

**HOUSE BILL NO. 1464**

Introduced by

Representatives N. Johnson, Berg, Boe

Senators Klein, Wanzek

1 A BILL for an Act to amend and reenact section 54-12-08, subsection 14 of section 54-44.3-20,  
2 section 54-57-01, subsection 1 of section 54-57-03, sections 65-01-16, 65-02-01, 65-02-03.3,  
3 65-02-06, 65-02-22, 65-02-33, 65-04-19.3, and 65-04-32, subdivision b of subsection 3 of  
4 section 65-05-29, and subsection 2 of section 65-05.1-08 of the North Dakota Century Code,  
5 relating to attorney general representation of workforce safety and insurance, the workforce  
6 safety and insurance board, workforce safety and insurance administrative hearings, and  
7 workforce safety and insurance personnel; and to repeal sections 65-02-01.2 and 65-02-34 of  
8 the North Dakota Century Code, relating to the workforce safety and insurance personnel  
9 system and spending authority.

10 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

11 **SECTION 1. AMENDMENT.** Section 54-12-08 of the North Dakota Century Code is  
12 amended and reenacted as follows:

13 **54-12-08. Assistant and special assistant attorneys general - Appointment -**  
14 **Revocation - Compensation.** After consultation with the head of the state department or  
15 institution or with the state board, commission, committee, or agency affected, the attorney  
16 general may appoint assistant or special assistant attorneys general to represent the state  
17 board, commission, committee, or agency. A state officer, head of any state department,  
18 whether elected or appointed, or state department, board, commission, committee, or agency  
19 may not employ legal counsel, and no person may act as legal counsel in any matter, action, or  
20 proceeding in which the state or any state department, board, commission, committee, or  
21 agency is interested or is a party, except upon written appointment by the attorney general.  
22 ~~Workforce safety and insurance, the~~ The department of transportation, the state tax  
23 commissioner, the public service commission, the insurance commissioner, the board of higher  
24 education, and the securities commissioner may employ attorneys to represent them. These

1 entities shall pay the salaries and expenses of the attorneys they employ within the limits of  
2 legislative appropriations. The attorneys that represent these entities must be special assistant  
3 attorneys general appointed by the attorney general pursuant to this section. Absent good  
4 cause, the attorney general shall appoint as special assistant attorneys general licensed  
5 attorneys selected by these entities. The attorney general may revoke the appointment only for  
6 good cause or upon the request of the entity. Good cause means an inadequate level of  
7 experience, competence, or ethical standards. The powers conferred upon special assistant  
8 attorneys general are the same as are exercised by the regular assistant attorneys general,  
9 unless the powers are limited specifically by the terms of the appointment. Except as otherwise  
10 provided by this section, an appointment is revocable at the pleasure of the attorney general.  
11 The appointment may be made with or without compensation, and when compensation is  
12 allowed by the attorney general for services performed, the compensation must be paid out of  
13 the funds appropriated therefor. The attorney general may require payment for legal services  
14 rendered by any assistant or special assistant attorney general to any state official, board,  
15 department, agency, or commission and those entities shall make the required payment to the  
16 attorney general. Moneys received by the attorney general in payment for legal services  
17 rendered must be deposited into the attorney general's operating fund. General fund moneys  
18 may not be utilized for the payment of legal services provided by the attorneys employed by the  
19 attorney general, except for those payments required of the department of human services,  
20 state department of health, and the state hospital.

21 **SECTION 2. AMENDMENT.** Subsection 14 of section 54-44.3-20 of the North Dakota  
22 Century Code is amended and reenacted as follows:

23 14. Officers ~~and employees~~ of workforce safety and insurance.

24 **SECTION 3. AMENDMENT.** Section 54-57-01 of the North Dakota Century Code is  
25 amended and reenacted as follows:

26 **54-57-01. Office of administrative hearings - Agency defined - Administrative**  
27 **agency defined.**

- 28 1. A state office of administrative hearings is created.
- 29 2. The office is under the direction of a director of administrative hearings who must  
30 be free of any association that would impair the director's ability to function officially  
31 in a fair and objective manner. The director must be an attorney at law in good

1 standing, admitted to the bar in this state, and currently licensed by the state board  
2 of law examiners. The director of administrative hearings must be appointed by  
3 the governor and confirmed by the senate and shall hold office for a term of six  
4 years, the term beginning July first of the year of appointment and ending June  
5 thirtieth of the sixth calendar year after appointment.

6 3. The director of administrative hearings may preside as an administrative law judge  
7 at administrative hearings and may employ or appoint additional administrative law  
8 judges to serve in the office as necessary to fulfill the duties of office as described  
9 in section 54-57-04 and section 28-32-31 and to provide administrative law judges  
10 to preside at administrative hearings as requested by agencies. The director of  
11 administrative hearings may employ or appoint only such additional administrative  
12 law judges who are attorneys at law in good standing, admitted to the bar in the  
13 state, and currently licensed by the state board of law examiners. Administrative  
14 law judges employed by the director before August 1, 1995, need not be attorneys  
15 at law and may be designated by the director to preside at any administrative  
16 proceedings or adjudicative proceedings under section 54-57-03. The director may  
17 delegate to an employee the exercise of a specific statutory power or duty as  
18 deemed advisable, subject to the director's control, including the powers and duties  
19 of a deputy director. All administrative law judges must be classified employees,  
20 except that the director of administrative hearings must be an unclassified  
21 employee who only may be removed, during a term of office, for cause. Each  
22 administrative law judge must have a demonstrated knowledge of administrative  
23 practices and procedures and must be free of any association that would impair the  
24 person's ability to function officially in a fair and objective manner.

25 4. The director of administrative hearings may employ the necessary support staff  
26 required by the office. Support staff must be classified employees.

27 5. The director of administrative hearings shall develop categories of positions in the  
28 classified service under class titles for the appointment or employment of  
29 administrative law judges and support staff in consultation with and approved by  
30 the director of North Dakota human resource management services, including the  
31 salary to be paid for each position or category of position.

1           6. Before July first of the first year of each biennium, the director shall file a report  
2           with the governor and the state advisory council for administrative hearings. The  
3           report must provide information regarding all administrative hearings conducted by  
4           the office of administrative hearings during the previous biennium. The report must  
5           provide information regarding meeting case processing guidelines for each agency,  
6           the cost of hearings for each agency, the decisions issued for each agency, and  
7           the results of the office of administrative hearings' service survey.

8           7. In this chapter, unless the context or subject matter otherwise requires, "agency"  
9           means each board, bureau, commission, department, or other administrative unit  
10          of the executive branch of state government whether headed by an appointed or  
11          elected official.

12         ~~7.~~ 8. In this chapter, unless the context or subject matter otherwise requires,  
13          "administrative agency" means that term as defined in section 28-32-01.

14                 **SECTION 4. AMENDMENT.** Subsection 1 of section 54-57-03 of the North Dakota  
15 Century Code is amended and reenacted as follows:

16           1. Notwithstanding the authority granted in chapter 28-32 allowing agency heads or  
17           other persons to preside in an administrative proceeding, all adjudicative  
18           proceedings of administrative agencies under chapter 28-32, except those of the  
19           public service commission, the industrial commission, the insurance commissioner,  
20           ~~workforce safety and insurance~~, the state engineer, the department of  
21           transportation, job service North Dakota, and the labor commissioner, must be  
22           conducted by the office of administrative hearings in accordance with the  
23           adjudicative proceedings provisions of chapter 28-32 and any rules adopted  
24           pursuant to chapter 28-32. But, appeals hearings pursuant to section 61-03-22  
25           and drainage appeals from water resource boards to the state engineer pursuant to  
26           chapter 61-32 must be conducted by the office of administrative hearings.  
27           Additionally, hearings of the department of corrections and rehabilitation for the  
28           parole board in accordance with chapter 12-59, regarding parole violations; job  
29           discipline and dismissal appeals to the board of higher education; Individuals With  
30           Disabilities Education Act and section 504 due process hearings of the  
31           superintendent of public instruction; and chapter 37-19.1 veterans' preferences

1           hearings for any agency must be conducted by the office of administrative hearings  
2           in accordance with applicable laws.

3           **SECTION 5. AMENDMENT.** Section 65-01-16 of the North Dakota Century Code is  
4 amended and reenacted as follows:

5           **65-01-16. Decisions by organization - Disputed decisions.** The following  
6 procedures must be followed in claims for benefits, notwithstanding any provisions to the  
7 contrary in chapter 28-32:

- 8           1. The organization shall send a copy of each initial claim form filed with the  
9           organization to the claimant's employer, by regular mail, along with a form for the  
10           employer's response, if the employer's response has not been filed at the time the  
11           claim is filed. Failure of the employer to file a response within fourteen days from  
12           the day the response form was mailed to the employer constitutes the employer's  
13           admission that the information in the claim form is correct.
- 14           2. The organization may conduct a hearing on any matter within its jurisdiction by  
15           informal internal review of the information of record.
- 16           3. The organization may issue a notice of decision for any decision made by informal  
17           internal review and shall serve the notice of decision on the parties by regular mail.  
18           A notice of decision must include a statement of the decision, a short summary of  
19           the reason for the decision, and notice of the right to reconsideration.
- 20           4. A party has thirty days from the day the notice of decision was mailed by the  
21           organization in which to file a written request for reconsideration. The request  
22           must state the alleged errors in the decision and the relief sought. The request  
23           may be accompanied by additional evidence not previously submitted to the  
24           organization. The organization shall reconsider the matter by informal internal  
25           review of the information of record. Absent a timely and sufficient request for  
26           reconsideration, the notice of decision is final and may not be reheard or appealed.
- 27           5. Within sixty days after receiving a request for reconsideration, the organization  
28           shall serve on the parties by regular mail a notice of decision reversing the  
29           previous decision or, in accordance with the North Dakota Rules of Civil  
30           Procedure, an administrative order that includes its findings, conclusions, and  
31           order. The organization may serve an administrative order on any decision made

1 by informal internal review without first issuing a notice of decision and receiving a  
2 request for reconsideration.

3 6. A party has thirty days from the date of service of an administrative order in which  
4 to file a request for assistance from the office of independent review under section  
5 65-02-27.

6 7. A party has thirty days, from the date of service of an administrative order or from  
7 the day the office of independent review mails its notice that the office's assistance  
8 is complete, in which to file a written request for rehearing. The request must  
9 specifically state each alleged error of fact and law to be reheard and the relief  
10 sought. Absent a timely and sufficient request for rehearing, the administrative  
11 order is final and may not be reheard or appealed.

12 8. Rehearings must be conducted as hearings under chapter 28-32 to the extent the  
13 provisions of that chapter do not conflict with this section. The organization may  
14 arrange for the designation of hearing officers to conduct rehearings and issue  
15 recommended findings, conclusions, and orders. In reviewing recommended  
16 findings, conclusions, and orders, the organization may consult with its legal  
17 counsel representing it in the proceeding.

18 9. ~~Within sixty days after receiving the recommended findings, conclusions, and~~  
19 ~~order, the organization shall serve on the parties, in accordance with the North~~  
20 ~~Dakota Rules of Civil Procedure, its findings, conclusions, and posthearing~~  
21 ~~administrative order.~~

22 40. A party may appeal a posthearing administrative order to district court in  
23 accordance with chapter 65-10. Chapter 65-10 does not preclude the organization  
24 from appealing to district court a final order issued by a hearing officer under this  
25 title.

26 44. 10. Any notice of decision, administrative order, or posthearing administrative order is  
27 subject to review and reopening under section 65-05-04.

28 42. ~~This section is effective for all orders and decisions on all claims regardless of the~~  
29 ~~date of injury or the date the claim was filed.~~

30 **SECTION 6. AMENDMENT.** Section 65-02-01 of the North Dakota Century Code is  
31 amended and reenacted as follows:

1           **65-02-01. Workforce safety and insurance - Director - Division directors.** The  
2 organization must be maintained for the administration of this title. ~~The board shall appoint the~~  
3 ~~director of the organization. The director is subject to the supervision and direction of the board~~  
4 ~~and serves at the pleasure of the board.~~ The director may appoint the director of any division  
5 established by the director. The appointment of a division director must be on a nonpartisan,  
6 merit basis.

7           **SECTION 7. AMENDMENT.** Section 65-02-03.3 of the North Dakota Century Code is  
8 amended and reenacted as follows:

9           **65-02-03.3. Board - Powers and duties.** ~~The board may authorize the organization to~~  
10 ~~transfer moneys between line items within the organization's budget.~~ The board shall:

- 11           1. ~~Appoint a director on a nonpartisan, merit basis.~~
- 12           2. ~~Set the compensation of the director.~~
- 13           3. ~~Ensure a proper response to any audit recommendations.~~
- 14           4. ~~Present an annual report to the legislative audit and fiscal review committee. The~~  
15 ~~report must be presented by the chairman of the board and the director.~~
- 16           5. ~~Prepare, with the assistance of the organization, an organization budget, beginning~~  
17 ~~with the July 1, 1999, through June 30, 2001, biennium. The organization shall~~  
18 ~~present the budget to the governor for inclusion in the governor's budget. If the~~  
19 ~~governor makes adjustments to the budget, the board may concur in the~~  
20 ~~adjustments or may present testimony to the appropriations committees of the~~  
21 ~~legislative assembly, requesting amendments to the budget to remove adjustments~~  
22 ~~made by the governor. The deadline for submission of the budget is the same as~~  
23 ~~the deadline for all executive agencies.~~
- 24           6. Assist the organization in developing and submitting a budget, responding to any  
25 audit recommendations, formulating policies, and discussing ~~problems~~ issues  
26 related to the administration of the organization, including the determination of  
27 employer premium rates, maintenance of the solvency of the workforce safety and  
28 insurance fund, and provision of rehabilitation services, while ensuring impartiality  
29 and freedom from political influence.
- 30           7. ~~2.~~ Incorporate Recommend principles of continuous improvement goalsetting, a  
31 procedure for implementing a team-oriented continuous improvement program

1 throughout all operations of the organization. The program must include a number  
2 of challenging, measurable goals to ensure the organization maintains focus on  
3 improving those areas most important to its primary mission.

4 ~~8.~~ 3. Adopt internal management rules creating bylaws for the board and relating to the  
5 election of a board chairman, formation of committees, ~~replacement of departing~~  
6 ~~members~~, voting procedures, and other procedural matters.

7 **SECTION 8. AMENDMENT.** Section 65-02-06 of the North Dakota Century Code is  
8 amended and reenacted as follows:

9 **65-02-06. Expenditures by organization from fund - Employment of full-time**  
10 **special assistant attorneys general authorized.** The organization may make necessary  
11 expenditures to obtain statistical and other information required for the proper enforcement of  
12 this title. The salaries and compensation of the director of the organization and of all  
13 employees of the organization, and all other authorized expenses of the organization, including  
14 the premium on the bond required of the state treasurer under section 65-04-30, must be paid  
15 out of the fund. The organization ~~may employ duly appointed special assistant attorneys~~  
16 ~~general and shall~~ pay from the fund the entire salary of each special assistant attorney general  
17 assigned to the organization by the attorney general.

18 **SECTION 9. AMENDMENT.** Section 65-02-22 of the North Dakota Century Code is  
19 amended and reenacted as follows:

20 **65-02-22. Hearing officer - Qualifications - Location.** A hearing officer designated  
21 by the ~~organization~~ office of administrative hearings under chapter 28-32 must be ~~a person an~~  
22 individual licensed to practice law in this state. A hearing officer ~~designated by the organization~~  
23 may not maintain an office within the organization ~~from which the hearing officer conducts daily~~  
24 ~~business. This section does not preclude a hearing held pursuant to chapter 28-32 from being~~  
25 ~~held within the organization.~~

26 **SECTION 10. AMENDMENT.** Section 65-02-33 of the North Dakota Century Code is  
27 amended and reenacted as follows:

28 **65-02-33. Occupational health and preventive medicine programs - Continuing**  
29 **appropriation.** ~~Upon approval of the board, the~~ The organization may establish and implement  
30 programs to advance occupational health and preventive medicine in this state and to protect  
31 the integrity of the fund. These programs may include the provision of education or training,

1 consultation, grants, scholarships, or other incentives that promote superior care and treatment  
2 of the workforce in this state. Funds in the workforce and insurance fund are appropriated to  
3 the organization on a continuing basis for the purpose of funding the programs implemented  
4 under this section.

5 **SECTION 11. AMENDMENT.** Section 65-04-19.3 of the North Dakota Century Code is  
6 amended and reenacted as follows:

7 **65-04-19.3. Premium calculation programs - Authority.** ~~Upon approval of its board~~  
8 ~~of directors, the~~ The organization may create and implement actuarially sound employer  
9 premium calculation programs, including dividends, group insurance, premium deductibles, and  
10 reimbursement for medical expense assessments. Programs created or modified under this  
11 section are not subject to title 28-32 and may include requirements or incentives for the early  
12 reporting of injuries. An employer with a deductible policy under this section, who chooses to  
13 pursue a third-party action under section 65-01-09 after an injured worker and the organization  
14 have chosen not to pursue the third-party action, may keep one hundred percent of the  
15 recovery obtained, regardless of the expense incurred in covering the injury and regardless of  
16 any contrary provision in section 65-01-09. If the employer pursues the third-party action  
17 pursuant to this section, neither the organization nor the injured worker has any liability for  
18 sharing in the expense of bringing that action.

19 **SECTION 12. AMENDMENT.** Section 65-04-32 of the North Dakota Century Code is  
20 amended and reenacted as follows:

21 **65-04-32. Decisions by organization - Disputed decisions.** Notwithstanding any  
22 provisions to the contrary in chapter 28-32, the following procedures apply when the  
23 organization issues a decision under this chapter or section 65-05-07.2:

- 24 1. The organization may issue a notice of decision based on an informal internal  
25 review of the record and shall serve notice of the decision on the parties by regular  
26 mail. The organization shall include with the decision a notice of the employer's  
27 right to reconsideration.
- 28 2. An employer has thirty days from the date of service to file a written petition for  
29 reconsideration. The request must state specifically the alleged errors in the  
30 decision and the relief sought. The request may be accompanied by additional  
31 evidence not previously submitted to the organization. The organization shall

- 1 reconsider the matter by informal internal review of the information of record.  
2 Absent a timely and sufficient request for reconsideration, the notice of decision is  
3 final and may not be reheard or appealed.
- 4 3. Within sixty days after receiving a petition for reconsideration, unless settlement  
5 negotiations are ongoing, the organization shall serve on the parties by certified  
6 mail an administrative order including its findings of fact, conclusions of law, and  
7 order, in response to the petition for reconsideration.
- 8 4. A party has thirty days from the date of service of an administrative order to file a  
9 written request for rehearing. The request must state specifically each alleged  
10 error of fact and law to be reheard and the relief sought. Absent a timely and  
11 sufficient request for rehearing, the administrative order is final and may not be  
12 reheard or appealed.
- 13 5. Rehearings must be conducted as hearings under chapter 28-32 to the extent that  
14 chapter does not conflict with this section. ~~The organization may arrange for the~~  
15 ~~designation of hearing officers to conduct rehearings and issue recommended~~  
16 ~~findings of fact, conclusions of law, and orders. In reviewing recommended~~  
17 ~~findings, conclusions, and orders, the organization may consult with its legal~~  
18 ~~counsel representing it in the proceeding.~~
- 19 6. ~~Within sixty days after receiving the administrative law judge's recommended~~  
20 ~~findings of fact, conclusions of law, and order, the organization shall serve on the~~  
21 ~~parties, in accordance with the North Dakota Rules of Civil Procedure, its findings,~~  
22 ~~conclusions, and posthearing administrative order.~~
- 23 7. An employer may appeal a posthearing administrative order to district court in  
24 accordance with chapter 65-10. Chapter 65-10 does not preclude the organization  
25 from appealing to district court a final order issued by a hearing officer under this  
26 title.

27 **SECTION 13. AMENDMENT.** Subdivision b of subsection 3 of section 65-05-29 of the  
28 North Dakota Century Code is amended and reenacted as follows:

- 29 b. An adjudication by the organization or by order of ~~the board or~~ any court, if  
30 the final decision is that the payment was made under an erroneous  
31 adjudication, in which cases the recipient shall repay it or recoupment of any

1                   unpaid amount may be made from any future payments due to the recipient  
2                   on any claim with the organization;

3                   **SECTION 14. AMENDMENT.** Subsection 2 of section 65-05.1-08 of the North Dakota  
4 Century Code is amended and reenacted as follows:

5                   2.    The total amount loaned annually under this section may not exceed two million  
6                   five hundred thousand dollars. The maximum amount payable on behalf of an  
7                   applicant may not exceed fifty thousand dollars and must be payable within five  
8                   years. A loan must be repaid within a period not to exceed twenty years. A loan  
9                   must be repaid at an interest rate established by the organization which may not  
10                  exceed the rate of one percent below the Bank of North Dakota's prime interest  
11                  rate. The organization shall pay the Bank of North Dakota a negotiated fee for  
12                  administering and servicing loans under this section. At the ~~board's~~ organization's  
13                  discretion, moneys to establish and maintain the revolving loan fund must be  
14                  appropriated from the organization's workforce safety and insurance fund. The  
15                  revolving loan fund is a special fund and must be invested pursuant to section  
16                  21-10-06. Investment income and collections of interest and principal on loans  
17                  made from the revolving loan fund are appropriated on a continuing basis to  
18                  maintain the fund and provide loans in accordance with this section. The ~~board~~  
19                  organization, as determined necessary, may transfer uncommitted moneys of the  
20                  revolving loan fund to the workforce safety and insurance fund.

21                  **SECTION 15. REPEAL.** Sections 65-02-01.2 and 65-02-34 of the North Dakota  
22 Century Code are repealed.