

MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION

SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

2344

2001 SENATE POLITICAL SUBDIVISIONS

SB 2344

2001 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB2344

Senate Political Subdivisions Committee

Conference Committee

Hearing Date February 2, 2001

Tape Number	Side A	Side B	Meter #
I	x		15.7-36.6
Committee Clerk Signature <i>Mary Jo Wooten</i>			

Minutes:

The hearing was opened on SB2344, relating to lodging expenses of political subdivision elective or appointive officers, employees, representatives or agents.

JERRY HJELMSTED: North Dakota League of Cities introduced this bill and spoke in favor of this bill. See attached testimony. We're amending Section D, the reimbursement rate for lodging.

SENATOR COOK: Is it possible, I go to Fargo and I'm on the state rate, the hotel charges me \$42 because they know that's what the state reimburses and they would charge a city commissioner \$42 because they know that is all they get reimbursed also, but if we pass this bill, that hotel could charge me \$42, and charge the political sub employee more, \$60. JERRY

HJELMSTED: That was one of the things discussed in this bill, basically, the reason city officials currently get the state rate is because of the competitive factor among the various hotels. One problem in some areas, there is no facility available, for those city employees where they can obtain a state rate at the present time, so they end up picking up those additional costs out of

their own pockets, and the subdivision doesn't have the option of reimbursing them for their full expenses even though they don't have another alternative. SENATOR FLAKOLL: This pertains to both in state and out of state? JERRY HJELSTED: The out of state lodging expenses already covered in the current law which was attached to his handout, Subsection 6 (refer to attachment) In state they are not reimbursed for their actual lodging expense. SENATOR LYSON: Do you see any reason that we should try to keep a lid on this, so that tries to make them find proper rates or do you think it should be left up to the local decision? JERRY HJELMSTED: I guess we feel that it should be left up to local decision. There the ones managing their own budgets and so forth. There may be some entities that decide to continue to follow the same rate, there may be others that have more employees who do more traveling or are required to be away from their city, for some particular function, where they provide some policy as to what those employees would have to do in order to get reimbursed for beyond the state rate. So that would be up to the city to set there own policy. SENATOR POLOVITZ: I understand the problem of the state rate. When you use the word Political Subdivisions, your opening up the door to every political subdivision. Your opening it up to county commissioners, townships, and then my reasoning is that if this is the case. Towns themselves get together and say, we won't pay the state rates. If I was in the motel business, if this opened up to any conference or convention by League of Cities or County commissioners, and you have the option of charging the full rate for your rooms, you could do it. Only competition would be if another hotel or motel could offer that rate. JERRY HJELMSTED: Political subs here because under 44:08:04, it says that each elective or appointive officer appointed or agent of the state or of any of its subdivisions. So the law currently doesn't include the subdivisions so we want to get the subdivisions the options down below of paying for a, I understand where your coming from Senator Polovitz. The problem that

we have right now, is that, if there is a conference where city officials are attending, right now there are facilities that are not providing state rate where we negotiate a rate to get the best rate, for those individuals. Even in negotiations with a big group coming in, they are not offering the state rate to those city officials and they end up paying the difference out of their own pocket.

SENATOR COOK: Political subdivisions this is not inclusive, I don't think, but counties, cities, park districts, school districts, fire fighter relief associations, airport authorities, public libraries, water resource districts, Garrison Diversion Conservation District, rural fire protection districts, special education districts, area of vocational and technical centers, correctional centers, recreational service districts, weed boards, irrigation districts, rural ambulance service districts, Southwest Water Authority, Regional Planning Council, Soil Conservation District, Housing Authorities. SENATOR LEE: It seems to me that 1-10 people in the state hold political office. Whether or not, currently there are hotel facilities that would be offering the state rate to state employees, but not to the other political subdivisions? JERRY HJELMSTED: That's correct. Some of the facilities do not recognize the political subdivision employee as qualified for the state rate. So they are offering it to state employees because the state has a better bargaining position because of the quantity of employees and the travel and so forth. They have a state rate but they are not recognizing political subdivision employees. SENATOR LEE: Would that be more common than people who did recognize the other political subdivision? More folks that are paying a higher rate? JERRY HJELMSTED: I know there are some that have a state rate that do honor that political subdivision, so its both ways, I don't know what the percentage would be. I see there are some questions relating to the political subdivisions as being too broad, we wouldn't object to amending that to include just cities. We were trying to make it uniform with the ones that were being included in the provision up front, but, on behalf of cities and park districts

because they work so closely with the cities, would be the entities were really trying to include in this. PINKIE EVANS CURRY: CEO, Southwest Water Authority. We don't get recognized as a Political Subdivisions for the state, and in some cases they want a ID card that says state of ND employee and of course we're not state of ND employees, but we are recognized under the Century Code. There are some major hotel/motels chains in the state that do not recognize the state rate for political subdivisions. So this does affect us. If you do this I would like you to include the political subdivisions. BILL SHALHOOB: Support 2334. Represent the ND Hospitality Association. Difficult for our full service hotels to get the state rate in a lot of cases in a market that is tremendous in the Fargo area and very good in the Bismarck area. The state rate in any sense is an artificial rate imposed by the state and it may or may not begets many of our hotels do not give that rate and many of our hotels are under that rate. The state always has the option of finding a hotel that charges less. This is a good step forward in equalizing rates around the state. The state ADR is slightly above \$50 in Bismarck, and slightly above \$60 in Fargo, which gives you an average rate for the state. This is giving the people the option and the choice is a good thing and the Hospitality Association supports this bill. SENATOR FLAKOLL: Bill, in respect to equalizing, what the bill more so is allow people, political subdivisions that they may pay for, would your group then, may be in favor of saying that any hotel or motel that offers the state rate also has to offer that same rate to all political subdivisions? BILL SHALHOOB: Our group would not support that. That's an individual marketing decision made by each hotel based on their demand, and their need for business. In some our higher volume properties, and some of our limited service properties, and full service hotels, they would be very much against that. Our business is extremely cyclical, we have periods of tremendous of high volume, and tremendous shoulder periods. They would want the flexibility during high volume periods, conventions,

events in town, they are to offer no state rates under any conditions. There are times where we call shoulder periods in the business when they do take state rates if anybody has a need for them at that point. Quite honestly, most hotels extend state rates even on weekends, in an event period to state employees, which they aren't traveling on state business but still ask for the rate. As for our members in some cases, this will solve front desk problems and discussions between desk and management whether they are entitled to this rate or not. SENATOR COOK: Is there a hotel in North Dakota, a major hotel, that actually has one rate, and one rate only? BILL SHALHOOB: No, it has created significant discussion. Great discrepancies, from guest to guest. SENATOR COOK: You are here representing an association, if you were to take that hat off and put on the hat of a North Dakota taxpayer, would you be upset if you knew every time I went to Fargo I stayed in a hotel room that cost me \$36 because I was paying for it out of my pocket? But when I went to Fargo as a member of a political sub, I'm Chairman of the Housing Authority and I'm going down for a meeting and I stayed at the most expensive place in town cause I could get reimbursed, would you be a little upset with me, as maybe as not being a very good steward of taxpayers dollars? BILL SHALHOOB: I think that is a fair question, me personally as a taxpayer, I don't think I would because I am assuming that your political subdivision is giving you the guidelines allowing you for good reason or not, to spend more money. In fact, we have hotels who charge under the state rate, and a major motel the Comfort Inn and the Comfort Suites in Bismarck, are charging \$3 less than the state rate now. They made a marketing decision to do so.

Micro-managing is a fruitless venture and very counter productive to everything. But I would hope that the Housing Authority that your working for set up enough guidelines to make there budgets work, and they had to break it in one instance, I understand that, hopefully its not being

done on a regular basis, that they are being good stewards of the public dollar. SENATOR FLAKOLL: How do we, again ensure the best choices are made? BILL SHALHOOB: I think that in terms of the Legislature, you are doing that, and are going to do that because no one is asking you to lift the per diem for all state employees. The Political Subdivisions, if they have a policy that says that they will flat follow the state per diem, and thats there policy, they will be equal stewards of the state money. The decision making just moves down to the Political Subdivisions, instead of being relied on, and special circumstances may be allowed instead of not flexibility. I don't know any specific incidence of what your quoting, I apparently that. DAVE COHAN: Executive Director of the North Dakota Rural Water Systems Association, would certainly support the inclusion of the reimbursement for actual lodging expenses. It is certainly true there are many rates, hotel rates as you travel around the state. Our directors on our board systems are volunteer people and not usually paid anything more than their actual expenses, their travel expenses following the federal guidelines, and so, to ask them to dig into their pockets, and pay the difference between \$ 42 and what they might have to pay, I would point out, as Bill did earlier that, you don't want to necessarily walk in and ask for the state rate, cause sometimes that is \$42 and everyone else walking in the door is paying \$36, so caution on that not to get carried away on that. Out of state travel is definitely a factor, there are very few places out of state where they go to meetings and conventions that the rate is not \$125-\$135 a night to stay over night. We support keeping the definition of a Political Subdivision in there to cover these various entities, that rely on this section of code.

Hearing Closed on SB2344.

February 9, 2001 Tape 1, Side A Meter # 54.4-55.1; Side B 0.0-5.7)

The Political Subdivision Committee discussed SB2344.

Page 7

Senate Political Subdivisions Committee

Bill/Resolution Number SB2344

Hearing Date ~~February 2, 2001~~

2-a-01

Senator Polovitz 2nd

Roll Call vote 6 Yes, 2 No, 0 Absent

Carrier Senator Flakoll

FISCAL NOTE STATEMENT

Senate Bill or Resolution No. 2344

This bill or resolution appears to affect revenues, expenditures, or fiscal liability of counties, cities, or school districts. However, no state agency has primary responsibility for compiling and maintaining the information necessary for the proper preparation of a fiscal note regarding this bill or resolution. Pursuant to Joint Rule 502, this statement meets the fiscal note requirement.

John Walstad
Code Revisor

REPORT OF STANDING COMMITTEE (410)
February 12, 2001 7:53 a.m.

Module No: SR-25-2982
Carrier: Flakoll
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

SB 2344: Political Subdivisions Committee (Sen. Cook, Chairman) recommends DO PASS (6 YEAS, 2 NAYS, 0 ABSENT AND NOT VOTING). SB 2344 was placed on the Eleventh order on the calendar.

2001 HOUSE POLITICAL SUBDIVISIONS

SB 2344

2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB2344

House Political Subdivisions Committee

Conference Committee

Hearing Date 3-15-01

Tape Number	Side A	Side B	Meter #
1	xx		1--1097
1		xx	2600--2800
Committee Clerk Signature <i>Pamela</i>			

Minutes: Chair Froseth opened the hearing on SB2344 relating to lodging expenses of political subdivision elective or appointive officers, employees, representatives or agents.

Jerry Hjelmstad, ND League of Cities : testified in support of SB2344. (SEE ATTACHED) This bill deals only with subdivision D, reimbursement rate for lodging. Under current law, if a hotel does not offer the state lodging and expense rate for city employees, the city can only reimburse the employee for the amount set forth in subdivision D. Any additional cost must be paid by the employee.

Vice-Chair Severson : (325) In setting the rate, you said there will be rules in place by a certain committee of the subdivision. If you choose to stay at A instead of B, and B is the one with the state rate, but you choose to stay at A, then what?

Jerry : That's why each subdivision would have to set their own rules for their officers and employees.

Rep. N. Johnson : (405) Will this cause hotels and motels not to offer the state rates?

Jerry : We did consider that, but I don't know for sure. It could bring forth more competition.

Rep. Herbel : (450) Do you see the subdivisions setting different rates and not getting together?

Jerry : Don't see that happening. If subsection 6 is out of law, then they will be paid actual cost of lodging.

Bill Shalhoob, ND Hospitality Assoc. : (600) here in support of SB2344. This bill is a flexible tool for political subdivisions to use. The hotels who chose to give state rates do so in relation to supply and demand. The more expensive places may feel they don't make a profit by giving the state rate.

Rep. Disrud : How concerned are you that if this law is passed, some hotels may not offer state rates?

Bill : The hotels with high demand aren't giving state rates now, so they probably won't in the future either. It's all demand driven.

Rep. Disrud : (950) Is there any flexibility for political subdivisions to handle this without a bill?

Bill : By law, they can only reimburse what the state rate is, so there is no flexibility now. The federal rate is \$55 and ND doesn't even give that for their state rate. If a ND employee travel outside the state, they get reimbursed the full rate of where they stayed. Yet, we don't get the same deal within our state.

Chair Froseth : Any more testimony for or against? Hearing none, we're closed.

Tape 1, side B, (2600--2800) discussion continues Chair Froseth : What do you wish?

Rep. Maragos : I move a **DO PASS**.

Rep. Delmore : I second.

VOTE: 13 YES and 1 NO with 1 absent. PASSED. Rep. Herbel will carry the bill.

Date: 3-15-01
Roll Call Vote #:

2001 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SB 2344

House POLITICAL SUBDIVISIONS Committee

Subcommittee on _____
or
 Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Pass

Motion Made By Rep. Manager Seconded By Rep. Delmore

Representatives	Yes	No	Representatives	Yes	No
Chairman Glen Froseth	/		Rep. Wayne W. Tieman	/	
Vice-Chair Dale C. Severson	/				
Rep. Lois Delmore	/				
Rep. Rachael Disrud	/				
Rep. Bruce Eckre	/				
Rep. Mary Ekstrom	/				
Rep. April Fairfield	AP				
Rep. Michael Grosz		/			
Rep. Jane Gunter	/				
Rep. Gil Herbel	/				
Rep. Nancy Johnson	/				
Rep. William E. Kretschmar	/				
Rep. Carol A. Niemeier	/				
Rep. Andrew G. Maragos	/				

Total (Yes) 13 No 1

Absent 1

Floor Assignment Rep. Herbel

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

REPORT OF STANDING COMMITTEE (410)
March 15, 2001 11:24 a.m.

Module No: HR-45-5695
Carrier: Herbel
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

SB 2344: Political Subdivisions Committee (Rep. Froseth, Chairman) recommends DO PASS (13 YEAS, 1 NAY, 1 ABSENT AND NOT VOTING). SB 2344 was placed on the Fourteenth order on the calendar.

2001 TESTIMONY

SB 2344

2-2-01

To: Senate Political Subdivisions Committee
From: North Dakota League of Cities
Date: February 2, 2001
Re: Senate Bill No. 2344

Officers and employees of the political subdivisions of the state are governed by the expense allowance restrictions set for state officers and employees under North Dakota Century Code section 44-08-04 (attached). Subsection 2 of that code section sets expense reimbursement rates for travel within the state for each quarter of the day. Subdivisions a, b and c set the reimbursement rates for meals and subdivision d sets the reimbursement rate for lodging. This bill deals only with subdivision d, the reimbursement rate for lodging.

Under the current law, if a hotel does not offer the state lodging expense rate to a city employee, the city can only reimburse the employee for the amount set in subdivision d. City employees must pay any additional costs out of their own pockets.

There are several reasons why the state lodging expense rate may not be available to a city employee: There may be no hotels in a particular location which offer the state rate; there may be no rooms available at the hotels which do offer a state rate; or there may be hotels which offer a state rate for state employees but do not make that same rate available to employees of cities or other political subdivisions.

This bill would give each political subdivision the option of reimbursing its officers and employees for actual lodging expenses beyond the state rate. The policies and procedures for determining if and when this reimbursement would be made would be set by each political subdivision. In any case, verification of expenses by receipt would still be required for all lodging expenses.

We ask that the committee recommend a do pass on this bill.

44-08-04. Expense account — Amount allowed -- Verification.

1. Except as provided in section 44-08-04.1, each elective or appointive officer, employee, representative, or agent of this state, or of any of its subdivisions, agencies, bureaus, boards, or commissions, may make claim for meals and lodging while engaged in the discharge of a public duty away from the claimant's normal working and living residence for all or any part of any quarter of a day. Claims may also be made for meals that are included as part of a registration fee for a conference, seminar, or other meeting and for meals attended at the request of and on behalf of the state or any of its subdivisions, agencies, bureaus, boards, or commissions; however, if a meal is included in a registration fee, the applicable quarter allowance cannot be claimed for that meal. Claims for meals specifically included in a registration fee for a conference, seminar, or other meeting must be allowed even if the city at which the conference, seminar, or meeting is held or the meal is provided is the claimant's normal working and living residence. Reimbursement is allowed only for overnight travel or other travel, away from the normal place of employment, for four hours or more. Verification of expenses by receipt is required only for lodging expenses.
2. Expenses for travel within the state must be reimbursed at the following rates for each quarter of any twenty-four-hour period:
 - a. First quarter is from six a.m. to twelve noon and the sum must be four dollars. First quarter reimbursement may not be made if travel began after seven a.m.
 - b. Second quarter is from twelve noon to six p.m. and the sum must be six dollars.
 - c. Third quarter is from six p.m. to twelve midnight and the sum must be ten dollars.
 - d. Fourth quarter is from twelve midnight to six a.m. and the sum must be the actual lodging expenses not to exceed forty-two dollars plus any additional applicable state or local taxes.
3. The allowance for out-of-state meals, within the continental United States, is equal to the per diem meals rate in the city for which a claim is made on that day as established by rule for federal employees by the United States general services administration and must be allocated twenty percent to the first quarter, thirty percent to the second quarter, and fifty percent to the third quarter.
4. The allowance for meals in Canada, Alaska, and Hawaii may not exceed one and one-half times the current continental United States standard rate for federal employees established by the United States general services administration.
5. The allowance for meals outside the continental United States, Canada, Alaska, and Hawaii may not exceed two times the current continental United States standard rate for federal employees established by the United States general services administration.
6. The allowance for lodging outside the state must be the actual lodging expense.
7. A department, institution, or agency of this state may set a rate for travel expenses outside the state less than those set forth in this section. Verification of any other type of expense not prescribed by this section must be as prescribed by the office of the budget except no receipt may be required for taxi or cab fares of ten dollars or less. The office of management and budget shall disapprove any claim it determines to be in error or unlawful or not within the limits of legislative appropriations.