

MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION
SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

1135

2001 HOUSE FINANCE AND TAXATION

HB 1135

2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1135

House Finance and Taxation Committee

Conference Committee

Hearing Date January 16, 2001

Tape Number	Side A	Side B	Meter #
Did not record -Tape Recorder did not work			
Committee Clerk Signature <i>Jamie Stein</i>			

Minutes:

REP. AL CARLSON, CHAIRMAN Opened the hearing with one committee member absent.

REP. ROBIN WEISZ, Introduced the bill relating to limitations on the levy by counties for comprehensive health care insurance programs. He stated this bill would combine funds that are existing. It would help counties deal with the same issues we do.

REP. BRANDENBURG Asked if this was insurance for the county.

REP. WEISZ Stated it would allow them to buy a four mill fund, it will allow them flexibility.

TERRY TRAYNOR, ASS'T. DIRECTOR OF THE ASSOCIATION OF COUNTIES

Testified in support of the bill. See attached written testimony.

REP. KROEBER The counties don't have to pay anything

TERRY TRAYNOR That's true, there are only three or four OASIS people surviving, we are obligated to retain that.

REP. CARLSON Stated the ones benefiting the most would be the smaller counties.

TERRY TRAYNOR That is correct.

REP. CARLSON We are just allowing them to do this.

TERRY TRAYNOR Yes - From 1984 - 1997 any levy that was at its cap could grow. It tracked the consumer index set by the legislature. Since 1997, there has been no growth. The only way it would grow is with new property brought in.

SHIRLEY A. MURRAY, SHERIDAN COUNTY AUDITOR, Testified in support of the bill. See attached written testimony plus a handout relating to health insurance highlights from the PERS handout and OASIS levy for Sheridan County.

REP. CARLSON Asked what their option would be should this bill not pass.

SHIRLEY MURRAY She stated they cannot raise the mills anymore. The commissioners would have to decide not to pay the insurance.

REP. HERBEL Asked how they have made up the shortfall.

SHIRLEY MURRAY Stated they had some reserves which are slowly depleting.

LARRY HOFFMAN, DICKEY COUNTY AUDITOR, Testified in support of the bill. See attached written testimony. Mr. Hoffman stated, they would still be short even if this bill passes.

REP. CARLSON Asked what a mill was in their levy.

LARRY HOFFMAN \$13,500 He stated, if it wasn't for FEMA, they would be hurting. It is really a concern for the counties.

REP. BRANDENBURG Asked if there is anything that can be done.

LARRY HOFFMAN Stated, the growth factor helps, as long as you can get a 2% increase.

REP. CARLSON Asked whether the county commissioners were in favor of that.

LARRY HOFFMAN They haven't had a chance to discuss it, but he thought they would be.

REP. HERBEL Asked what segment of society picks up the cost.

LARRY HOFFMAN Probably land.

REP. HERBEL Which is now taxed to death.

LARRY HOFFMAN Stated that most schools in the counties had to compete to get good people to employ.

With no further testimony, the hearing was closed.

COMMITTEE ACTION, TAPE # 2, SIDE A, METER #3231

REP. CARLSON Submitted amendments to the bill for the committee members.

Rep. Carlson explained that right now the insurance levy that is levied is only four mills. Most of the counties are at their limit. The bill allows the county to go into that fund to assess costs regarding health care. He explained that the amendments would allow another four mills which would go into the OASIS fund.

MARK JOHNSON , NORTH DAKOTA ASSOCIATION OF COUNTIES, Appeared before the committee to answer any questions they might have.

REP. DROVDAL Made a motion to adopt the amendments as presented.

REP. RENNERFELDT Second the motion. Amendments were adopted by voice vote.

REP. WIKENHEISER Made a motion for a **DO PASS AS AMENDED.**

REP. BRANDENBURG Second the motion. **Motion carried.**

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House Finance and Taxation Committee

Bill/Resolution Number HB 1135

Hearing Date January 16, 2001

12 Yes 2 No 1 Absent

REP. S. KELSH Was given the floor assignment.

Date: 1-23-01
Roll Call Vote #: 1

2001 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. HB 1135

House FINANCE & TAXATION Committee

Subcommittee on _____
or
 Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Pass as amended

Motion Made By Rep Wikenheiser Seconded By Rep Brandenburg

Representatives	Yes	No	Representatives	Yes	No
CARLSON, AL, CHAIRMAN	✓		NICHOLAS, EUGENE	✓	
DROVDAL, DAVID, V-CHAIR	✓		RENNER, DENNIS	✓	
BRANDENBURG, MICHAEL	✓		RENNERFELDT, EARL	✓	
CLARK, BYRON	✓		SCHMIDT, ARLO	✓	
GROSZ, MICHAEL	✓		WIKENHEISER, RAY	✓	
HERBEL, GIL		✓	WINRICH, LONNY	✓	
KELSH, SCOT	✓				
KROEBER, JOE	✓				
LLOYD, EDWARD		✓			

Total (Yes) 12 No 2

Absent 1

Floor Assignment Rep Kelsh

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

REPORT OF STANDING COMMITTEE (410)
January 24, 2001 2:05 p.m.

Module No: HR-12-1512
Carrier: S. Kesh
Insert LC: 10343.0101 Title: .0200

REPORT OF STANDING COMMITTEE

HB 1135: Finance and Taxation Committee (Rep. Carlson, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (12 YEAS, 2 NAYS, 1 ABSENT AND NOT VOTING). HB 1135 was placed on the Sixth order on the calendar.

Page 2, line 11, after the period insert "The portion of the levy under this subsection for comprehensive health care insurance employee benefit programs under section 52-09-08 may not exceed four mills."

Renumber accordingly

2001 SENATE POLITICAL SUBDIVISIONS

HB 1135

2001 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB1135

Senate Political Subdivisions Committee

Conference Committee

Hearing Date February 16, 2001

Tape Number	Side A	Side B	Meter #
1	x		29.4-52.7
March 1, 2001 2	x		5.6-7.0
Committee Clerk Signature <i>Mary Jo Wacker</i>			

Minutes:

The hearing was opened on HB1135; relating to limitations on the levy by counties for comprehensive health care insurance programs.

REP. WEISZ: Spoke in support of HB1135. I introduced this bill on behalf of some of the rural counties to cover the problem they are facing and this is probably particularly a problem in some our smaller counties is that currently you can levy four mills for your health insurance plan for your employees. The fact of it is, is that four mills is not covering the increases of the insurance and are levies aren't not taking care of that because of the size of our counties and the amount of our taxable property, especially when the government comes in and takes some of this property off the road etc. All this bill is going do is allow the counties if they are already maxed out of the four mills that is currently allowed and allow them and use four mills of the oasis fund to take care of the health insurance needs of there employees. I think the reality is if this doesn't pass, there is probably some counties that are going to faced with either drastically cutting back on the

insurance or canceling insurance on their employees. I think this is a good deal. It gives our counties some room to take care of the needs of their employees and I urge a Do Pass on this bill.

TERRY TRAYNOR: Assistant Director of the Association of Counties, and am here to express the support of our association for this bill. See written testimony. The county board would have to act on that to expand authority of the existing levy. Strong urging that this be given a Do Pass recommendation. SENATOR FLAKOLL: The current OASIS, as I read the back sheet here as far as dollars that are brought in, do we know there is nothing on here that tells me, what percent are typically are used or were used in the year 1999 or anything like that, is that correct? TERRY TRAYNOR: No. SENATOR FLAKOLL: So, if I started adding at Adams CO which is a bad

example and went to Barnes County, we know what they brought in, but we don't know exactly what they used? Is that correct? TERRY TRAYNOR: I am not quite sure that the way counties budget, they only budget, they only levy for those funds that they have budgeted and intend to use. So virtually what they bring in is what they spend from those funds. SENATOR FLAKOLL:

So how much wiggle room do we have there, are we looking at most of these counties? Do we know that? Before we hit the cap. TERRY TRAYNOR: The OASIS levy is a 30 mill authority.

And as you can see, most of the counties in particularly the counties were talking about are levying much less than half of the authority that is already there. SENATOR LEE: I am curious I guess, I see two counties are not providing health insurance at all, any chance that by just passing this there would be a possibility they would be on some kind of health insurance, without telling

they have to. TERRY TRAYNOR: I don't know that, those counties have a least in my experience have not provided that for a number of years for their employees. I am not sure why, that is. Generally they are the smaller counties and often times the employees insuring themselves. I don't know if there compensation reflects that or not, but. SENATOR COOK:

Terry, what's the present cap on the comprehensive health care, is at four? TERRY TRAYNOR: That's correct, its four mills. These counties that over four mills. TERRY TRAYNOR: Between 1981 and 1997 the legislature allowed for growth in levies that had reached their statutory maximum. It was based on a percentage two years, one year, three years, so to follow the consumer price index growth somewhat, and those that were at the max in 1981 or sometimes after that were allowed to grow slightly and that's why some of them are over. SENATOR COOK: Then Terry this would allow them an additional 4 or would it allow them to go to 8? TERRY TRAYNOR: They would still be allowed to keep the four that they have in the comprehensive levy and then allow them to access four mills of the 30 mill Oasis levy, also for the health insurance purposes. SENATOR COOK: Eddy is at 5.59 and the highest they could go is 8 or would they be able to go to 9.59? TERRY TRAYNOR: My understanding is that they would go to 9.59. SENATOR KLEIN: I would stand in favor of HB1135. SHIRLEY A. MURRAY: Sheridan County Auditor. I speak in support HB1135. See written testimony.
Hearing Closed on HB1135.

Committee Discussion Followed.

March 1, 2001 Tape 2, Side A, Meter # 5.6-7.0

Senator Cook called the committee for discussion on HB1135.

Senator Watne moved for a Do Pass

Senator Christenson- 2nd

Roll call vote HB1135 7 Yeas, 0 No, 1 Absent

Carrier: Senator Lyson

March 1, 2001 Tape 2, Side A, Meter # 5.6-7.0

Senator Cook called the committee for discussion on HB1135.

Senator Watne moved for a Do Pass
Senator Christenson --2nd

Committee Discussion was held.

Roll Call Vote HB1135: 7 Yeas, 0 No, 1 Absent

Carrier: Senator Polovitz

REPORT OF STANDING COMMITTEE (410)
March 2, 2001 2:14 p.m.

Module No: SR-36-4753
Carrier: Lyson
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

HB 1135, as engrossed: Political Subdivisions Committee (Sen. Cook, Chairman)
recommends DO PASS (7 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING).
Engrossed HB 1135 was placed on the Fourteenth order on the calendar.

2001 TESTIMONY
MB 1135

**Testimony to the
HOUSE FINANCE & TAXATION COMMITTEE
Prepared January 16, 2001
By the North Dakota Association of Counties
Terry Traynor, NDACo Assistant Director**

REGARDING HOUSE BILL 1135

Chairman Carlson and members of the committee, I appear before you to express the support of our Association for House Bill 1135.

As you may be aware, the OASIS, or Old-Age and Survivor Insurance System, was established by the Legislature in 1947 to provide benefits for public employees in a manner similar to what the federal Social Security Act provided for non-public employees. To fund these benefits for county level employees, a specific 30-mill levy authority was established. Since that time, the Social Security Program has replaced OASIS for county employees and the use of this levy has been changed to provide funding for social security and other authorized retirement programs.

Similarly, the Legislature has allowed counties a 4-mill levy for Comprehensive Health Insurance Premium costs. Unfortunately, health insurance costs have increased much more, and much more quickly, than property values. As a result, many counties can no longer fund these costs with the 4-mills allowed. The attached table shows the most recent compiled levies for these two funds.

Property tax levies, as this Committee is aware, were frozen at the mill rates in place in 1997 for those levies at or above the statutory limits. Prior to that time, a percentage growth was allowed at approximately the consumer price index. This past growth is the reason that some health insurance levies are slightly above the 4-mill level. Obviously however, the table indicates that this is primarily a smaller-county issue. Those with small taxable valuation are finding it very difficult to continue health insurance programs with annual double-digit increases.

As the table also shows, those counties capped in the health insurance levy have sufficient room in their OASIS levy to bear some of these costs. As both levies address employee benefits, we feel allowing the use of the OASIS levy for both types of benefits would be appropriate.

Mr. Chairman and members of the Committee, I sincerely hope you will give this bill a Do Pass recommendation.

Analysis of Selected County Levies

(From 1999 Property Tax Statistical Report - ND Tax Dept.)

	Value of One Mill	Levies in Mills		Levies in Dollars		Comprehensive Health Insurance Provider
		OASIS, Soc. Sec. & Retirement	Comprehensive Health Care Insur.	OASIS, Soc. Sec. & Retirement	Comprehensive Health Care Insur.	
Adams	\$6,504	7.13		\$46,374	\$0	PERS
Barnes	\$24,286	2.00	2.09	\$48,573	\$50,758	PERS
Benson	\$11,191	6.52	5.04	\$72,965	\$56,402	PERS
Billings	\$4,362	13.26		\$57,837	\$0	PERS
Bottineau	\$18,852	9.28	4.00	\$174,950	\$75,410	Blue Cross/BS
Bowman	\$7,896	6.33		\$49,980	\$0	Blue Cross/BS
Burke	\$8,226	7.54	3.95	\$62,023	\$32,492	Blue Cross/BS
Burlleigh	\$115,755	3.38	2.09	\$391,252	\$241,928	Blue Cross/BS
Cass	\$225,749	Consolidated General Fund		\$0	\$0	Blue Cross/BS
Cavaller	\$18,128	7.08	4.85	\$128,348	\$87,922	Blue Cross/BS
Dickey	\$12,853	8.84	4.11	\$113,623	\$52,827	PERS
Divide	\$8,553	8.90	4.44	\$76,118	\$37,973	PERS
Dunn	\$10,705	5.89	5.23	\$63,050	\$55,985	Blue Cross/BS
Eddy	\$5,461	12.49	5.59	\$68,206	\$30,526	Blue Cross/BS
Emmons	\$11,801	4.19		\$49,446	\$0	PERS
Foster	\$9,467	2.94	3.13	\$27,786	\$29,632	Blue Cross/BS
Golden Valley	\$4,943	6.47		\$31,984	\$0	Not Provided
Grand Forks	\$106,888	9.34	3.70	\$998,334	\$395,486	Blue Cross/BS
Grant	\$7,458	4.90		\$36,544	\$0	Not Provided
Griggs	\$7,901	8.25		\$65,187	\$0	PERS
Hettinger	\$7,718	6.56		\$50,628	\$0	Blue Cross/BS
Kidder	\$7,882	6.44	4.05	\$50,757	\$31,920	PERS
LaMoure	\$13,304	7.19	4.37	\$95,656	\$58,138	PERS
Logan	\$6,158	7.00		\$43,103	\$0	PERS
McHenry	\$15,243	5.27	4.39	\$80,329	\$66,916	Blue Cross/BS
McIntosh	\$8,567	13.54	5.10	\$115,996	\$43,691	PERS
McKenzie	\$14,622	2.04		\$29,828	\$0	Blue Cross/BS
McLean	\$21,101			\$0	\$0	Blue Cross/BS
Mercer	\$14,816	11.00		\$162,973	\$0	Blue Cross/BS
Morton	\$44,896	16.70	3.98	\$749,770	\$178,688	PERS
Mountrail	\$13,392	19.86	4.00	\$265,962	\$53,567	PERS
Nelson	\$10,395	15.58	5.66	\$161,960	\$58,838	PERS
Oliver	\$4,590	8.93	4.00	\$40,989	\$18,360	PERS
Pembina	\$26,670	8.50	4.00	\$226,698	\$106,681	PERS
Pierce	\$11,014	4.06	4.74	\$44,716	\$52,205	PERS
Ramsey	\$21,915	3.95	5.20	\$86,564	\$113,958	Self-Insured BCBS Admin
Ransom	\$11,991	8.09	5.25	\$96,950	\$62,954	PERS
Renville	\$8,882	14.15	3.96	\$125,682	\$35,173	Blue Cross/BS
Richland	\$36,902			\$0	\$0	Blue Cross/BS
Rolette	\$8,672	9.81		\$85,070	\$0	PERS or HMO
Sargent	\$10,988	8.05	4.19	\$66,475	\$46,038	PERS
Sheridan	\$5,677	11.21	4.72	\$63,641	\$26,796	PERS
Sioux	\$1,990	18.04		\$35,899	\$0	Blue Cross/BS
Slope	\$4,691	5.54	4.00	\$25,986	\$18,762	Blue Cross/BS
Stark	\$29,881	6.92		\$206,777	\$0	PERS
Steele	\$9,131	9.09	3.94	\$83,004	\$35,978	PERS
Stutsman	\$40,522	8.52		\$345,248	\$0	Blue Cross/BS
Towner	\$10,341	3.24	3.69	\$33,504	\$38,157	PERS
Trall	\$20,609	13.95	4.00	\$287,494	\$82,435	PERS
Walsh	\$27,672	11.05	4.00	\$305,780	\$110,690	Blue Cross/BS
Ward	\$89,815	1.67	2.06	\$149,991	\$185,019	PERS
Wells	\$14,266	5.26	4.01	\$75,041	\$57,208	Blue Cross/BS
Williams	\$32,391	8.06	4.00	\$261,068	\$129,562	Self-Insured BCBS Admin

Perspectives

FOR

OF THE
NORTH DAKOTA
PUBLIC
EMPLOYEES
RETIREMENT
SYSTEM

WINTER 2000 • VOLUME 24, NUMBER 2

In this Issue...

Health Insurance
Fidelity Freedom 2040
Defined Contribution
Proposed Legislation
Actuarial Reports
Second Quarter
Investment Reports

Health Insurance Highlights

PERS has completed its renewal discussions with BCBS for the 2001-2003 biennium. The increase in premiums for the next two years will be approximately 22% for the existing plan design. At this level, the additional premium payment for the state will be approximately \$21.5 million, including about \$13 million in state general funds. The PERS consultant, Deloitte and Touche from Minneapolis, has also reviewed the renewal estimate and independently completed a projection of premiums. Their conclusion is that the renewal estimate is reasonable based upon past trends and the recognition that provider reimbursement rates are going to increase during the next two years at a rate greater than reflected in the trend.

PERS is also suggesting the following changes to the scope of benefits for the next two years:

1) Have all office visits subject to the copayment. Presently office visits to medical doctors (MDs) are subject to the copayment but office visits to other auxiliary providers such as optometrists or chiropractors is subject to the deductible and coinsurance. This change will treat all providers the same.

2) Include coverage for chicken pox vaccinations.

3) Include coverage for Prevnar vaccinations.

4) Incorporate the standard BCBS infertility benefit into the PERS plan.

5) Limit the number of transplants for the same condition to two per lifetime.

6) Have take home prescription drugs from the hospital subject to the same reimbursement schedule as prescriptions purchased through a pharmacy.

7) Fund a smoking cessation and weight management program.

In addition to sending the Governor the existing plan design, PERS also forwarded three alternative plan designs. These plan designs are in the table on page 2. The projected increase for Alternative 1 is approximately 17% or about \$16.3 million in total funds. For Alternative 2 it is approximately 16% or about \$15.7 million in total funds and for Alternative 3 it is approximately 14% or about \$13.6 million in total funds. These alternative plan designs have been developed to show the effect on plan design if premiums are reduced.

(continued on page 2)



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Employees Retirement System
Box 1657, Bismarck, ND 58502
701-328-3900

Toll free: 1-800-803-7377

www.state.nd.us/ndpers

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Chairman

Rosellen Sand

Attorney General Appointee

Murray Sagsveen

State Health Officer

Members Elected:

Ron Leingang, Howard G. Sage,

David Gunkel, Weldee Baetsch

Sparb Collins

Executive Director

Kathy M. Allen

Editor

Fidelity Freedom 2040 Added

Optional Defined Contribution Retirement Plan

The PERS Board has added a new fund to the Fidelity Freedom Funds. The Fidelity Freedom Funds are lifestyle funds designed to provide investment strategies that will be reallocated among the three basic asset classes (stocks, bonds, and short-term investments) as the funds approach their target dates. The new fund is targeted at investors in their 20s who wish to retire around 2040.

For more information about the new Fidelity Freedom 2040 Fund, call Fidelity at 800-430-2363 or log on to <http://netbenefits.publicsave.com>.

**TAX LEVIES FOR SHERIDAN COUNTY
FOR THE YEAR 2000**

	MILLS
General Fund.....	21.00
County Road.....	2.00
Emergency.....	2.00
Human Services.....	16.60
County Agent.....	4.92
Veteran's Service Officer.....	0.48
Farm to Market Road.....	12.00
Health District.....	3.07
Conservancy District.....	1.00
Park District.....	0.50
OASIS and Social Security.....	10.93
Historical Society.....	0.42
Weed Control	4.14
Soil Conservation Service.....	1.00
Health Insurance.....	4.63
Advertising.....	0.50
Water Resource	1.16
Insurance Reserve.....	2.00
County Corrections	2.31
Senior Citizen Services	1.00
Total.....	91.66

**TAXABLE VALUATION
OF SHERIDAN COUNTY**

Real Estate-Farm Land.....	5,068,586
Real Estate-Commercial.....	203,183
Real Estate-Residential.....	283,214
Railroads.....	50,951
Power.....	<u>192,601</u>
Total.....	5,798,515

5% Discount on Real Estate Taxes to February 15, 2001.

2000 Taxes are due January 1, 2001.

SHIRLEY A. MURRAY, County Auditor
 JANICE D. ERDMANN, County Treasurer
 ELDON (BUTCH) EHRMAN, 1st District County Commissioner
 SHIRLEY J. JORGENSEN, 2nd District County Commissioner
 GORDON O. FELCHLE, 3rd District County Commissioner

Sheridan County Auditor's Office

Shirley A. Murray

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Email address-smurray@pioneer.state.nd.us

COMMISSIONERS:

Eldon Ehrman, 1st Dist. Anamoose, ND

Shirley J. Jorgensen, 2nd Dist., McClusky, ND

Gordon O. Felchle, 3rd Dist., Goodrich, ND

PHONE NO.

701-363-2205

FAX NO.

701-363-2953

Testimony on HB1135 Extending OASIS Levy

House Finance & Taxation Committee

January 16, 2001

Shirley A. Murray

Sheridan County Auditor

Good Morning, Mr. Chairman and members of the House of Finance & Taxation Committee, I am Shirley A. Murray, County Auditor of Sheridan County, I am here on behalf of the Sheridan County Commissioners to support HB1135.

This legislation would relieve the Counties from having a shortfall of not enough revenue coming in to meet the high costs of Health Insurance coverage for their employees. Currently Sheridan County has levied 4.63 Health Ins. Mills which is over the 4.00 mills allowed due to past allowable resolution increases through the years, however; growth increases have been frozen for a couple of Legislative sessions ago. So Sheridan County can not generate any more taxes than the last year taxes in the Health Insurance fund.

Let me review some facts and figures from past year Financial Statements from Sheridan County in relation to the Health Insurance fund revenues and expenditures.

<u>Year</u>		<u>Revenues</u>	<u>Expenditures</u>		<u>Shortfall</u>
1998		28,550.82	31,140.34		(2,589.52)
1999	State Aid-Supp	31,246.68	36,886.94	16.2% PERS last legislative increase	(5,640.26)
2000		28,758.83	32,293.84	(2) less employees (1)-resigned (1)-transferred to spouse family coverage policy	(3,535.01)
2001	Estimate	28,800.00	39,398.48 22% recommended increase from PERS		(10,598.48)

Sheridan County pays for only the single employee premium, which currently is 175.51 per mth for 16 employees who are eligible for the Health Ins. benefit. If they have family, the employee pays for the family portion, which is 258.18 per mth out of their check.

The current OASIS levy allows up to 30.00 mills to be levied for employer matching social security and medicare, employee retirement, and 5.00 of those 30.00 mills can be used for County automation and telecommunications. Sheridan County is only using currently 10.93 mills of the 30.00 OASIS levy mills. We, the Sheridan County Commissioners and myself are requesting that you vote yes to HB1135 to add Health Insurance coverage for County employees to the OASIS levy.

Testimony in support of
House Bill 1135
Prepared January 16, 2001 by
Larry Hoffman, Dickey County Auditor

House Bill 1135

Mr. Chairman and Members of the Committee, I am Larry Hoffman, Dickey County Auditor. I am here in support of House Bill 1135. This bill allows money to be levied in the OASIS Fund for the cost of health insurance premiums for County Employees.

The total premium for Dickey County is \$206,309, for the year 2001. The current levy limitation, of four (4) mills for our County will generate \$54,397. This leaves a shortage of \$151,912 or approximately 15 mills. With the purposed health insurance rate increase of 22%, an additional 18 mills or \$244,782 will be required.

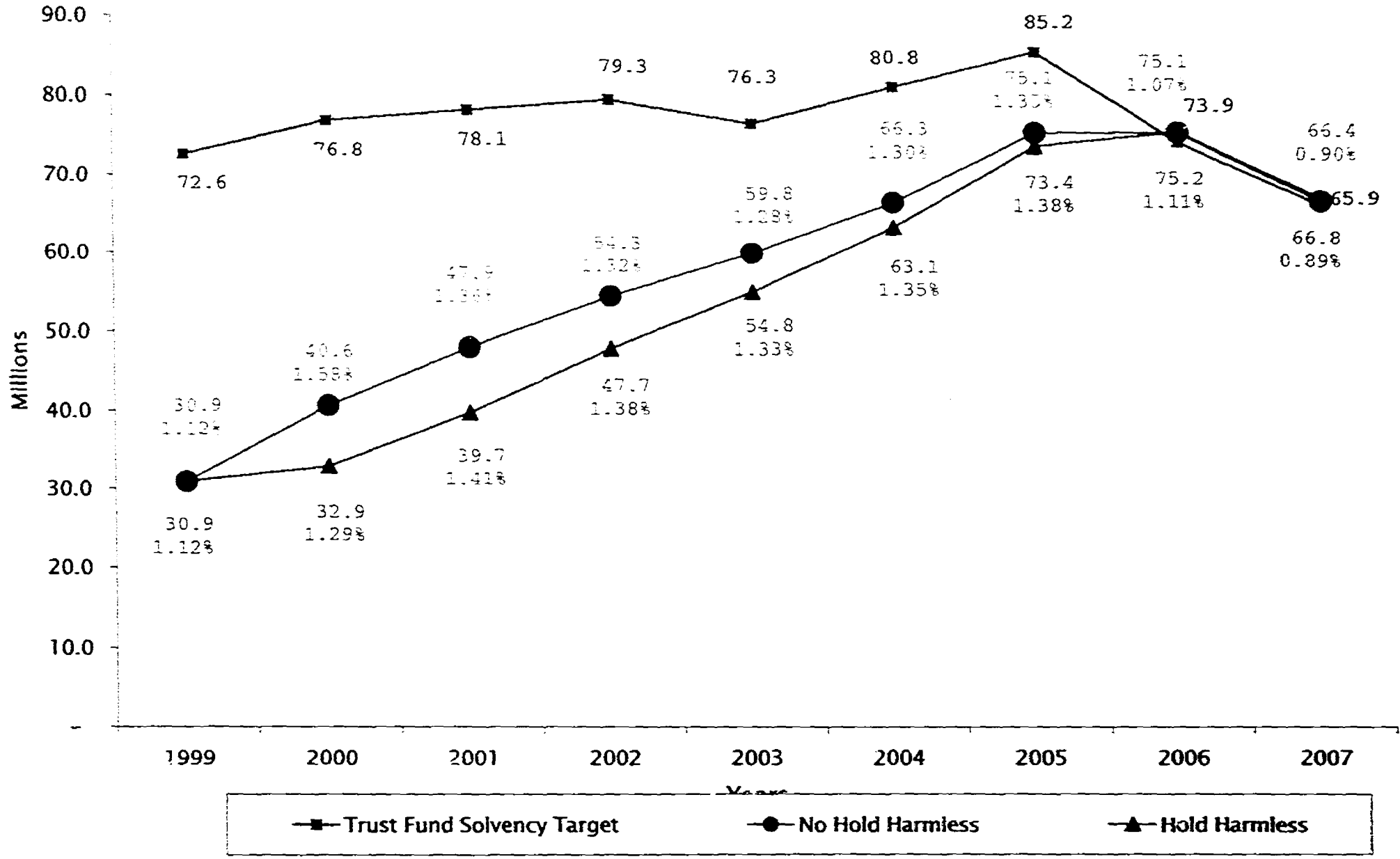
The Dickey County Commission capped the coverage costs in 1997 at \$375 per month. The current monthly rate is at \$433.69, which requires \$60 per month out of pocket expense for each employee.

Most Counties are levying the maximum in all funds to meet their current expenses. Currently the excess levy for health insurance will need to be taken out of the County General Fund. With the increase heating fuel and other fuels the General Fund not be able to take care of the excess dollars needed.

Thank You Mr. Chairman and Committee Members for the opportunity to present these concerns. Dickey County would appreciate a "do pass" recommendation on House Bill 1135.

Chairman Berg

HB 1135 Trust Fund Solvency Projections



**Testimony to the
SENATE POLITICAL SUBDIVISIONS COMMITTEE
Prepared February 16, 2001
By the North Dakota Association of Counties
Terry Traynor, NDACo Assistant Director**

REGARDING ENGROSSED HOUSE BILL 1135

Chairman Cook and members of the committee, I appear before you to express the support of our Association for House Bill 1135.

As you may be aware, the OASIS, or Old-Age and Survivor Insurance System, was established by the Legislature in 1947 to provide benefits for public employees in a manner similar to what the federal Social Security Act provided for non-public employees. To fund these benefits for county level employees, a specific 30-mill levy authority was established. Since that time, the Social Security Program has replaced OASIS for county employees and the use of this levy has been changed to provide funding for social security and other authorized retirement programs.

Similarly, the Legislature has allowed counties a 4-mill levy for Comprehensive Health Insurance Premium costs. Unfortunately, health insurance costs have increased much more, and much more quickly, than property values. As a result, many counties can no longer fund these costs with the 4-mills allowed. The attached table shows the most recent compiled levies for these two funds.

Property tax levies, as this Committee is aware, were frozen at the mill rates in place in 1997 for those levies at or above the statutory limits. Prior to that time, a percentage growth was allowed at approximately the consumer price index. This past growth is the reason that some health insurance levies are slightly above the 4-mill level. Obviously however, the table indicates that this is primarily a smaller-county issue. Those with small taxable valuation are finding it very difficult to continue health insurance programs with annual double-digit increases.

As the table also shows, those counties capped in the health insurance levy have sufficient room in their OASIS levy to bear some of these costs. As both levies address employee benefits, we feel allowing the use of four mills within the OASIS levy for both types of benefits would be appropriate.

Mr. Chairman and members of the Committee, I sincerely hope you will give this bill a Do Pass recommendation.

Analysis of Selected County Levies

(From 1999 Property Tax Statistical Report - ND Tax Dept.)

33
PERS program
23% increase in county

	Value of One Mill	Levies in Mills		Levies in Dollars		Comprehensive Health Insurance Provider
		OASIS, Soc. Sec. & Retirement	Comprehensive Health Care Insur.	OASIS, Soc. Sec. & Retirement	Comprehensive Health Care Insur.	
Adams	\$6,504	7.13		\$46,374	\$0	PERS
Barnes	\$24,286	2.00	2.09	\$48,573	\$50,758	PERS
Benson	\$11,191	6.52	5.04	\$72,965	\$56,402	PERS
Billings	\$4,362	13.26		\$57,837	\$0	PERS
Bottineau	\$18,852	9.28	4.00	\$174,950	\$75,410	Blue Cross/BS
Bowman	\$7,896	6.33		\$49,980	\$0	Blue Cross/BS
Burke	\$8,226	7.54	3.95	\$62,023	\$32,492	PERS
Burleigh	\$115,755	3.38	2.09	\$391,252	\$241,928	Blue Cross/BS
Cass	\$225,749	Consolidated	General Fund	\$0	\$0	Blue Cross/BS
Cavalier	\$18,128	7.08	4.85	\$128,348	\$87,922	PERS
Dickey	\$12,853	8.84	4.11	\$113,623	\$52,827	PERS
Divide	\$8,553	8.90	4.44	\$76,118	\$37,973	PERS
Dunn	\$10,705	5.89	5.23	\$63,060	\$55,985	PERS
Eddy	\$5,461	12.49	5.59	\$68,206	\$30,526	PERS
Emmons	\$11,801	4.19		\$49,446	\$0	PERS
Foster	\$9,467	2.94	3.13	\$27,786	\$29,632	PERS
Golden Valley	\$4,943	6.47		\$31,984	\$0	Not Provided
Grand Forks	\$106,888	9.34	3.70	\$998,334	\$395,486	Blue Cross/BS
Grant	\$7,458	4.90		\$36,544	\$0	Not Provided
Griggs	\$7,901	8.25		\$65,187	\$0	PERS
Hottinger	\$7,718	6.56		\$50,628	\$0	Blue Cross/BS
Kidder	\$7,882	6.44	4.05	\$50,757	\$31,920	PERS
LaMoure	\$13,304	7.19	4.37	\$95,656	\$58,138	PERS
Logan	\$6,158	7.00		\$43,103	\$0	PERS
McHenry	\$15,243	5.27	4.39	\$80,329	\$66,916	PERS
McIntosh	\$8,567	13.54	5.10	\$115,996	\$43,691	PERS
McKenzie	\$14,622	2.04		\$29,828	\$0	Blue Cross/BS
McLean	\$21,101			\$0	\$0	PERS
Mercer	\$14,816	11.00		\$162,973	\$0	Blue Cross/BS
Morton	\$44,896	16.70	3.98	\$749,770	\$178,688	PERS
Mountrail	\$13,392	19.86	4.00	\$265,962	\$53,567	PERS
Nelson	\$10,395	15.58	5.66	\$161,960	\$58,838	PERS
Oliver	\$4,590	8.93	4.00	\$40,989	\$18,360	PERS
Pembina	\$26,670	8.50	4.00	\$226,698	\$106,681	PERS
Pierce	\$11,014	4.06	4.74	\$44,716	\$52,205	PERS
Ramsey	\$21,915	3.95	5.20	\$86,564	\$113,958	Self-Insured BCBS Admin
Ransom	\$11,991	8.09	5.25	\$96,950	\$62,954	PERS
Renville	\$8,882	14.15	3.96	\$125,682	\$35,173	Blue Cross/BS
Richland	\$36,902			\$0	\$0	PERS
Rolette	\$8,672	9.81		\$85,070	\$0	PERS or HMO
Sargent	\$10,988	6.05	4.19	\$66,475	\$46,038	PERS
Sheridan	\$5,677	11.21	4.72	\$63,641	\$26,796	PERS
Sioux	\$1,990	18.04		\$35,899	\$0	Blue Cross/BS
Slope	\$4,691	5.54	4.00	\$25,986	\$18,762	Blue Cross/BS
Stark	\$29,881	6.92		\$206,777	\$0	PERS
Steele	\$9,131	9.09	3.94	\$83,004	\$35,978	PERS
Stutsman	\$40,522	8.52		\$345,248	\$0	Blue Cross/BS
Town	\$10,341	3.24	3.69	\$33,504	\$38,157	PERS
Trails	\$20,609	13.95	4.00	\$287,494	\$82,435	PERS
Walsh	\$27,672	11.05	4.00	\$305,780	\$110,690	Blue Cross/BS
Ward	\$89,815	1.07	2.06	\$149,991	\$185,019	PERS
Wells	\$14,266	5.26	4.01	\$75,041	\$57,208	Blue Cross/BS
Williams	\$32,391	8.06	4.00	\$261,008	\$129,562	Self-Insured BCBS Admin