calendar day</p> |
| <p>Expense Reimbursement for Regular, Special, or Organizational Sessions Lodging expenses (Sections 44-08-04 and 54-03-20)</p> | <p>\$55 plus tax per calendar day up to \$900 per month for legislators who reside outside Bismarck and Mandan</p> |
| <p>Mileage (Sections 54-03-20 and 54-06-09)</p> | <p>Forty-five cents per mile for legislators who reside outside of Bismarck 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.</p> |
| <p>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)</p> | <p>\$364 per month (\$378 per month effective July 1, 2008)</p> |
| <p>Additional compensation for majority and minority leaders and Legislative Council chairman (Section 54-03-20)</p> | <p>\$260 per month (\$270 per month effective July 1, 2008)</p> |
| <p>Compensation for Interim Meetings Compensation for attendance at meetings of the Legislative Council and its committees (Section 54-35-10)</p> | <p>\$104 per day (\$108 per day effective July 1, 2008, and \$135 per day effective July 1, 2009)</p> |
| <p>Additional compensation Council chairman (Section 54-35-10) Committee chairmen (Section 54-35-10)</p> | <p>\$5 per day \$5 per day</p> |

| | |
|---|---|
| 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 \$55 per day, plus any applicable state or local taxes in state; actual expenses for out-of-state travel |
| Mileage (Section 54-06-09) | Forty-five 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 |

The Legislative Council staff presented a memorandum entitled [Legislative Compensation Increases Compared to Inflation and State Employee Salary Increases - 1981 Through 2008](#). The following

schedule compares legislative compensation rates effective July 1, 2008, to 1981 rates adjusted annually for inflation and percentage salary increases provided to state employees:

| | Actual 2008 Compensation Rates | 1981 Compensation Rates Adjusted for Inflation | 1981 Compensation Rates Adjusted for Salary Increases Provided to State Employees |
|--|--------------------------------|--|---|
| Interim daily compensation | \$108 | \$147.76 | \$133.67 |
| Session daily compensation | \$135 | \$212.78 | \$192.44 |
| Monthly compensation during term of office | \$378 | \$425.65 | \$384.95 |

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.

It was moved by Commissioner Brown, seconded by Commissioner Kinnoin, and carried on a roll call vote that the motion be amended to provide that the Legislative Compensation Commission recommend a 4 percent, or \$15, increase in legislators' monthly compensation from \$378 to \$393 effective July 1, 2009. Commissioners Axtman, Brown, Kinnoin, Mahoney, and Sitte voted "aye." No negative votes were cast.

COMMISSION DISCUSSION AND STAFF DIRECTIVES

The Legislative Council staff distributed testimony from Mr. Rudie Martinson, Executive Director, North Dakota Hospitality Association, and Mr. Bill Shalhoob, Managing Partner, Select Inn, Bismarck. Both Mr. Martinson and Mr. Shalhoob requested an increase in the maximum monthly lodging reimbursement allowed during legislative sessions from \$900 to \$1,200. A copy of the testimony is on file in the Legislative Council office.

The motion as amended was carried on a roll call vote. Commissioners Axtman, Brown, Kinnoin, Mahoney, and Sitte voted "aye." No negative votes were cast.

Chairman Axtman said the 2007 Legislative Assembly increased legislators' daily pay during legislative sessions from \$125 to \$130 per day effective August 1, 2007, and from \$130 to \$135 per day effective July 1, 2008. He said the 2007 Legislative Assembly also increased the interim compensation rate from \$100 to \$104 per day effective August 1, 2007, from \$104 to \$108 per day effective July 1, 2008, and from \$108 to \$135 per day effective July 1, 2009.

Chairman Axtman said the 2007 Legislative Assembly increased monthly compensation during each legislator's term of office from \$350 to \$364 effective August 1, 2007, and from \$364 to \$378 effective July 1, 2008.

It was moved by Commissioner Sitte and seconded by Commissioner Mahoney that the Legislative Compensation Commission recommend no change for the monthly compensation during each legislator's term of office.

In response to a question from Commissioner Brown, Chairman Axtman said the Legislative Compensation Commission's recommendation for legislators' daily pay during legislative sessions would be effective for the 2011 legislative session unless the commission would recommend that the increase be applied retroactively to January 1, 2009.

Commissioner Sitte said an increase in legislators' daily session pay and compensation for each day attending interim meetings would be more appropriate.

Commissioner Mahoney said the actual 2008 compensation rate for legislators' daily pay during legislative sessions appears to be low compared to the 1981 compensation rate adjusted for inflation. He said an inflationary increase in this area may be appropriate.

Commissioner Brown said legislators are asked to attend several meetings for which they are not compensated such as city council and county commission meetings. He said an inflationary increase in legislators' monthly compensation would be appropriate to compensate for these meetings.

It was moved by Commissioner Sitte, seconded by Commissioner Kinnoin, and carried on a roll call vote that the Legislative Compensation Commission recommend a \$5 per day increase in legislators' daily pay during legislative sessions from \$135 to \$140 and a \$5 per day increase in the interim compensation rate from \$135 to \$140 per day effective July 1, 2009. Commissioners

Commissioner Mahoney said an inflationary increase for legislators' monthly compensation may be appropriate.

Axtman, Brown, Kinnoin, Mahoney, and Sitte voted "aye." No negative votes were cast.

In response to questions from Chairman Axtman, the Legislative Council staff said the current state mileage expense reimbursement rate is 45 cents per mile. The rate was last increased in 2007 from 37.5 cents to 45 cents per mile. The current federal mileage expense reimbursement rate is 50.5 cents per mile.

In response to a question from Commissioner Brown, the Legislative Council staff said any change in the state mileage expense reimbursement rate 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.

In response to a question from Chairman Axtman, the Legislative Council staff 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.

Chairman Axtman suggested the state mileage expense reimbursement rate be tied to the federal mileage expense reimbursement rate.

In response to a question from Commissioner Brown, the legislative budget analyst and auditor said tying the state mileage expense reimbursement rate to the federal mileage expense reimbursement rate may make it difficult for state agencies to budget for mileage reimbursement since the federal rate may change a number of times during a budgeting period.

It was moved by Commissioner Brown, seconded by Commissioner Sitte, and carried on a roll call vote that the Legislative Compensation Commission recommend the state mileage expense reimbursement rate be tied to the federal mileage expense reimbursement rate. Commissioners Axtman, Brown, Kinnoin, Mahoney, and Sitte voted "aye." No negative votes were cast.

It was moved by Commissioner Sitte, seconded by Commissioner Kinnoin, and carried on a roll call vote that the Legislative Compensation Commission recommend the maximum monthly lodging reimbursement allowed during legislative sessions be increased from \$900 to \$1,000 per month effective January 1, 2009. Commissioners Axtman, Brown, Kinnoin, Mahoney, and Sitte voted "aye." No negative votes were cast.

MEETING WITH LEGISLATIVE MANAGEMENT COMMITTEE

The commission attended the meeting of the Legislative Management Committee.

At the request of Representative Al Carlson, Chairman, Legislative Management Committee, Chairman Axtman addressed the committee. He said the commission has discussed the duties of the Legislative Compensation Commission and reviewed background information regarding legislative compensation and expense reimbursement. He said the commission has made the following

recommendations relating to legislative compensation and expense reimbursement:

- Increase each legislator's monthly compensation during term of office by 4 percent, or \$15, from \$378 to \$393 effective July 1, 2009.
- Increase legislators' daily pay during legislative sessions from \$135 to \$140 per day and the interim meeting compensation rate from \$135 to \$140 per day effective July 1, 2009.
- Tie the state mileage expense reimbursement rate to the federal mileage expense reimbursement rate.
- Increase the maximum monthly lodging reimbursement allowed during legislative sessions from \$900 to \$1,000 per month effective January 1, 2009.

Representative Carlson suggested the Legislative Compensation Commission also consider an increase in the daily lodging expense reimbursement rate of \$55 per night plus tax.

COMMISSION DISCUSSION AND STAFF DIRECTIVES

The commission returned to its discussion regarding legislative compensation.

In response to a question from Chairman Axtman, the Legislative Council staff said the state daily lodging expense reimbursement rate is \$55 per night plus tax. The rate was last increased in 2007 from \$50 to \$55 per night plus tax.

It was moved by Commissioner Brown, seconded by Commissioner Kinnoin, and carried on a roll call vote that the Legislative Compensation Commission recommend the state daily lodging reimbursement rate be increased from \$55 plus tax to \$60 plus tax per night. Commissioners Axtman, Brown, Kinnoin, and Sitte voted "aye." No negative votes were cast.

Commissioner Sitte said the testimony provided by Mr. Martinson and Mr. Shalhoob provides that the average daily revenue rate for lodging in Bismarck and Mandan was \$63.30 in 2007.

Chairman Axtman requested the staff of the Legislative Council prepare the commission's report and a bill draft incorporating the commission's recommendations and submit the report and the recommended bill draft to the 2009 Legislative Assembly.

The meeting adjourned sine die at 2:35 p.m.

Roxanne Woeste
Assistant Legislative Budget Analyst and Auditor

Allen H. Knudson
Legislative Budget Analyst and Auditor