

MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION

SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

1010

2005 HOUSE APPROPRIATIONS

HB 1010

brought to the hearing. **Rep. Bob Skarphol** asked if the reductions listed were just a shift in budget categories. **Mr Weispfenning** answered that the State Water Bank program is responsible for the decrease in leases since there is no state funding and the professional services decrease would be in specialized contracting. **Rep. Al Carlson** asked if anyone in this department recieved a raise in the last biennium. **Mr Weispfenning** answered yes, but mostly through workload adjustments. **Rep. Al Carlson** asked that the details of this and the authority to do this spending be brought to the hearings on this budget. **Mr Weispfenning** discussed the Minor Use Fund, The Honey Promotion Fund, and the Turkey Fund. **Rep. Jeff Delzer** asked if the Minor Use Fund is within the Crop Harmonization Board. **Mr Weispfenning** discussed the distinctions of the two line items, but **Rep. Jeff Delzer** asked that this confusion be looked at and clarified in hearing.

HB 1010
Insurance Commisioner - testifying was Jim Poolman (meter Tape #2 #24.3)

Mr Poolman distributed handout #4-9 (attached) and mentioned that the major adjustment to this year's budget request was the fact that the Perscription Connection program was created in the last biennium but that their were insufficient fund to run it so they are asking for an increase in this budget. **Mr Poolman** assured the committee that they have built in enough of an increase to fully staff the program so that there would be an increase in the amount of one to one help with filling out the forms needed for eligibility since each pharmisceutical company has different rules.

HB 1024
Emergency Management - testifying was Doug Friez (meter Tape #2, #37.6)

2005 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1010

House Appropriations Committee
Government Operations Division

Conference Committee

Hearing Date Tuesday, January ~~14~~¹², 2005

Tape Number	Side A	Side B	Meter #
1	X	X	1429-6211
			00-6139
2	X		00-266

Committee Clerk Signature

Minutes:

Chairman Carlisle called to order Hearing HB 1010 regarding the Insurance Commissioner.

Jim Poolman, Commissioner, North Dakota Insurance Department, read his testimony into the record (See Handout #1). He introduced the following people: Deputy Commissioner, Doug Holloway; Sr. Analyst & Director, Larry Maslowski; Director of Agent Licensing and Investigations, Laurie Wolf; General Counsel, Chuck Johnson; Public Information Officer, Cecily Fong; Accountant, Ken Rood; State Insurance Programs Manager, Jeff Bitz; Life/Health Actuary/Division Director, Mike Fix; Rep. Francis Wald; and Legislative Intern, James Martins.

Rep. Timm in reference to the section "Agent Licensing & Investigation Division"(p. 3 of Budget Overview, Handout #1) asked for clarification on the growing number of fraud investigations and whether or not that had to do with competition among agents. **Commissioner Poolman** stated that the Agency "investigates insurance agents aside from our Fraud Unit; the

Fraud Unit really has concentrated on consumers who have filed fraudulent claims.” There are large and small investigations going on right now, including staged auto accident rings, which cost consumers money.

Commissioner Poolman added the following comments in addition to his written testimony with regard to the Budget Overview, page 5, (Handout #1) (Meter #282). As he did two years ago, he outlined the ND insurance market place. In 2001 the Bismarck/Mandan area experienced the “largest insurance natural disaster” in North Dakota’s history with almost ¼ million dollars damage. Add to that other insurance events worldwide, such as 9/11 and the down turn in the general economy, and the marketplace becomes a very hard place. In 2001 the statewide average loss ratio for homeowner’s insurance was 297% or in other words, insurance companies in N.D. paid out almost \$3 for every \$1 they collected in premiums. In 2000 they paid \$.95 for every \$1 and in 1999 they paid \$1.11; 1998, \$.57 and 1997, 244%. This was due to the flood, hail, and ice storms. An interesting note is that the flood with regard to Grand Forks, Fargo, & Wahpeton was less an insurance disaster because there were federal dollars coming in. Since then N.D. has been almost disaster free, except in the area of crop insurance which is not included in these homeowner’s numbers. In 2002 the statewide average loss ratio was 34%; in 2005, 25%. The Dept. tries to increase competition in the State because that helps premiums. During the hard years it was difficult to encourage companies to come to N.D. It’s much easier now.

In response to **Chairman Carlisle’s** question about losing companies, **Commissioner Poolman** said that 10 companies left the state. It’s particularly difficult for companies with small concentrated market place.

Rep. Timm asked whether rates were determined regionally or statewide.

Commissioner Poolman explained that companies are held accountable for area loss, not regional loss. The trend should reverse in times of low loss. In answer to a question about why homeowner's policy would go up now, **Commissioner Poolman** explained that the rates are based on loss information that goes back to 2001; typically that is a five-year period.

Commissioner Poolman continued to read from his testimony, p. 5, Budget Overview (Handout #1) (Meter number 3796)

In response to the Prescription Connection for ND **Chairman Carlisle** commented that he has referred people to the program and they have been happy with the results. **Commissioner Poolman** added that the qualification process is confusing. The Dept. is working with drug companies to help those in need. The Dept. is proud of the fact that they've leveraged the appropriated \$100,000 with several hundred thousand dollars from private resources to increase the effect through grants and volunteer help. A good example of public private partnership.

Rep. Thoreson brought the question of drug card changes that are coming in January, 2006.

Commissioner Poolman predicts the Dept. will be overwhelmed with the Medicare Modernization Act and the new rules under Part D. He's uncertain whether or not the Dept. has the necessary resources to deal with these changes. Currently using the Senior Health Insurance Counseling Program (SHIC) to get information out. CMS has used N.D. as a model for getting the word out to consumers. **Rep. Thoreson** mentioned that the potential savings for N.D. with the feds taking on this program could be in the tens of millions of dollars or more; he stressed the importance of maximizing these opportunities and making sure the Dept. has the necessary resources to accomplish that. **Commissioner Poolman** confirmed. **Chairman Carlisle** asked

for a memo to explain this request. [Memo re: Additional Appropriations--Medicare Part D Rollout, dated 1/12/05 which arrived after the Hearing is attached to these minutes]

Commissioner Poolman continued to read into the record p. 6 of the Budget Overview regarding Special Funds Division. He added some remarks on the tank lock pilot program in Williams and McKenzie County in cooperation with the Attorney General's office to help curb theft by meth makers. The preliminary results of the program have been very successful in deterring theft. He started by taking the cost issue off the table by raising funds to purchase locks through Emergency Management, a private insurance carrier, and the counties' Farm Bureau.

Rep. Thoreson wanted to know if the resistance to the idea has gone down. **Commissioner Poolman** stated that on the contrary, even though they expected complaints about the inconvenience, there has been very little grumbling about the program. In Williston there were people volunteering to buy the locks even before the program started. **Rep. Timm** asked if the Dept. plans to expand that program and the Commissioner responded that it's too early to make predictions when the program has been in effect for just one year. Also, there are studies out now from the University of Iowa that might render anhydrous unfit for meth production. This will be an issue for the next session.

Commissioner Poolman pointed out that in the overview of the budget, the legislature appropriated \$100,000 of general fund money to the Prescription Connection program. The Dept. moved that out of the general fund to the insurance regulatory trust fund and then added a \$150,000 to effectively run the program and get the word out to the consumers. To this the Dept. has added one FTE; there are 3 ½ people running the Prescription program. The other major change is the Governor's compensation package in the salary line item. There are two other

pieces. One is a \$40,000 IT piece for the petroleum tank fund. The computers for this program are almost useless. The Dept. risks losing all the fund information if this outdated system crashes. There's a \$50,000 EPA grant partnership. There are minor miscellaneous adjustments, actually decreases in certain lines in the operating budget, to try to offset increases in Prescription Connection and those increases in IT. Section 4 of the bill provides the \$5.3 million for the Fire Districts. 5.2 of that is directly taken out of five lines of premium taxes that are distributed annually, 2.6 million per year to try to offset the costs of fire districts across N.D. \$104,000 (2 % of the 5.2 million goes to the ND Firefighter's Association).

Rep. Timm raised the issue of how payments are calculated and why the percentages have gone down over the years and whether or not there was some sort of cap imposed.

Commissioner Poolman pointed out that in the beginning, the payment was a flat appropriation, but the data was considered as a percentage of the premium, which came out to well over 100 %. Since 1995, the appropriation has remained constant. A breakdown of the payments to districts is included in Boespflug's testimony which was handed out (See Handout #3, p.2) Using this chart, the Commissioner pointed out that as a percentage of that flat-dollar appropriation, the amount has gone down to 53 % from over 100% in 1987.

Chairman Carlisle requested a complete breakdown of district payments and the Commissioner agreed to provide it. [Memo dated 1/12/05 re: Fire District Payments is attached to the minutes]

Commission Poolman explained that the payments to the fire districts are based on a percentage of the premiums sold out of the five lines of insurance that report. For example, if with the Minot Fire District, if 5 % of the premiums statewide are sold in Minot, they get 5 % of that 5.2 million.

Rep. Kroeber returned to the issue of high premiums and the Commissioner explained that during the hard market, companies changed their deductibles, and premiums escalated. In the past six months, the Dept. has received its first filing from the Insurance Services Organization which had a reduction of 6.8 %. Companies will use their own loss cost in determining their rates, but there is some movement toward positive changes.

Ms. Lois Hartman, Executive Director of the N.D. firefighter's Association, appeared in support of HB 1010 and submitted testimony for the record. She referred to an earlier question raised by **Rep. Timm** with regard to the cap on payments to fire districts. She came to the Insurance Dept. in 1989 and as an accountant, administered the insurance tax premium fund. A cap of 5.2 million had already been set in either the 1987 legislative session or prior to that. Also, regarding the bump in the 1995 payments, there was a federal court ruling in Kansas City that states could no longer collect premium tax dollars from the crop and hail insurance that was federally subsidized, so there was a large chunk of the premium that the states could no longer tax, so that brought tax collection revenues down and brought the percentage distributed to the fire departments up above 100% again. It's gone down since then. She also added that when she came to the Insurance Dept. the appropriation was set at 5.2. The formula because of the way insurance companies were reporting was not real consistent. The annual pay out was close to the 2.6, but on a biennium it could not go over the 5.2.

Mr. Joel Boespflug, City of Bismarck Fire Chief and Director with the N.D. Fire Chief's Association, read his testimony in support of Section 4, HB 1010 into the record (See Handout #3) after introducing the following: Fargo Fire Chief, Bruce Hoover; City of Minot Fire Chief, Harold Haugstad; and Chief Roy Schatsschneider from West Fargo. The Fire Chief's of North

Dakota represents departments of all sizes across the State. In reference to a question about whether or not fire departments have received Homeland Security dollars, **Chief Boespflug** explained that these dollars are specific to preparing communities for terrorism events and deals in the areas of weapons of mass destruction, structural collaps, hazordous materials, etc. which go beyond the basic services fo fire departments.

Rep. Timm asked if all fire departments belonged to the ND Fire Fighters Association, what dues were paid, and what kind of benefits they receive.

Chief Boespflug wasn't sure about the first question and that of dues, but stated the primary benefit is training, in areas like fire suppression, fire protection, etc.

Chief Roy Schatschneider, representing the West Fargo Fire Department and the N.D. Fire Chief's Association, stated that there are 388 departments in N.D. four of them are fully paid, 8 are combination departments that have some paid staff, and all the rest of the departments are strictly volunteer. He read his testimony in support of raising the appropriation to fire departments. (See Handout #4) The Chief stated that West Fargo has not received any money from the Homeland Security Program. They have received fund from FEMA, but these funds are not to be used for ordinary costs. The department with a 10% cost share replaced a radio system.

Fargo Fire Chief Bruce Hoover stated that no department in Cass County received Homeland Security funds. All that money went to a new communications system. This was a number one priority with Emergency Management. There were no individual agencies that received funds for anything other than interoperable communications in Cass County.

Ms Hartman confirmed what both chiefs outlined in their separate testimonies (See Handouts #3 and 4) regarding need for increased appropriations to fire districts. She referred to examples of need in her own testimony (See p. 2, Handout #2).

Chairman Carlisle asked Ms. Hartman to state the bottom line, per biennium, and she responded that if the fire departments could receive 80% of what is being brought in the insurance premium taxes, that would give them an increase in funding.

In answer to a question about a dollar amount, **Sandy Paulson, OMB**, estimated 1.3 per year in additional funds. That would be beyond the Governor's budget.

Chairman Carlisle stated this would be under option 2 (See p. 3, Handout #3)

Ms. Hartman also addressed the funding for the Fire Fighter's Association (See p.2, Handout #2) The dues are \$20 per year. She read into the record the changes that have taken place since the Federal Homeland Security Act. (See paragraph 4, p. 2, Handout #2) and her request for a continued appropriation based on "the 2 % of the appropriation of the fire departments and districts.

Roxanne Woeste, Legislative Council, using the table on p. 2, Handout #3, and the \$4.9 million of applicable insurance premium tax income, calculated that 80% of that would equal approximately \$3.9 million. Two per cent of that is \$78,000 per year. Currently, the Association gets \$52,000, which amounts to about a \$26,000 increase

Ms. Hartman mentioned an appropriation from the OMB that is strictly for funding that comes out of the Fire and Tornado Fund. That covers the cost of the State Fire School which will be coming up in February. The School trains about 1,200 firefighters every year. Finally, she noted that the Homeland Security funds referred to in the newspapers was called the Fire Act Grant and

it's attributed to Homeland Security only because the U.S. Fire Administration is now part of the umbrella of that agency. That's a grant program established prior to 9/11/01. The dollar amounts have increased since that attack, but those dollars are specifically targeted to equipment and firefighter wellness training on a competitive bid basis with every other fire department in the U.S. North Dakota has been very fortunate to receive funds in the past, but future appropriations will be targeted to the coast lines and areas of dense population.

Mr. Jerry Hjelmstad, N.D. League of Cities, testified orally. After the hearing, he submitted his written testimony. (See Handout #6)

Rep. Francis Wald, District 37, submitted Proposed Amendment to House Bill No. 1010 which would appropriate \$100,000 seed money to start a Williston based training project. The other \$100,000 will be raised locally. **Ms. Paulson, OMB**, noting that the request comes out of the capital assets, suggested that maybe it should be written in the form of a grant. **Ms. Woeste, Legislative Council** agreed to redraft the amendment.

Ms. Vicky Steiner, Executive Director, N.D. Association of Oil & Gas Producing Counties, read her testimony, describing the oilfield training which the amendment would support, into the record. (See Handout #5) (Meter #5020). **Chairman Carlisle** requested a memo describing the need for this training.

Chairman Carlisle asked **Comm. Poolman** to explain briefly the function of NCOIL, the National Conference of Insurance Legislators. The Commissioner stated it's an organization for legislators who have an interest in insurance matters. They meet three times a year and they draft model legislation, address different insurance issues, and regulatory modernization efforts of the NEIC and NCOIL. The dollars that send members, which are appointed by Legislative Council,

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Government Operations Division

Bill/Resolution Number HB1010

Hearing Date Wednesday, January 12, 2005

are taken out of the Insurance Commission's budget, as well as registration and annual membership fees. The legislature has four NCOIL members: Representatives Wald and Keizer, Senators Klein and Tallackson. The total expenses with the dues runs about \$50,000 per year. In 2006 Rep. Wald will be president of NCOIL and may need additional money for traveling.

Hearing adjourned.

Re: HB 1007, Labor Commissioner

Members discussed why the budget seemed to bounce around so much and Sandy Paulson explained that HUD changed the reporting requirements to a per case format. The budget is adapting to those changes; this is the transition. Members discussed the Memo dated 1/11/05 which clarified the request for salary increase. Rep. Timm agreed to carry HB 1007 to the floor.

Re: HB 1011, Securities Department

Members discussed the FTE request and generally agreed that this position pays for itself. The estimates for outside counsel seemed within reason. Rep. Kempenich agreed to carry HB 1011 to the floor (Meter #1955)

Re: HB 1005, Treasurer's Department

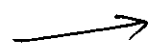
Members discussed the IT costs. Sandy Paulson estimates that the Treasurer has enough now in the budget to work on a study and do a quick fix. Rep. Thoreson pointed out that it's the application software that's costly. IT can help find that and adjust it to our state laws. Members also discussed the CO2 pipeline. Sandy Paulson will get more information regarding which counties are involved.

Re: HB 1001, Governor's Office

Discussed briefly that the office is authorized for 18 people and that adding one person still funds to 17.3. Noted that Governor & Lt. Governor did not take salary increases for the past two sessions. (Meter #3597)

Re: HB 1010, Insurance Commission

Chairman Carlisle Members discussed the amendment and generally agreed a flat amount would be most efficient and each session it could be re-evaluated. Members asked Roxanne



General Discussion
Page 3
Government Operations
January 12, 2005

Woeske to draft amendment to provide 1 million per year plus a grant to the Association form \$104-120,000. Members discussed whether or not they needed to do anything to insure Rep.

Wald has sufficient travel funds for 2006 and noted the Commissioner didn't seem to be worried about it.(Tape 2, Side B #1590)

Meeting Adjourned.

*Govt
Operations*

Ms. Paulson agreed to research last session to find out if any money had been taken from the Rail Trust Fund for the rail rate case. Chairman Svedjan advised the Committee to evaluate the case and come to the Full Committee with a their best recommendation. Chairman Svedjan voiced concern as to whether of not BNSF would take any negotiations seriously unless the money is on the table.

Re: HB 1009, Agriculture Department

At issue are three FTE's, 2 for the Animal Board of Health staff (a vet and support staff) and 1 for a meat inspector.

Also at issue is the request for \$250,000 for the saltcedar problem. There's a miss in EARP which is unobligated. The Dept. might be able to use that.

The request for \$85,000 for the Ag in the Classroom which is an optional request.

The request for the Pride of Dakota program. Ms. Paulson informed the Committee that this program has always been off budget or it's an on-going program. The program can only spend whatever it brings in.

Re: HB 1010, Insurance Commission

Firefighters want a larger portion of the premium money. The cap is 2.6 million. The Committee is drawing up an amendment to allow them \$1 million more per year out of that fund, which currently has \$4 million. The increased appropriation will bump the cap to 3.6 million.

Re: HB 1018, Game & Fish

Moving the flora from \$10-15 million to deal with problems: Sweet Briar dam is leaking, carp at D.L., & a road into Graham's Island that's going under water. The Director is not interested in buying that ranch.

General Discussion

Page 2

Committee Work

Wednesday, January 26, 2005

Govt Operative

Re: HB 1003, Attorney General Budget

Chairman Carlisle said the subcommittee will meet later in the morning.

Re: HB 1005, State Treasurer

Rep. Timm reported that this budget is ready to go.

Re: HB 1006, Tax Commissioner

Rep. Kroeber asked about the whether a decision had to be made regarding the Integrated Tax System and **Chairman Carlisle** said that this would be discussed in the Full Appropriations Committee.

Re: HB 1007, Labor Commissioner

Rep. Timm reported that this budget is ready to go.

Re: HB 1009, Agriculture Department

Chairman Carlisle said that since **Rep. Kempenich** is absent until Friday, the Committee would wait until then to do any further work.

Re: HB 1010, Insurance Commission

Chairman Carlisle told the Committee that Proposed Amendments to House Bill No. 1010 .0103 and 0.102 are ready for review and that the previous Proposed Amendment to House Bill No. 1010.0101 can be pitched. **Rep. Timm** asked if all amendments to a bill are supposed to be put on one sheet of paper. **Ms. Woeste** confirmed. She also pointed out that she drafted two amendments, but that the Committee hasn't taken any formal action either one. If both of these amendments were approved by the Committee, they would be incorporated into one and that amendment would be brought before the Full Appropriations Committee. **Rep. Timm** reported that the rest of the budget is ready to go.

2005 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1010

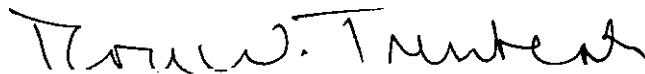
House Appropriations Committee
Government Operations Division

Conference Committee

Hearing Date Wednesday, February 2, 2005

Tape Number	Side A	Side B	Meter #
1	X		21.4-24.2

Committee Clerk Signature



Minutes:

Chairman Carlisle opened discussion on HB 1010 regarding the Insurance Commission budget and amendments .0102 and .0103. With regard to .0102 and the request for \$100,000. **Rep.**

Timm suggested the Committee leave the Amendment as is and allow Rep. Wald to make his own case before the Full Appropriations Committee. **Chairman Carlisle** called for a motion to approve Amendment .0102 and **Rep. Kempenich** so moved; **Rep. Timm** seconded. Hearing no discussion, **Chairman Carlisle** requested Roll Call Vote #4. Motion passed 6-0.

Chairman Carlisle asked **Rep. Timm** to discuss Amendment .0103 which adds funding of \$2,016,000 from insurance premium tax collections. **Rep. Timm** moved a "Do Pass"

Amendment .0103; seconded by **Rep. Kroeber**. Hearing no discussion, **Chairman Carlisle** requested Roll Call Vote #5. Motion passed 6-0.

Chairman Carlisle ended discussion on HB 1010. (Meter #24.2)

2005 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1010

House Appropriations Committee
Government Operations Division

Conference Committee

Hearing Date Thursday, February 10, 2005

Tape Number	Side A	Side B	Meter #
1		X	23.6-27.5

Committee Clerk Signature

Minutes:

Chairman Carlisle opened discussion on HB 1010 to consider the Amendment .0104. This amendment combined two earlier amendments into one. The Committee approved the language.

Rep. Thoreson moved to pass Amendment .0104; **Rep. Timm** seconded.

Chairman Carlisle hearing no further discussion called for a roll call vote (#1).

Motion passed 6-0-0.

Discussion on HB 1010 closed.

(Meter #27.5)

2005 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1010

House Appropriations Committee
Government Operations Division

Conference Committee

Hearing Date Friday, February 11, 2005

Tape Number	Side A	Side B	Meter #
1		X	0.5-52.

Committee Clerk Signature



Minutes:

Chairman Carlisle opened discussion on HB 1010 and the Amendment .0105 concerning the Insurance Commission budget.

Mr. Donald Wolf, Legislative Council, reviewed the following changes:

- adjusts for compensation changes
- increases funding for fire departments by \$2, 016,000
- adds funding for a grant to the N.D. Association of Oil and Gas Producing Counties
- provides salary adjustments for the Insurance Commissioner

Rep. Timm asked confirmation that the extra \$16,000 in the \$2,016,000 for the fire departments is for the Firefighters Association. **Mr. Wolf** confirmed.

Rep. Timm moved to approve Amendment .0105; **Rep. Kempenich** seconded. Hearing no further discussion, **Chairman Carlisle** called for a roll call vote. Motion passed 3-2-1.

Page 2

Government Operations Division

Bill/Resolution Number HB 1010

Hearing Date Friday, February 11, 2005

Rep. Timm moved a DO PASS on HB 1010 as amended; **Rep. Kempenich** seconded. Hearing no further discussion, **Chairman Carlisle** called a roll call vote (#2). Motion passed 5-0-1.

Chairman Carlisle closed discussion on HB 1010.

(Meter #5.2)

2005 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB1010
Insurance Commissioner

House Appropriations Full Committee

Conference Committee

Hearing Date February 15, 2005

Tape Number

4

Side A

Side B

X

Meter #

#23.9 - #43.6

Committee Clerk Signature

Chris Alexander

Minutes:

Rep. Ken Svedjan, Chairman opened the discussion on HB1010.

Rep. Mike Timm, Vice Chairman explained that the amendments for this bill include an addition of \$2.116 million in this budget to fund fire departments around the state of North Dakota. Rep Timm referred to handout #30-3 (attached) and explained that the committee was asked if the firefighters could get some more money from the premiums collected by the insurance commission since this was the original purpose of this dollars when it all began. This handout shows that these premiums were supposed to pay for 80% of the firefighters expenses. In 1995 the session capped this at \$2.6. Since then the money collected in premiums has risen greatly and the cap is now at around 53% instead of 80%. This is money coming from the general fund because the premiums go into the general fund. The amendment is \$1 million extra per year to be distributed to fire districts across the state. There is also \$100,000 appropriated to train firefighters in the west.

Rep. Francis J. Wald explained that they hope to establish a training facility for those who work in the oil patch. This is the Williston Basin Oil Field Fire Training Facility. This is a one time seed money cost. The total project is \$200,000 and the rest is covered by local funds and efforts.

Rep. Mike Timm, Vice Chairman continued saying that the extra \$16,000 is for the firefighter association for training around the state.

Rep. Mike Timm, Vice Chairman moved to adopt amendment #0105 to HB1010.

Rep. Ron Carlisle seconded.

Rep. Ron Carlisle commented that we have 388 fire departments in North Dakota and a full set of gear costs \$5500 each.

Rep. Tom Brusegaard asked what the formula was for the distribution of the funds.

Rep. Mike Timm, Vice Chairman answered that it is based on the amount of premiums collected in that district. (meter Tape #4, side B, #33.0)

Rep. Jeff Delzer asked where the money is going now

Rep. Mike Timm, Vice Chairman answered that these funds are going into the general fund. Homeland security funds are dedicated funds for communications, not equipment or training.

Rep. Jeff Delzer asked if "preparedness" cannot be covered under Homeland Security.

Rep. Mike Timm, Vice Chairman answered that no it cannot be covered.

Rep. Bob Skarphol commented that the fire trucks are coming from FIMA.

Rep. Jeff Delzer asked how much money we are given from FIMA and can it only be used for fire trucks

Rep. Bob Skarphol answered that the numbers are not certain but there is no state oversight of FIMA dollars.

Rep. Jeff Delzer asked if the committee asked the firefighters if they had any funds on hand .

Rep. Mike Timm, Vice Chairman answered no. The bigger fire departments get money from the towns and from the counties but they rely on these funds for their operating budget.

Rep. Ken Svedjan, Chairman called for a voice vote on the motion to adopt amendment #0105 to HB1010. Motion carried.

Rep. Al Carlson asked how much of the premium collections was projected to go into the 2005-2007 general funds.

Rep. Ken Svedjan, Chairman clarified that the question was how much is coming in from the premium tax to feed the general fund for 2005-2007.

Ms Pam Sharp from OMB answered that \$5.2 million were given to fire districts and the rest goes into the general fund. The total collected is approximately \$68 million in premium tax

Rep. Al Carlson commented that maybe this moving of \$2 million dollars doesn't have a lot of effect on the general fund because we are collecting more than we have in the past.

Rep. Francis J. Wald commented that this is a small part of the total premium tax collected by the insurance commission.

Rep. Mike Timm, Vice Chairman moved a Do Pass As Amended motion on HB1010.

Rep. Ron Carlisle seconded.

Rep. Ken Svedjan, Chairman called for a roll call vote on the Do Pass As Amended motion on HB1010. Motion carried with a vote of 15 yeas, 8 nays, and 0 absences. Rep Timm will carry this bill to the house floor.

Rep. Ken Svedjan, Chairman closed the discussion on HB1010.

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1010

Page 1, line 23, replace "(6,900)" with "193,100"

Page 2, line 1, replace "607,147" with "807,147"

Page 2, line 2, replace "707,147" with "907,147"

Page 2, after line 10, insert:

"Capital assets 200,000"

Page 2, line 12, replace "12,497,926" with "12,697,926"

Page 2, line 13, remove "TO FIRE"

Page 2, line 14, remove "DEPARTMENTS AND NORTH DAKOTA FIREFIGHTER'S ASSOCIATION"

Page 2, line 15, replace "\$5,304,000" with "\$5,504,000"

Page 2, line 17, replace "and" with a comma

Page 2, line 18, after "association" insert ", and \$100,000 is for the purpose of constructing a Williston basin oilfield training facility at Dickinson"

Re-number accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1010 - Insurance Department - House Action

	EXECUTIVE BUDGET	HOUSE CHANGES	HOUSE VERSION
Salaries and wages	\$5,080,549		\$5,080,549
Operating expenses	2,113,377		2,113,377
Capital assets		\$200,000	200,000
Grants	<u>5,304,000</u>		<u>5,304,000</u>
Total all funds	\$12,497,926	\$200,000	\$12,697,926
Less estimated income	<u>12,497,926</u>	<u>200,000</u>	<u>12,697,926</u>
General fund	\$0	\$0	\$0
FTE	46.50	0.00	46.50

Dept. 401 - Insurance Department - Detail of House Changes

	ADDS FUNDING FOR A WILLISTON BASIN OILFIELD FIRE TRAINING FACILITY ¹	TOTAL HOUSE CHANGES
Salaries and wages		
Operating expenses		
Capital assets	\$200,000	\$200,000
Grants		
Total all funds	\$200,000	\$200,000
Less estimated income	<u>200,000</u>	<u>200,000</u>

General fund	\$0	\$0
FTE	0.00	0.00

¹ This amendment adds funding of \$200,000, of which \$100,000 is from insurance premium tax collections and \$100,000 is from other special funds, for establishment of a Williston Basin oilfield fire training facility at Dickinson.

January 13, 2005

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1010

Page 1, line 24, replace "(100,000)" with "(100,000)"

Page 1, after line 24, insert:

"Grants 100,000"

Page 2, line 1, replace "607,147" with "707,147"

Page 2, line 2, replace "707,147" with "807,147"

Page 2, line 11, replace "5,304,000" with "5,404,000"

Page 2, line 12, replace "12,497,926" with "12,597,926"

Page 2, line 13, remove "TO FIRE"

Page 2, line 14, remove "DEPARTMENTS AND NORTH DAKOTA FIREFIGHTER'S
ASSOCIATION"

Page 2, line 15, replace "\$5,304,000" with "\$5,404,000"

Page 2, line 17; replace "and" with a comma

Page 2, line 18, after "association" insert ", and \$100,000 is for the purpose of providing a grant
to the North Dakota association of oil and gas producing counties"

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1010 - Insurance Department - House Action

	EXECUTIVE BUDGET	HOUSE CHANGES	HOUSE VERSION
Salaries and wages	\$5,080,549		\$5,080,549
Operating expenses	2,113,377		2,113,377
Grants	<u>5,304,000</u>	<u>\$100,000</u>	<u>5,404,000</u>
Total all funds	\$12,497,926	\$100,000	\$12,597,926
Less estimated income	<u>12,497,926</u>	<u>100,000</u>	<u>12,597,926</u>
General fund	\$0	\$0	\$0
FTE	46.50	0.00	46.50

Dept. 401 - Insurance Department - Detail of House Changes

	Adds Funding for a Grant to the North Dakota Association of Oil and Gas Producing Counties ¹	Total House Changes
Salaries and wages		
Operating expenses		
Grants	<u>\$100,000</u>	<u>\$100,000</u>
Total all funds	\$100,000	\$100,000
Less estimated income	<u>100,000</u>	<u>100,000</u>
General fund	\$0	\$0
FTE	0.00	0.00

¹ This amendment adds funding of \$100,000 from insurance premium tax collections for providing a grant to the North Dakota Association of Oil and Gas Producing Counties for the establishment of a Williston Basin oilfield fire training facility at Dickinson.

This amendment would reduce the amount of general fund revenues available for the 2005-07 biennium by \$100,000.

Date: 2/2/05
Roll Call Vote #: ~~10~~

2005 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. HB 1010 Amend .0102

House House Appropriations Government Operations

Committee

Check here for Conference Committee

Legislative Council Amendment Number

58033.012

Action Taken

Do pass Amendment .0102

Motion Made By

Rep. Kempenich

Seconded By

Rep. Timm

Representatives	Yes	No	Representatives	Yes	No
Chairman Carlisle	✓		Rep. Kroeber	✓	
Rep. Timm	✓		Rep. Williams	✓	
Rep. Kempenich	✓				
Rep. Thoreson	✓				

Total (Yes)

6

No

0

Absent

Floor Assignment

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

January 13, 2005

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1010

Page 1, line 24, replace "(100,000)" with "(100,000)"

Page 1, after line 24, insert:

"Grants 2,016,000"

Page 2, line 1, replace "607,147" with "2,623,147"

Page 2, line 2, replace "707,147" with "2,723,147"

Page 2, line 11, replace "5,304,000" with "7,320,000"

Page 2, line 12, replace "12,497,926" with "14,513,926"

Page 2, line 15, replace "\$5,304,000" with "\$7,320,000"

Page 2, line 16, replace "\$5,200,000" with "\$7,200,000"

Page 2, line 17, replace "\$104,000" with "\$120,000"

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1010 - Insurance Department - House Action

	EXECUTIVE BUDGET	HOUSE CHANGES	HOUSE VERSION
Salaries and wages	\$5,080,549		\$5,080,549
Operating expenses	2,113,377		2,113,377
Grants	<u>5,304,000</u>	<u>\$2,016,000</u>	<u>7,320,000</u>
Total all funds	\$12,497,926	\$2,016,000	\$14,513,926
Less estimated income	<u>12,497,926</u>	<u>2,016,000</u>	<u>14,513,926</u>
General fund	\$0	\$0	\$0
FTE	46.50	0.00	46.50

Dept. 401 - Insurance Department - Detail of House Changes

	INCREASES FUNDING FOR PAYMENTS TO FIRE DEPARTMENTS 1	TOTAL HOUSE CHANGES
Salaries and wages		
Operating expenses		
Grants	<u>\$2,016,000</u>	<u>\$2,016,000</u>
Total all funds	\$2,016,000	\$2,016,000
Less estimated income	<u>2,016,000</u>	<u>2,016,000</u>
General fund	\$0	\$0
FTE	0.00	0.00

¹ This amendment adds funding of \$2,016,000 from insurance premium tax collections for increasing funding for making payments to fire departments by \$2 million from \$5.2 million to \$7.2 million and for making two equal payments to the North Dakota Firefighter's Association by \$16,000 from \$104,000 to \$120,000. This amendment would reduce the amount of general fund revenues available for the 2005-07 biennium by \$2,016,000.

Date: 2/2/05
Roll Call Vote #: ~~3~~

2005 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. HB 1010 amend .0103

House House Appropriations Government Operations Committee

Check here for Conference Committee

Legislative Council Amendment Number 58033.0103

Action Taken Do pass Amendment .0103

Motion Made By Rep. Timm Seconded By Rep. Kroeber

Representatives	Yes	No	Representatives	Yes	No
Chairman Carlisle	✓		Rep. Kroeber	✓	
Rep. Timm	✓		Rep. Williams	✓	
Rep. Kempenich	✓				
Rep. Thoreson	✓				

Total (Yes) 6 No 0

Absent

Floor Assignment

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

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1010

Page 1, line 21, replace "382,171" with "361,269"

Page 1, line 24, replace "(100,000)" with "(100,000)"

Page 1, after line 24, insert:

"Grants 2,116,000"

Page 2, line 1, replace "607,147" with "2,702,245"

Page 2, line 2, replace "707,147" with "2,802,245"

Page 2, line 9, replace "5,080,549" with "5,059,647"

Page 2, line 11; replace "5,304,000" with "7,420,000"

Page 2, line 12, replace "12,497,926" with "14,593,024"

Page 2, line 13, remove "TO FIRE"

Page 2, line 14, remove "DEPARTMENTS AND NORTH DAKOTA FIREFIGHTER'S ASSOCIATION"

Page 2, line 15, replace "\$5,304,000" with "\$7,420,000"

Page 2, line 16, replace "\$5,200,000" with "\$7,200,000"

Page 2, line 17, replace "and" with a comma and replace "\$104,000" with "\$120,000"

Page 2, line 18, after "association" insert ", and \$100,000 is for the purpose of providing a grant to the North Dakota association of oil and gas producing counties"

Page 3, line 14, remove "seven", overstrike "hundred", and replace "thirty-nine" with "fifty-nine"

Page 3, line 15, remove "may not exceed", replace "seventy-three" with "seventy-two", replace "five" with "eight", and replace "sixty-eight" with "sixty-one"

Re-number accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1010 - Insurance Department - House Action

	EXECUTIVE BUDGET	HOUSE CHANGES	HOUSE VERSION
Salaries and wages	\$5,080,549	(\$20,902)	\$5,059,647
Operating expenses	2,113,377		2,113,377
Grants	<u>5,304,000</u>	<u>2,116,000</u>	<u>7,420,000</u>
Total all funds	\$12,497,926	\$2,095,098	\$14,593,024

Less estimated income	<u>12,497,926</u>	<u>2,095,098</u>	<u>14,593,024</u>
General fund	\$0	\$0	\$0
FTE	46.50	0.00	46.50

Dept. 401 - Insurance Department - Detail of House Changes

	REDUCES COMPENSATION PACKAGE TO 3/4	INCREASES FUNDING FOR PAYMENTS TO FIRE DEPARTMENTS 1	ADDS FUNDING FOR A GRANT TO THE NORTH DAKOTA ASSOCIATION OF OIL AND GAS PRODUCING COUNTIES 2	TOTAL HOUSE CHANGES
Salaries and wages	(\$20,902)			(\$20,902)
Operating expenses				
Grants		<u>\$2,016,000</u>	<u>\$100,000</u>	<u>2,116,000</u>
Total all funds	(\$20,902)	\$2,016,000	\$100,000	\$2,095,098
Less estimated income	<u>(20,902)</u>	<u>2,016,000</u>	<u>100,000</u>	<u>2,095,098</u>
General fund	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00

¹ This amendment adds funding of \$2,016,000 from insurance premium tax collections for increasing funding for making payments to fire departments by \$2 million from \$5.2 million to \$7.2 million and for making two equal payments to the North Dakota Firefighter's Association by \$16,000 from \$104,000 to \$120,000. This change would reduce the amount of general fund revenues available for the 2005-07 biennium by \$2,016,000.

² This amendment adds funding of \$100,000 from insurance premium tax collections for providing a grant to the North Dakota Association of Oil and Gas Producing Counties for the establishment of a Williston Basin oilfield fire training facility at Dickinson. This change would reduce the amount of general fund revenues available for the 2005-07 biennium by \$100,000.

Date: 2/11/05
Roll Call Vote #: 1

2005 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1010

House House Appropriations Government Operations Committee

Check here for Conference Committee

Legislative Council Amendment Number 58033.0105

Action Taken Approve Amend. 0105

Motion Made By Rep. Timm Seconded By Rep. Kempenich

Representatives	Yes	No	Representatives	Yes	No
Chairman Carlisle	✓		Rep. Kroeber		✓
Rep. Timm	✓		Rep. Williams		✓
Rep. Kempenich	✓				
Rep. Thoreson					

Total (Yes) 3 No 2

Absent 1

Floor Assignment

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

Date: 2/11/05
Roll Call Vote #: 2

2005 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1010

House House Appropriations Government Operations Committee

Check here for Conference Committee

Legislative Council Amendment Number 58033.0105

Action Taken DO PASS HB: 1010 AS AMENDED

Motion Made By Rep. Timm Seconded By Rep. Kempenich

Representatives	Yes	No	Representatives	Yes	No
Chairman Carlisle	✓		Rep. Kroeber	✓	
Rep. Timm	✓		Rep. Williams	✓	
Rep. Kempenich	✓				
Rep. Thoreson					

Total (Yes) 5 No 0

Absent

Floor Assignment 1 Rep. Timm

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

February 2, 2005

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1010

Page 1, line 24, replace "(100,000)" with "(100,000)"

Page 1, after line 24, insert:

"Grants \$2,116,000"

Page 2, line 1, replace "607,147" with "2,723,147"

Page 2, line 2, replace "707,147" with "2,823,147"

Page 2, line 11, replace "5,304,000" with "7,420,000"

Page 2, line 12, replace "12,497,926" with "14,613,926"

Page 2, line 13, remove "TO FIRE"

Page 2, line 14, remove "DEPARTMENTS AND NORTH DAKOTA FIREFIGHTER'S
ASSOCIATION"

Page 2, line 15, replace "\$5,304,000" with "\$7,420,000"

Page 2, line 16, replace "\$5,200,000" with "\$7,200,000"

Page 2, line 17, replace "and" with a comma and replace "\$104,000" with "\$120,000"

Page 2, line 18, after "association" insert ", and \$100,000 is for the purpose of providing a grant
to the North Dakota association of oil and gas producing counties"

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1010 - Insurance Department - House Action

	EXECUTIVE BUDGET	HOUSE CHANGES	HOUSE VERSION
Salaries and wages	\$5,080,549		\$5,080,549
Operating expenses	2,113,377		2,113,377
Grants	<u>5,304,000</u>	<u>\$2,116,000</u>	<u>7,420,000</u>
Total all funds	\$12,497,926	\$2,116,000	\$14,613,926
Less estimated income	<u>12,497,926</u>	<u>2,116,000</u>	<u>14,613,926</u>
General fund	\$0	\$0	\$0
FTE	46.50	0.00	46.50

Dept. 401 - Insurance Department - Detail of House Changes

	INCREASES FUNDING FOR PAYMENTS TO FIRE DEPARTMENTS ¹	ADDS FUNDING FOR A GRANT TO THE NORTH DAKOTA ASSOCIATION OF OIL AND GAS PRODUCING COUNTIES ²	TOTAL HOUSE CHANGES
Salaries and wages			
Operating expenses			
Grants	<u>\$2,016,000</u>	<u>\$100,000</u>	<u>\$2,116,000</u>
Total all funds	\$2,016,000	\$100,000	\$2,116,000
Less estimated income	<u>2,016,000</u>	<u>100,000</u>	<u>2,116,000</u>
General fund	\$0	\$0	\$0
FTE	0.00	0.00	0.00

¹ This amendment adds funding of \$2,016,000 from insurance premium tax collections for increasing funding for making payments to fire departments by \$2 million from \$5.2 million to \$7.2 million and for making two equal payments to the North Dakota Firefighter's Association by \$16,000 from \$104,000 to \$120,000. This change would reduce the amount of general fund revenues available for the 2005-07 biennium by \$2,016,000.

² This amendment adds funding of \$100,000 from insurance premium tax collections for providing a grant to the North Dakota Association of Oil and Gas Producing Counties for the establishment of a Williston Basin oilfield fire training facility at Dickinson. This change would reduce the amount of general fund revenues available for the 2005-07 biennium by \$100,000.

Date:
Roll Call Vote #:

2-11-05
X 3

**2005 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO.**

House House Appropriations Government Operations

Committee

Check here for Conference Committee

Legislative Council Amendment Number

58033.0104

Action Taken

Approve Amendment .0104

Motion Made By

Rep. Thoreson

Seconded By

Rep. Timm

Representatives	Yes	No	Representatives	Yes	No
Chairman Carlisle	✓		Rep. Kroeber	✓	
Rep. Timm	✓		Rep. Williams	✓	
Rep. Kempenich	✓				
Rep. Thoreson	✓				

Total (Yes)

6

No

0

Absent

0

Floor Assignment

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

Date: **February 15, 2005**
Roll Call Vote #: **8 1**

2005 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. HB1010

House Appropriations - Full Committee

Check here for Conference Committee

Legislative Council Amendment Number **58033.0105**

Action Taken **DO PASS AS AMENDED**

Motion Made By **Rep Timm** Seconded By **Rep Carlisle**

Representatives	Yes	No	Representatives	Yes	No
Rep. Ken Svedjan, Chairman	X		Rep. Bob Skarphol		X
Rep. Mike Timm, Vice Chairman	X		Rep. David Monson		X
Rep. Bob Martinson	X		Rep. Eliot Glassheim		X
Rep. Tom Brusegaard		X	Rep. Jeff Delzer		X
Rep. Earl Rennerfeldt	X		Rep. Chet Pollert		X
Rep. Francis J. Wald	X		Rep. Larry Bellew		X
Rep. Ole Aarsvold	X		Rep. Alon C. Wieland	X	
Rep. Pam Gulleson	X		Rep. James Kerzman	X	
Rep. Ron Carlisle	X		Rep. Ralph Metcalf	X	
Rep. Keith Kempenich	X				
Rep. Blair Thoreson	X				
Rep. Joe Kroeber	X				
Rep. Clark Williams	X				
Rep. Al Carlson		X			

Total Yes **15** No **8**

Absent **0**

Floor Assignment **Rep Timm**

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

REPORT OF STANDING COMMITTEE

HB 1010: Appropriations Committee (Rep. Svedjan, Chairman) recommends AMENDMENTS AS FOLLOWS and when so amended, recommends DO PASS (15 YEAS, 8 NAYS, 0 ABSENT AND NOT VOTING). HB 1010 was placed on the Sixth order on the calendar.

Page 1, line 21, replace "382,171" with "361,269"

Page 1, line 24, replace "(100,000)" with "(100,000)"

Page 1, after line 24, insert:
"Grants

2,116,000"

Page 2, line 1, replace "607,147" with "2,702,245"

Page 2, line 2, replace "707,147" with "2,802,245"

Page 2, line 9, replace "5,080,549" with "5,059,647"

Page 2, line 11, replace "5,304,000" with "7,420,000"

Page 2, line 12, replace "12,497,926" with "14,593,024"

Page 2, line 13, remove "TO FIRE"

Page 2, line 14, remove "DEPARTMENTS AND NORTH DAKOTA FIREFIGHTER'S ASSOCIATION"

Page 2, line 15, replace "\$5,304,000" with "\$7,420,000"

Page 2, line 16, replace "\$5,200,000" with "\$7,200,000"

Page 2, line 17, replace "and" with a comma and replace "\$104,000" with "\$120,000"

Page 2, line 18, after "association" insert ", and \$100,000 is for the purpose of providing a grant to the North Dakota association of oil and gas producing counties"

Page 3, line 14, remove "seven", overstrike "hundred", and replace "thirty-nine" with "fifty-nine"

Page 3, line 15, replace "may not exceed seventy-three" with "seventy-two", replace "five" with "eight", and replace "sixty-eight" with "sixty-one"

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1010 - Insurance Department - House Action

	EXECUTIVE BUDGET	HOUSE CHANGES	HOUSE VERSION
Salaries and wages	\$5,080,549	(\$20,902)	\$5,059,647
Operating expenses	2,113,377		2,113,377
Grants	<u>5,304,000</u>	<u>2,116,000</u>	<u>7,420,000</u>
Total all funds	\$12,497,926	\$2,095,098	\$14,593,024
Less estimated income	<u>12,497,926</u>	<u>2,095,098</u>	<u>14,593,024</u>
General fund	\$0	\$0	\$0

FTE 46.50 0.00 46.50

Dept. 401 - Insurance Department - Detail of House Changes

	REDUCES COMPENSATION PACKAGE TO 3/4	INCREASES FUNDING FOR PAYMENTS TO FIRE DEPARTMENTS ¹	ADDS FUNDING FOR A GRANT TO THE NORTH DAKOTA ASSOCIATION OF OIL AND GAS PRODUCING COUNTIES ²	TOTAL HOUSE CHANGES
Salaries and wages	(\$20,902)			(\$20,902)
Operating expenses				
Grants		<u>\$2,016,000</u>	<u>\$100,000</u>	<u>2,116,000</u>
Total all funds	(\$20,902)	\$2,016,000	\$100,000	\$2,095,098
Less estimated income	<u>(20,902)</u>	<u>2,016,000</u>	<u>100,000</u>	<u>2,095,098</u>
General fund	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00

¹ This amendment adds funding of \$2,016,000 from insurance premium tax collections for increasing funding for making payments to fire departments by \$2 million from \$5.2 million to \$7.2 million and for making two equal payments to the North Dakota Firefighter's Association by \$16,000 from \$104,000 to \$120,000. This change would reduce the amount of general fund revenues available for the 2005-07 biennium by \$2,016,000.

² This amendment adds funding of \$100,000 from insurance premium tax collections for providing a grant to the North Dakota Association of Oil and Gas Producing Counties for the establishment of a Williston Basin oilfield fire training facility at Dickinson. This change would reduce the amount of general fund revenues available for the 2005-07 biennium by \$100,000.

2005 SENATE APPROPRIATIONS

HB 1010

2005 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1010

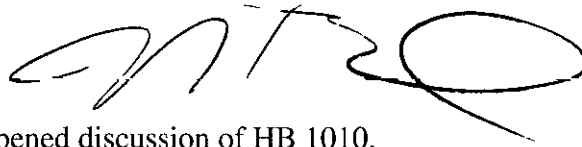
Senate Appropriations Committee

Conference Committee

Hearing Date 02/28/05

Tape Number	Side A	Side B	Meter #
2	x	x	1924-end 0-697

Committee Clerk Signature



Minutes: **Chairman Holmberg** opened discussion of HB 1010.

Jim Poolman, ND Insurance Commissioner appeared in support of HB 1010. Written testimony was provided, see appendix II. Mr. Poolman presented the Insurance Department's 05-07 Biennium budget. In his testimony Mr. Poolman also gave division overviews, these included; Administration, Agent Licensing and Investigation, Legal, Examinations and Company Licensing, Consumer Protection - Property/ Casualty, Consumer Protection - Life and Health, and Special Funds.

Questions were asked regarding to the, reduced cost or free drug program and how the word is getting out to seniors in rural areas of ND.

Sen. Robinson: (2940) I have heard that there are significant areas in the state where there is no help, for people to understand the process. Could we do something more?

Mr. Poolman: That is exactly what we are doing, the web site is a portal for people to receive information as well as other programs such as, the senior health insurance counseling program.

We also get the word out through rural news papers, however, there are still holes in the state that need plugging. This is why we are asking for more resources to go out and train volunteers, to help with programs.

Questions were also asked regarding the specifics of the discount drug program.

Sen. Andrist: Under the new Medicare prescription drug programs, do you think the discount drug programs provided by pharmaceutical companies will be continuing?

Mr. Poolman: I am not sure, but those discounts that are available on the web side are not age sensitive.

Mr. Poolman stated that there is a request in their budget for 1 additional FTE, making a total of 46 ½ FTE's.

Sen. Grindberg: Regarding section 9, corrections and meth, being more proactive. Why are we not working state wide and only a pilot.

Mr. Poolman: The program in Williams and McKensie Counties is going well, however it is less than a year since it has been in place so more documentation will be needed be done in detail.

Questions were also asked regarding payment to fire districts. Mr. Poolman stated that the appropriated money has not changed, the percentage of the total premium tax collected, the percentage has drastically reduced of the total that has been collected.

Rep. Wald, District 37 appeared in support for HB 1010. He made refineries to lines 18-20 in the bill, stating that the House amended the bill this would call for a one time seed money for a \$100,000 for a facility to be constructed in Dickinson, called the Willston Basin Oil Field Training Facility.

Joel Boespflug, City of Bismarck Fire Chief, ND Fire chiefs Association appeared in support of HB 1010. Written testimony was provided, see appendix II. Mr. Boespflug's testimony was limited to section 4, specifically to the increase in the amount of dollars rebated back to local fire departments.

Sen. Christmann: Is the 2.6 million an annual amount?

Mr. Boespflug: Yes, 5.2 million was for the department the \$104,000 is an addition to the 5.2 million.

Lois Hartman, Executive Director ND Firefighters Association, appeared in support of the bill and asked for a DO PASS of the engrossed bill. No questions were asked of Ms. Hartman.

Roy Schatschneider, Chief of W. Fargo Fire Department, appeared in support of HB 1010. Mr. Schatschneider, stated that the total cost of outfitting a single firefighter is over \$5,500. Mr. Schatschneider also went through costs of other fire fighting equipment as well as the increases in these costs throughout the last couple of years. No questions were asked of Mr. Schatschneider.

Jerry Hjelmstad, ND League of Cities, appeared in support of the changes made by the House. Written testimony was provided, see appendix III. No questions were asked of Mr. Hjelmstad.

Vice Chairman Bowman Closed meeting on HB 1010.

2005 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 1010

Senate Appropriations Committee

Conference Committee

Hearing Date March 11, 2005

Tape Number	Side A	Side B	Meter #
1		x	3,135

Committee Clerk Signature



Minutes:

Chairman Holmberg called the discussion to order on HB 1010 regarding the Insurance Commissioner. **The subcommittee will include Senators Tallackson, Grindberg and Kringstad.**

Senator Tallackson indicated he had met with the Insurance Commissioner and they discussion the House had put more money in the Fire Department and we shouldn't mess with it. The only issue is the distribution of that money to the fire departments. This has been fought for years and we don't have a solution for it but we will keep working at it. Perhaps if the insurance company and the agent can separate some way the premium tax.

Chairman Holmberg indicated he got a different message when he talked with him having to do with the \$2 million that would be general fund money that the house thought it would never pass. Now there are some folks saying the \$2 million increase is a 50 percent increase in one line item justified with what we might do in some other areas.

Senator Tallackson indicated the profits from the Insurance Department of agents license has transferred over \$1 million to the general fund, so it is really their money.

Senator Grindberg indicated he would like the subcommittee to spend more time with the Insurance Commissioner and maybe there is a way to do another pilot with the Anhydrous tanks. It is working well in SW ND. Maybe we could explore another pilot in NE ND.

Chairman Holmberg indicated what we could do is gather some data.

Senator Tallackson was concerned if we send this back to the House they will take the \$2 million out of the budget for the fire departments. If we amend it in any way they will adjust it.

Senator Robinson indicated he was concerned about losing that money and there is more information coming from the department regarding local fire department payments going down.

We may have a situation out there with CRP and fire protection where we might not have it. One option would be to create a base level funding for a handful of these districts so they don't lose anymore.

Senator Andrist expressed concerns about the fire department money in some areas the local rural departments are limited and town departments go to fires. We may want to investigate how they communicate.

Senator Thane indicated some departments have excellent mutual assistance agreements because close enough to answer calls.

Senator Fischer expanded on Senator Grindbergs lock program in the NW -- are surrounding communities experience an increase in meth activity and on the rural fire department, the ND forestry dept used to have a grant funding for rural fire departments for equipment. One of the

previous state foresters used to find them used vehicles so they could maximize those funds rather than buy new vehicles. In some districts farmers updated the equipment.

Senator Krauter indicated fire districts have gotten a ton of money out the Division of Emergency Management to the point they have bought 4 wheelers that don't carry water. Be careful of what we are doing here. The other thing is when I pay my insurance, I have to identify land and it should flow to the right place.

Senator Bowman found out with the Slope County fire last summer, the Garrison department came down and they want someone else to pay bills. The fees for this should be established before arriving. Perhaps this policy should be investigate a little further.

Senator Andrist indicated the oil country fire departments are favorites of the oil impact office and some departments will have to work because they don't have enough to run the trucks.

The discussion closed.

2005 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 1010

Senate Appropriations Committee

Conference Committee

Hearing Date March 31, 2005

Tape Number	Side A	Side B	Meter #
1	a		4,676

Committee Clerk Signature



Minutes:

Chairman Holmberg opened the discussion on HB 1010.

Senator Grindberg distributed amendments .0202 and .0203. He described that .0203 adjusts the health insurance, removes \$1 million to the fire district, the oil and gas has been pared back to \$75,000 and have added language for a pilot anhydrous lock program which requires \$50,000. Discussion followed regarding the anhydrous lock program, the fire school, payments to the fire districts, the pilot project,

Senator Grindberg moved a **DO PASS ON** the **AMENDMENT .0203**, **Senator Christmann** seconded. **A voice vote was taken and the motion carried.**

Senator Grindberg moved a **DO pass on the amendment .0202** and **Senator Fischer** seconded. Discussion followed about a sunset policy, ND health task force and loss ratios, concerns about giving a carte blanche premium setting to the insurance commissioner, the issue

Page 2

Senate Appropriations Committee

Bill/Resolution Number 1010

Hearing Date March 31, 2005

of health care and number of companies in ND and competitive rates in ND. A voice vote was taken and the motion carried.

Senator Grindberg moved a do pass on HB 1010 with amendments .0202 and .0203,

Senator Bowman seconded. A roll call vote was taken and the motion carried resulting in

9 yes, 4 no and 2 absent. Senator Grindberg will carry the bill.

Chairman Holmberg closed the discussion on HB 1010.

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1010

Page 1, line 3, replace "section" with "sections" and after "26.1-01-09" insert "and 26.1-36-37.2"

Page 1, line 4, after "salary" insert "and loss ratios"

Page 3, after line 15, insert:

"SECTION 12. AMENDMENT. Section 26.1-36-37.2 of the North Dakota Century Code is amended and reenacted as follows:

26.1-36-37.2. Loss ratios - Rules. For all policies providing hospital, surgical, medical, or major medical benefit, an An insurance company, a nonprofit health service corporation, a fraternal benefit society, and any other entity providing a plan of accident or health insurance or other health benefit subject to state insurance regulation shall return benefits to group policyholders in the aggregate of not less than seventy five a percent of premium received and to individual policyholders in the aggregate of not less than sixty five percent of premium received, as determined by the commissioner. The commissioner shall adopt rules to establish these minimum standards on the basis of incurred claims experienced and earned premiums for the entire period for which rates are computed to provide coverage in accordance with accepted actuarial principles and practices. This section does not apply to any contract or plan of insurance that provides exclusively for accident, disability income insurance, specified disease, hospital confinement indemnity, or other limited benefit health insurance."

Renumber accordingly

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1010

Page 1, line 21, replace "361,269" with "355,279"

Page 1, line 22, replace "331,876" with "381,876"

Page 2, line 1, replace "2,116,000" with "1,091,000"

Page 2, line 2, replace "2,702,245" with "1,721,255"

Page 2, line 3, replace "2,802,245" with "1,821,255"

Page 2, line 10, replace "5,059,647" with "5,053,657"

Page 2, line 11, replace "2,113,377" with "2,163,377"

Page 2, line 12, replace "7,420,000" with "6,395,000"

Page 2, line 13, replace "14,593,024" with "13,612,034"

Page 2, line 15, replace "\$7,420,000" with "\$6,395,000"

Page 2, line 16, replace "\$7,200,000" with "\$6,200,000"

Page 2, line 18, replace "\$100,000" with "\$75,000"

Page 3, after line 9, insert:

"SECTION 10. ADDITIONAL CRITICAL METHAMPHETAMINE-USE ZONE.

Notwithstanding rules adopted by the commissioner identifying a critical methamphetamine-use zone, the commissioner shall designate the counties of Walsh, Cavalier, and Pembina as a critical methamphetamine-use zone subject to section 19-20.2-11 and rules adopted pursuant to that section. Section 3 of this Act includes the sum of \$50,000 from the insurance regulatory trust fund, or so much of the sum as is necessary, to implement security measures established by the commissioner, including the purchase and distribution of locking devices, in the counties of Walsh, Cavalier, and Pembina, for the biennium beginning July 1, 2005, and ending June 30, 2007."

Re-number accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1010 - Insurance Department - Senate Action

	EXECUTIVE BUDGET	HOUSE VERSION	SENATE CHANGES	SENATE VERSION
Salaries and wages	\$5,080,549	\$5,059,647	(\$5,990)	\$5,053,657
Operating expenses	2,113,377	2,113,377	50,000	2,163,377
Grants	<u>5,304,000</u>	<u>7,420,000</u>	<u>(1,025,000)</u>	<u>6,395,000</u>
Total all funds	\$12,497,926	\$14,593,024	(\$980,990)	\$13,612,034

Less estimated income	<u>12,497,926</u>	<u>14,593,024</u>	<u>(980,990)</u>	<u>13,612,034</u>
General fund	\$0	\$0	\$0	\$0
FTE	46.50	46.50	0.00	46.50

Dept. 401 - Insurance Department - Detail of Senate Changes

	REDUCES RECOMMENDED FUNDING FOR HEALTH INSURANCE ¹	PROVIDES FUNDING FOR IMPLEMENTING METHAMPHETAMINE SECURITY MEASURES ²	REDUCES FUNDING FOR PAYMENTS TO FIRE DEPARTMENTS ³	REDUCES FUNDING FOR A GRANT TO THE NORTH DAKOTA ASSOCIATION OF OIL AND GAS PRODUCING COUNTIES ⁴	TOTAL SENATE CHANGES
Salaries and wages	(\$5,990)				(\$5,990)
Operating expenses		\$50,000			50,000
Grants			(\$1,000,000)	(\$25,000)	(1,025,000)
Total all funds	(\$5,990)	\$50,000	(\$1,000,000)	(\$25,000)	(\$980,990)
Less estimated income	<u>(5,990)</u>	<u>50,000</u>	<u>(1,000,000)</u>	<u>(25,000)</u>	<u>(980,990)</u>
General fund	\$0	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00	0.00

¹ This amendment reduces funding for state employee health insurance premiums from \$559.15 to \$553.95 per month.

² This amendment provides a \$50,000 special funds appropriation from the insurance regulatory trust fund for implementing methamphetamine security measures, including the purchase and distribution of locking devices. The amendment also adds a new section to the bill allowing the commissioner to designate the counties of Walsh, Cavalier, and Pembina as a critical methamphetamine-use zone.

³ This amendment reduces funding provided from the insurance premium tax collections for payments to fire departments by \$1 million, from \$7.2 million as provided by the House to \$6.2 million. Funding of \$6.2 million represents an increase in funding of \$1 million, from the \$5.2 million provided in the 2003-05 biennium.

⁴ This amendment reduces funding provided from the insurance premium tax collections for a grant to the North Dakota Association of Oil and Gas Producing Counties by \$25,000, from \$100,000 as provided by the House to \$75,000.

Date 3/31
Roll Call Vote #: 1

2005 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SB 1010

Senate SENATE APPROPRIATIONS

Committee

Check here for Conference Committee

Legislative Council Amendment Number

Action Taken

PLMA

will be combined
0203 & 0202

Motion Made By

Grind

Seconded By

Bowman

Senators	Yes	No	Senators	Yes	No
CHAIRMAN HOLMBERG	/		SENATOR KRAUTER		/
VICE CHAIRMAN BOWMAN	/		SENATOR LINDAAS		/
VICE CHAIRMAN GRINDBERG	/		SENATOR MATHERN		/
SENATOR ANDRIST	/		SENATOR ROBINSON		/
SENATOR CHRISTMANN	/		SEN. TALLACKSON		/
SENATOR FISCHER	/				
SENATOR KILZER	/				
SENATOR KRINGSTAD	/				
SENATOR SCHOBINGER	/				
SENATOR THANE	/				

Total (Yes)

9

No

4

Absent

2

Floor Assignment

Grindberg

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

This amendment also removes Section 16 of the engrossed bill added by the Senate for the transfer of \$250,000 from the Mill and Elevator's agriculture promotion line to the Trade Promotion Authority and adds a section to require the state Mill and Elevator Association to present an annual report to the Budget Section and repeals Section 3 of Chapter 491 of the 2003 Session Laws related to expiration of the authorization for the state to purchase oil put options.

MESSAGE TO THE SENATE FROM THE HOUSE (BRADLEY C. FAY, CHIEF CLERK)
MR. PRESIDENT: The House has amended and subsequently failed to pass: SB 2145.

MOTION

SEN. CHRISTMANN MOVED that the absent members be excused, which motion prevailed.

MOTION

SEN. CHRISTMANN MOVED that the Senate be on the Fourth, Fifth, Thirteenth, and Sixteenth orders of business and at the conclusion of those orders, the Senate stand adjourned until 9:00 a.m., Monday, April 4, 2005, which motion prevailed.

REPORT OF STANDING COMMITTEE

HB 1010, as engrossed: Appropriations Committee (Sen. Holmberg, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (9 YEAS, 4 NAYS, 2 ABSENT AND NOT VOTING). Engrossed HB 1010 was placed on the Sixth order on the calendar.

Page 1, line 3, replace "section" with "sections" and after "26.1-01-09" insert "and 26.1-36-37.2"

Page 1, line 4, after "salary" insert "and loss ratios"

Page 1, line 21, replace "361,269" with "355,279"

Page 1, line 22, replace "331,876" with "381,876"

Page 2, line 1, replace "2,116,000" with "1,091,000"

Page 2, line 2, replace "2,702,245" with "1,721,255"

Page 2, line 3, replace "2,802,245" with "1,821,255"

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Page 2, line 13, replace "14,593,024" with "13,612,034"

Page 2, line 15, replace "\$7,420,000" with "\$6,395,000"

Page 2, line 16, replace "\$7,200,000" with "\$6,200,000"

Page 2, line 18, replace "\$100,000" with "\$75,000"

Page 3, after line 9, insert:

"SECTION 10. ADDITIONAL CRITICAL METHAMPHETAMINE-USE ZONE.

Notwithstanding rules adopted by the commissioner identifying a critical methamphetamine-use zone, the commissioner shall designate the counties of Walsh, Cavalier, and Pembina as a critical methamphetamine-use zone subject to section 19-20.2-11 and rules adopted pursuant to that section. Section 3 of this Act includes the sum of \$50,000 from the insurance regulatory trust fund, or so much of the sum as is necessary, to implement security measures established by the commissioner, including the purchase and distribution of locking devices, in the counties of Walsh, Cavalier, and Pembina, for the biennium beginning July 1, 2005, and ending June 30, 2007."

Page 3, after line 15, insert:

"SECTION 12. AMENDMENT. Section 26.1-36-37.2 of the North Dakota Century Code is amended and reenacted as follows:

26.1-36-37.2. Loss ratios - Rules. For all policies providing hospital, surgical, medical, or major medical benefit, an An insurance company, a nonprofit health service corporation, a fraternal benefit society, and any other entity providing a plan of accident or health insurance or other health benefit subject to state insurance regulation shall return benefits to group policyholders in the aggregate of not less than ~~seventy-five~~ a percent of premium received and to individual policyholders in the aggregate of not less than sixty five percent of premium received, as determined by the commissioner. The commissioner shall adopt rules to establish these minimum standards on the basis of incurred claims experienced and earned premiums for the entire period for which rates are computed to provide coverage in accordance with accepted actuarial principles and practices. This section does not apply to any contract or plan of insurance that provides exclusively for accident, disability income insurance, specified disease, hospital confinement indemnity, or other limited benefit health insurance."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1010 - Insurance Department - Senate Action

	EXECUTIVE BUDGET	HOUSE VERSION	SENATE CHANGES	SENATE VERSION
Salaries and wages	\$5,080,549	\$5,059,647	(\$5,990)	\$5,053,657
Operating expenses	2,113,377	2,113,377	50,000	2,163,377
Grants	<u>5,304,000</u>	<u>7,420,000</u>	<u>(1,025,000)</u>	<u>6,395,000</u>
Total all funds	\$12,497,926	\$14,593,024	(\$980,990)	\$13,612,034
Less estimated income	<u>12,497,926</u>	<u>14,593,024</u>	<u>(980,990)</u>	<u>13,612,034</u>
General fund	\$0	\$0	\$0	\$0
FTE	46.50	46.50	0.00	46.50

Dept. 401 - Insurance Department - Detail of Senate Changes

	REDUCES RECOMMENDED FUNDING FOR HEALTH INSURANCE 1	PROVIDES FUNDING FOR IMPLEMENTING METHAMPHETAMINE SECURITY MEASURES ²	REDUCES FUNDING FOR PAYMENTS TO FIRE DEPARTMENTS 3	REDUCES FUNDING FOR A GRANT TO THE NORTH DAKOTA ASSOCIATION OF OIL AND GAS PRODUCING COUNTIES 4	TOTAL SENATE CHANGES
Salaries and wages	(\$5,990)				(\$5,990)
Operating expenses		\$50,000			50,000
Grants			<u>(\$1,000,000)</u>	<u>(\$25,000)</u>	<u>(1,025,000)</u>
Total all funds	(\$5,990)	\$50,000	(\$1,000,000)	(\$25,000)	(\$980,990)
Less estimated income	<u>(5,990)</u>	<u>50,000</u>	<u>(1,000,000)</u>	<u>(25,000)</u>	<u>(980,990)</u>
General fund	\$0	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00	0.00

¹ This amendment reduces funding for state employee health insurance premiums from \$559.15 to \$553.95 per month.

² This amendment provides a \$50,000 special funds appropriation from the insurance regulatory trust fund for implementing methamphetamine security measures, including the purchase and distribution of locking devices. The amendment also adds a new section to the bill allowing the commissioner to designate the counties of Walsh, Cavalier, and Pembina as a critical methamphetamine-use zone.

³ This amendment reduces funding provided from the insurance premium tax collections for payments to fire departments by \$1 million, from \$7.2 million as provided by the House to \$6.2 million. Funding of \$6.2 million represents an increase in funding of \$1 million, from the \$5.2 million provided in the 2003-05 biennium.

⁴ This amendment reduces funding provided from the insurance premium tax collections for a grant to the North Dakota Association of Oil and Gas Producing Counties by \$25,000, from \$100,000 as provided by the House to \$75,000.

This amendment also amends section 26.1-36-37.2 of the North Dakota Century Code relating to loss ratios.

REPORT OF STANDING COMMITTEE

HB 1016, as engrossed: Appropriations Committee (Sen. Holmberg, Chairman) recommends AMENDMENTS AS FOLLOWS and when so amended, recommends DO PASS (12 YEAS, 1 NAY, 2 ABSENT AND NOT VOTING). Engrossed HB 1016 was placed on the Sixth order on the calendar.

2005 HOUSE APPROPRIATIONS

CONFERENCE COMMITTEE

HB 1010

2005 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 1010

House Appropriations Committee
Government Operations Division

Conference Committee

Hearing Date Friday, April 8, 2005

Tape Number	Side A	Side B	Meter #
1	X		00-13.6

Committee Clerk Signature

Therese W. Tankers

Minutes:

Chairman Timm called to order the Conference Committee on HB 1010 concerning the budget of the Insurance Commissioner. He said that when the bill was in the House side, they amended to allow the Commissioner to disperse an extra \$2 million of the insurance premium taxes collected, to the fire departments throughout North Dakota. They also increased the payment to the Fire Fighters' Association by \$16,000 and took out the \$100,000 that went to the fire fighting demonstration project in western N.D. He noted that the Senate amended the bill to cut the \$2 million to \$1 million; left the \$16,000; cut the \$100,000 project to \$75,000; added \$50,000 to a fund that would implement a meth security measure program; and a legislative study on accident and health insurance loss ratios. He asked if this were correct and **Sen. Grinberg** confirmed.

Chairman Timm went on to say that the House didn't concur with the amendments with regard to the money. The other amendments are fine. The amendment proposed by the Insurance

Commissioner was to lower the loss ratio percentage and the Senate rejected that and instead put in a study. **Sen. Grinberg** confirmed and commented further. He said this was a floor amendment which was added after the Committee recommendation on Insurance

Commissioner's amendment for loss ratios was defeated. This is a mandated study. The Senate leadership prefers more permissive language with regard to studies. In the mean time, the Insurance Commissioner suggested that they consider a more comprehensive health care study, which examines rising health care costs and includes the issue of loss ratio. It's been 10 years since there has been a comprehensive look a health care. Rising health care costs top the list of citizen concerns. **Chairman Timm** said that could be done by changing "shall" to "may" and include "all" health care.

Chairman Timm asked if the \$50,000 special fund appropriation for the meth study was money other than the premium tax money. **Sen. Grinberg** deferred to Ms. Roxanne Woeste, Legislative Council. **Ms. Woeste** said the \$50,000 is from the Insurance Regulatory Trust Funds. **Sen. Grinberg** added that they approached the Tax Commissioner and the Attorney General for this two-part package on HB 1346 which is the sale of cold medicine. This issue got piggybacked during that discussion. The Appropriations Committee listens to the issues relating to the local communities, the state, and the corrections system as to how to deal with the meth problem and cope with the challenges to the state budget. The idea for HB 1346 came from the example of other states which are more aggressive in helping to control the meth cookers. That conversation lead to the pilot project in the northwest. The highest concentration of cookers are in Sen. Tallackson's area. The Insurance Commissioner and A.G. talked with law enforcement and that's the genesis of this project. **Rep. Carlisle** asked if like Williams County, the program will issue

locks and **Sen. Grinberg** confirmed. He added this program affects Pembina, Walsh, and Cavalier counties.

Chairman Timm asked about the \$2 million. He gave the Committee copies of the "Payment History" of the premium tax (Handout #1) and "Fire District Payments" (Handout #2). Fire departments from around the state testified at the hearing that they would like increased funds over and above the current cap, which is \$2.6 million and has been in place for over ten years. They made a good case for funds to purchase small equipment, uniforms, and things needed to fight fires. With regard to Homeland Security dollars, they said that money goes to radio equipment. When the premium tax was first established in 1987, they were getting 109%, and in 1994, 82%, and since 1995 when it was capped, the percentage has continued to drop to a current level of 53%. The \$1 million each year would bring it up to about 80%. He said he realized the money that's not paid out goes into the general fund and that's the problem, but that's the logic of the House. He asked what the Senate's logic was that they cut it down to \$500,000 a year.

Sen. Grinberg said the logic was general fund. The \$1 million over two years was too aggressive. **Chairman Timm** said he hoped they could keep it at \$1 million a year because the premium tax is going to grow. It was accepted by House leadership and passed in the House with a big majority. **Sen. Tallackson** said this is a long-standing issue. Over the years fireman have lined the halls and then they agreed to the cap. He thought even \$1 million is generous.

Chairman Timm asked if there were any wiggle room. **Sen. Grinberg** said he would need a few days for percolation; also, to visit with the chair of Appropriations.

Chairman Timm brought up the other issue with regard to the demonstration project. The oil producing counties said it would cost about \$200,000 and they'd raise \$100,000 locally. It's an

Page 4

Government Operations Division

Bill/Resolution Number HB 1010

Hearing Date Friday, April 8, 2005

important project and there's nothing like this school around. There was a terrible fire at Sherwood a few years back and the fire fighters didn't know what they were doing. Some got burned badly. The Senate cut it to \$75,000. He said he assumed they cut this for the same reason.

Rep. Carlisle said he wasn't too concerned about the cut until he visited with Ms. Steiner.

Yesterday, the report showed oil revenues up 250%. The rig count is currently at 20 and if it goes to 30, there will probably be a few FTE's added. In light of these developments, \$100,000 isn't that much. **Sen. Kringstad** said he wouldn't have a problem with going back to \$100,000. **Sen.**

Grinberg said he had no problem. **Chairman Timm** said then that when they make a motion later on that increasing it to \$100,000 is all right and the Committee confirmed.

Chairman Timm said that they agree generally agree on the other amendments and there was confirmation. He suggested they let the issue of the \$1 million continue to percolate...

Hearing adjourned.

(Meter #13.6)

2005 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1010

House Appropriations Committee
Government Operations Division

Conference Committee

Hearing Date Wednesday, April 13, 2005

Tape Number	Side A	Side B	Meter #
1	X		00-15.6

Committee Clerk Signature



Minutes:

Chairman Timm opened the Conference Committee on HB 1010 concerning the Insurance Commission. He reviewed the previous discussion. They have agreed to put \$25,000 back into the N.D. Oil and Gas Producing Counties. They discussed, but failed to come to an agreement regarding the \$2 million increase which the House approved, but the Senate cut by \$1 million. They discussed the \$50,000 which will provide locks for three counties. He asked the Senators where this issue came from and why they put it in this bill. **Sen. Kringstad** said the pilot program in Williams County for providing locks for anhydrous tanks has been very successful. The meth use in northeastern North Dakota is very high and intent is to squelch that activity. He feels the legislature is obligated to do this. **Chairman Timm** repeated his question about where this request came from. **Sen. Grinberg** said questions came up during the Insurance Commission's budget hearing about the pilot program. This idea came through subcommittee

work on HB 1346 which the purchase registry of pseudophedrine products. Appropriations listens to hearings from Corrections and the huge impact meth is having on the budget, and feels strongly about being proactive, as well as sending a message to the public that need to fight this more aggressively. Both the Insurance Commissioner and Attorney General worked on this amendment. They visited with law enforcement in the three counties and with representation from Sen. Tallackson's district and they are strong proponents. **Chairman Timm** referred to a letter which he received from N.D. Farm Bureau and an e-mail from Grain Dealers. [He did not submit copies to the Committee or the clerk.] They object to the lack of public hearings. This requires the farmers to do this. **Sen. Kringstad** said the locks are paid for. **Chairman Timm** said several House members who are also farmers are wondering what the liability is if they don't have the locks on. Some don't want to get involved. **Sen. Grinberg** said sometimes hard choices have to be made and leadership has to be shown. Testimony indicates appreciation for the work that has been done in Williams County. **Chairman Carlisle** said he has served on the Drug and Alcohol Task Force for the past few years. He said he agreed with Sen. Grinberg. That's a small price to pay. These counties have a problem or they wouldn't have picked them. The lock program has proven to work. If the Attorney General and Insurance Commissioner go to these counties and explain at public meetings what we're getting into and why we're doing it. He supports section 10. **Chairman Timm** said the money isn't the problem; it's just starting a program in a new area. **Sen. Grinberg** said in the worst area. He suggested asking the Attorney General to speak to them. Maybe it still needs tweaking, but this is a baby step toward a huge problem. **Sen. Tallackson** said he thought people in his area would do anything to stop the meth.

He said maybe the Attorney General should have greater discretion, should a new way come out to accomplish the same thing. For now, there are a lot of tanks out there.

Chairman Timm asked if the Committee was ready to discuss the \$1 million. **Sen. Grinberg** indicated he hadn't spoken with leadership yet. **Sen. Tallackson** thought \$1 million was generous.

Chairman Timm raised the health care study issue and deferred to Sen. Grinberg. **Sen. Grinberg** said there are in the midst of discussions, including the Insurance Commissioner and members from the industry. There should be a draft amendment ready by Friday which will broaden this study from a single issue of loss ratios to a wide range of issues, including rising health care costs for both insurance carriers and health care providers. There hasn't been a comprehensive health care study in 10 years. If the Council chooses this would be assigned to an interim committee. They are provided a mechanism to create a task force, like the Education Round Table. The Insurance Commissioner would pick 12-15 members of the task force, which must be approved by the legislative interim committee. The Task Force would plan its scope, possibly using outside consultants. There will be meetings around the State covering this issue. The Task Force membership will be consumer based--perhaps six from business and industry and six citizens. They considered a task force of insurance providers and health care, doctors, and pharmacists, but they decided to keep this oriented to the consumer side rather than to those protecting their turf. The interim committee would come back in the fall of 2006 and decide whether or not to forward legislation to the legislative assembly. This would use up to \$100,000 of the Insurance Fund for costs. This would also include the loss ratio issue.

Chairman Carlisle suggested that if the Committee adopts section 10, there should be a clear directive that the Attorney General and Insurance Commissioner should attend to this project, through public service announcements and going out to work with the farmers and implement dealers, to insure a smooth transition. They might take someone from Williams County with them. **Chairman Timm** asked if the \$50,000 is just for purchasing the locks. **Sen. Kringstad** said they run about \$70 a piece. **Sen. Tallackson** said that the county agents would be a good source to disseminate information. They're running out of time, now. Field work is starting. **Chairman Timm** asked who takes the locks out and gives them to the farmers. **Chairman Carlisle** said he wasn't sure. Attorney General Stenehjem and Commissioner Poolman went out and talked personally with them. **Chairman Timm** said he's heard it's a pain to put them on and to get the key when you need. **Rep. Williams** asked if there's any alternative and there were no conclusive answers. He said he felt section 10 is extremely important. **Chairman Carlisle** suggested the Committee invite the Attorney General and/or the Insurance Commissioner to speak about the issue on Friday.

Chairman Timm said he would contact them and then closed the meeting.

(Meter #15.6)

2005 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1010

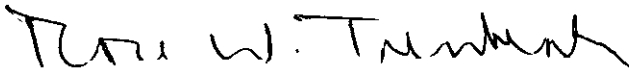
House Appropriations Committee
Government Operations Division

Conference Committee

Hearing Date Friday, April 5, 2005

Tape Number	Side A	Side B	Meter #
1	X		00-26.5

Committee Clerk Signature



Minutes:

Chairman Timm opened the Conference Committee on HB 1010 concerning the budget of the Insurance Commissioner. He said they needed to discuss the proposed amendment on the health care study. There were also questions about the \$54,000 allocated for the meth program. He invited the Attorney General Wayne Stenehjem to talk about that program.

Attorney General Stenehjem thanked the Chairman for the opportunity to speak about the program. Last session they introduced legislation to require all anhydrous tanks in N.D. to be locked, but there was resistance, especially in the House. Instead they asked for a pilot tank lock program in the counties where the meth problem was and still is the most serious, which is Williams and McKenzie counties. He showed the Committee a map of N.D. with pins indicating meth activity to confirm his statement. The Insurance Commissioner obtained money from insurance companies, Nodak Mutual in particular and Farm Bureau, and money from the

Attorney General's Office Asset Forfeiture Fund to buy the tank locks. Since the pilot program in April last year, there has not been one successful theft of anhydrous in these two counties, so the program is working. Of course, this means they will go elsewhere to get it. He said that there are other ways to make meth, anhydrous is popular because it's readily available and virtually unsecured. Most farmers are unaware of thefts because it only takes a cup or two to produce one ounce of meth. They hadn't intended to do anything further, but the Senate decided that they wanted to expand the project. He supports that. Following through on these recommendations, he contacted the sheriffs in the counties where there is increased activity, Walsh County topping the list. They support this program. He showed the Committee a lock produced from Porter Brothers of Minot and one from Iowa. He noted that farmers can be an independent group of people and don't like to be told what to do. He said he doesn't like telling "innocent victims" that they're part of the problem. But, they are. The Senate is proposing to extend the security program elsewhere. He mentioned the letters from Farm Bureau which indicate there are other ways to provide security and the law provides for that. It doesn't have to be tank locks. There are provisions that allow for security cameras. Glo-Tel manufactures a product which is an additive for anhydrous that turns fixtures and hands of anyone who comes in contact with anhydrous pink. Finally, the University of Iowa, through the Iowa DOT, is looking at an additive that can be put into anhydrous that will make it unusable to meth makers. This product still needs 12-18 months for further development. The estimated cost is about \$1 per acre. About the same cost for Glo-Tel. Initially, people in Williams and McKenzie counties weren't happy that they had to comply, but once they understood how serious the problem is and that everybody needs to

become part of the answer to the problem. That means doing more than nothing. Almost a year later when they went back for follow-up, they found that people were very supportive.

Chairman Timm asked about the different colors of the pins. **A.G. Stenehjem** said they represent years, green being 2004. He also said last year there was a slight dip in the number of meth labs, but this year the numbers are back up. **Chairman Timm** asked about the locks and **A.G. Stenehjem** said they provided the money to the county auditor and the auditor reimbursed the farmers once they brought in the receipt. They buy both kinds. **Chairman Timm** noted that one is a N.D. product and **A.G. Stenehjem** said he's not allowed to endorse commercial activity. The farmer is given the choice as to which one to buy. **Rep. Williams** asked if the locks are readily available and **A.G. Stenehjem** said yes. They cost around \$50-60. **Chairman Timm** asked if there's a penalty if the farmer doesn't come in and ask for one. **A.G. Stenehjem** said it's not a criminal penalty, but it's a fine of about \$100. He said these tanks are inspected by the anhydrous ammonia tank inspector who works for the insurance department. The plan is not to harass farmers, but rather to remind them of what's required and why. Usually, once they know why, they understand and want to help. **Chairman Timm** asked how much money was appropriated two years ago for the pilot program. **A.G. Stenehjem** said none. The money came through Nodak Mutual Insurance and the Asset Forfeiture Fund. It was about \$25,000. **Sen. Tallackson** said the reason farmers haven't worried too much is because it's dangerous. Lately, there has been talk about taking it off the market unless something is done. This is a good alternative to that.

A.G. Stenehjem said that if the Committee approves this program, he and Commissioner Poolman will go up to these counties for public meetings, just as they did for Williams and

McKenzie counties. They were out there four times. He's confident that once people get informed they will understand and help.

Chairman Timm noted that there are a lot of pins in Ward County. **A.G. Stenehjem** said Ward County is number two or three. He complimented the legislature for their work in restricting pseudophedrine.

Sen. Tallackson asked how they steal this stuff without getting hurt. **A.G. Stenehjem** said it's extremely dangerous. They have kits with valves and hoses. Typically, they'll use 20 gallon propane tanks. The rings in the dirt and tubing around the tank are tell-tale signs of a theft. Also, the valves of the propane tanks will turn teal blue. **Rep. Williams** said at the present time there really isn't a viable alternative for the locks. **A.G. Stenehjem** said the locks are the best approach. He would like to see cameras at the distribution centers, too. Other areas in the state have done this on their own. **Chairman Timm** said that just outside of Minot there are two storage centers with no fence--they're just sitting there along the highway. **A.G. Stenehjem** acknowledged that and said they have been talking to surrounding counties to see if they will use tank locks voluntarily if they are provided. **Rep. Carlisle** said he thought this is a good idea and asked for suggestions as to how to proceed. **Chairman Timm** said they would consider this further when a decision on the health care study is made.

Chairman Timm referred the Committee to amendment .0207 and asked Sen. Grinberg to review. He read through the amendment. **Chairman Timm** commented that this study has evolved into quite a big deal. The cost is \$100,000 out of the Regulatory Trust Fund, including expenses for the legislators and consumer task force people. He asked if the latter serves without compensation. **Sen. Grinberg** said they are reimbursed for expenses and travel. That's all part of

the \$100,000. It also allows for 3rd party contracts. **Chairman Timm** asked whether or not the health insurance companies and health care facilities were on board with this. **Sen. Grinberg** said he couldn't answer that. He has worked with members of the insurance industry. Others were here last session when this study was conceptualized and so far there's been no feedback. **Rep. Williams** said he would like to hear some reactions. **Chairman Timm** said this isn't a hearing. **Rep. Williams** noted that in other hearings, they've called people to the podium. **Chairman Timm** said just to explain things, not to testify. **Rep. Williams** said he tried anyway. **Sen. Tallackson** said health costs are a major concern and the public would understand this. **Chairman Timm** asked if he had heard correctly that Blue Cross Blue Shield would put money into this. **Sen. Grinberg** said that was something he had shared as a result of his conversation with the Insurance Commissioner. He thought the task force should develop a plan first. Maybe the state should provide the seed money. Later on, the Insurance Commissioner can seek funds from whomever wants to participate rather than one entity coming in with the check. **Rep. Carlisle** said that is contained in section 10. He asked **Ms. Paulson** how this \$100,000 and the other \$50,000 would impact the Regulatory Trust Fund. **Ms. Paulson** said it just means that much less than comes into the general fund. **Sen. Grinberg** commented that the loss ratio debate lost by one vote on changing the statute to allow the Insurance Commissioner flexibility to negotiate various loss ratio situations. As discussions evolved, the idea grew to a more comprehensive look at health care. It has been almost ten years since this has been done. **Chairman Timm** asked if anyone observing would like to comment. **Mr. Dan Ulmer, North Dakota Blue Cross Blue Shield**, said they support the idea and that it's time to do this. House

Bill 1050 was the result of an earlier task force that brought a variety of issues regarding insurance reform. One is the age of dependency for kids. Second was rating bands and third was the guarantee issue. Fourth was loss ratio. Over time, it's good to review what's happened as a result of that. One problem with studying insurance, is that's just one piece of the puzzle. Some time ago, their board sent a letter to the Governor requesting some sort of analysis of the health care system as a whole and what it should look like in 2020. There are questions about cost disclosures, high-deductible health plans, shifting to consumer responsibility, etc. With these changes comes a greater need for consumer information. They are willing to fund part of this, in particular a survey which asks consumers what they want and what their perceived needs are in a given area. Also, how to cope with out-migration and providing services in those areas.

Chairman Timm asked for any further comments and there were none. He suggested they recess until later. He said they won't discuss the \$1 million issue at this time.

Hearing closed.

(Meter #26.5)

2005 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1010

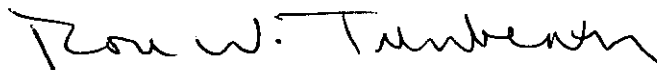
House Appropriations Committee
Government Operations Division

Conference Committee

Hearing Date Monday, April 18, 2005

Tape Number	Side A	Side B	Meter #
1	X		33-48.6

Committee Clerk Signature



Minutes:

Rep. Timm opened the Conference Committee on HB 1010 concerning the budget of the Insurance Commissioner. He told Sen. Grinberg, "that when the bill left the House it was a simple budget bill and now it's gotten complicated." **Sen. Grinberg** said it was a simple version until it got into subcommittee.

Chairman Timm said that at the previous meeting Sen. Grinberg said he would refine the language of the study proposal and asked if he had done that. **Sen. Grinberg** said there has been no input from groups that have an interest in this. He wanted to know if there were additional comments from those in the room. **Chairman Timm** said he called for that last meeting and nobody got up. **Sen. Grinberg** said he'd heard from several groups, but not from the medical associations. He noted they are present in the hearing room. **Chairman Timm** said he's heard

from some and they aren't too keen on it. There's not enough time during the interim to complete a study like this. He asked for comments.

Mr. Joel Gilbertson, Vogel Law Firm, and on behalf of the Health Policy Consortium, said that HPC is an association of the four largest integrated community health care providers, Merit Care in Fargo, Altru in Grand Forks, Trinity in Minot, and Med-Center One in Bismarck. The HPC does not favor the study of the entire health care system. The original study concerned changes in loss ratios and there is no problem with this. It's a complex issue with too many questions to proceed at this time. Insurance Commissioner Poolman has indicated they can handle the study on loss ratio issue, but they are not set up to study the entire health care system.

Chairman Timm said he spoke to a legislator, who is an influential member of the Appropriations Committee, who was part of the task force that studied this issue in the 1990's. That study took about 4 years and it cost \$300-400,000 at that time. This legislator thought there wasn't enough time for this study and the \$100,000 would be better spent elsewhere. He asked for further comments from the audience. No one responded.

Sen. Grinberg said he hoped the Committee didn't believe that studying health care is a waste of time. He said he understands the point raised by Mr. Gilbertson, but he thinks there needs to be more discussion about health care. He noted that the loss ratio issue was added without a hearing, but rather through a floor amendment. He wanted some feedback from the other committee members and more time to consider. He added that he visited with members of the Senate Human Services Committee. The Chairman had no problems with the amendment as proposed. Despite the complexity, there has to be a starting place. He questioned whether or not they would be content doing nothing. **Chairman Timm** said this isn't an interim study, but rather appointing

a new task force with 12-15 members. **Sen. Tallackson** said this started out as a study on loss ratio and he suggested they continue with this. **Chairman Carlisle** said he would like to strip this back to the loss ratio issue. **Rep. Williams** said he also agreed. **Sen. Kringstad** said he needed more time to think about it. **Sen. Grinberg** said he had another idea for the Committee to consider. **Chairman Timm** asked if he had it with him and **Sen. Grinberg** said it was upstairs or in other words, thinking about it. They could direct the interim committee over the next year and a half or two to come up with a plan to initiate legislation to create a health care review starting in 2007. This would provide more time and opportunity for all parties to contribute. He urged the Committee to move forward on this. **Chairman Carlisle** noted that NCSL or CSG study these issues extensively and asked why they need more study. **Sen. Grinberg** said he didn't know the answer. Their input could certainly be part of this study. **Chairman Timm** said it would be up to Legislative Council whether they continue with this.

Sen. Tallackson asked to return to the \$2 or \$1 million issue. **Sen. Grinberg** said they can't settle that today.

Chairman Timm said the Committee agrees on the \$25,000 to give to the Oil Producing Counties and the \$50,000 for the locks. He suggested that Vicki Steiner could just stay home.

Chairman Carlisle said, "She knows better."

Chairman Timm suggested they consider the new amendments in the morning and closed the Conference Committee Hearing on HB 1010.

(Meter #48.6)

2005 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1010

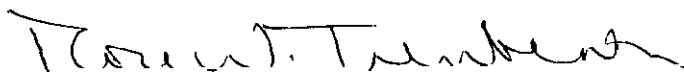
House Appropriations Committee
Government Operations Division

Conference Committee

Hearing Date Tuesday, April 19, 2005

Tape Number	Side A	Side B	Meter #
1	X		00-6.2

Committee Clerk Signature



Minutes:

Chairman Timm opened the Conference Committee on HB 1010 concerning the budget of the Insurance Commissioner. He asked Sen. Grinberg to review amendment .0208 and **Sen.**

Grinberg read the amendment. **Chairman Timm** asked if "shall consider" was the proper usage and **Ms. Roxanne Woeste, Legislative Council** confirmed that this is standard language and it's not mandatory. **Rep. Carlisle** asked if the loss ratio study was still in the bill and **Chairman**

Timm said that is section 12 and it remains. Whether or not to proceed will be up to the Legislative Council. There is no money involved.

Chairman Timm continued to review the work the Committee has done. They've agreed

- to keep the \$50,000 in for the meth
- to keep the \$1 million in for the fire departments
- to \$25,000 for the fire fighting school, for a total of \$100,000

- Fire Fighter's Association will have \$16,000

He said the only remaining issue is this study. **Sen. Tallackson** asked for confirmation regarding the \$1 million. **Chairman Timm** said it was \$2 million and now it is \$1 million. He said he thinks the House will agree to that. He said he hoped for more, but realizes it isn't feasible.

Senator Tallackson moved that the Senate recede from the Senate amendments and amend with the changes mentioned above; **Rep. Carlisle** seconded.

Chairman Timm asked Ms. Woeste to review the amendments. **Ms. Woeste** said changes would include:

- health insurance adjustments
- an extra \$50,000 from the Insurance Regulatory Trust Fund for the meth project
- to add two studies--the loss ratio and the health care
- to reduce the fire departments by \$1 million, which is a total increase of \$1 million
- no reduction in the grant to the N.D. Oil & Gas Producing Counties, which is the House version of \$100,000

Hearing no further discussion, **Chairman Timm** asked for a roll call vote. Motion passed 6-0-0.

Meeting adjourned.

(Meter #6.2)

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1010

That the Senate recede from its amendments as printed on page 1628 of the House Journal and page 1344 of the Senate Journal and that Engrossed House Bill No. 1010 be amended as follows:

Page 1, line 3, remove the first "and"

Page 1, line 4, after "salary" insert "; to provide for a study by the insurance commissioner and a report to the legislative council; and to provide for a legislative council study"

Page 3, after line 9, insert:

"SECTION 10. APPROPRIATION. There is appropriated out of any moneys in the insurance regulatory trust fund in the state treasury, not otherwise appropriated, the sum of \$100,000, or so much of the sum as may be necessary, to the insurance commissioner for the purpose of defraying the expenses in carrying out the duties of this Act relating to the health care and health insurance study and report, for the biennium beginning July 1, 2005, and ending June 30, 2007. In addition, the insurance commissioner may seek and spend funds from third parties for the purpose of carrying out the duties of this Act relating to the health care and health insurance study and report, which funds are appropriated for the biennium beginning July 1, 2005, and ending June 30, 2007."

Page 3, after line 15, insert:

"SECTION 12. LEGISLATIVE COUNCIL STUDY - INSURANCE COMMISSIONER STUDY AND REPORT TO LEGISLATIVE COUNCIL - HEALTH CARE AND HEALTH INSURANCE.

1. The legislative council shall consider studying, during the 2005-06 interim, health care and health care insurance. As part of the study, the legislative council shall receive the results and recommendations of the insurance commissioner's task force studying the health care system and the health insurance market. The legislative council shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixtieth legislative assembly.
2. If the legislative council studies health care and health insurance under this section during the 2005-06 interim, the insurance commissioner shall appoint members of and serve on a twelve- to fifteen-member task force to study the health care system in North Dakota and the status of the health insurance market in North Dakota. Before July 1, 2006, the commissioner shall present to the legislative council the results and recommendations of the task force.
 - a. The insurance commissioner shall appoint the members of the task force, which must include the insurance commissioner, at least three members of the legislative assembly, and at least eight consumer members. The insurance commissioner shall serve as chairman of the task force. A member of the task force who is a member of the legislative assembly is entitled to receive, from funds available to the

legislative council, compensation per day for each day spent in attendance at task force meetings in the same amount as provided for members of the legislative council and reimbursement for travel and other necessary expenses incurred in the performance of official duties in the amounts provided by law for other state officers. A member of the task force who is not the insurance commissioner nor a member of the legislative assembly is entitled to receive, from funds available to the insurance commissioner, compensation per day for each day spent in attendance at task force meetings in the same amount as provided for members of the legislative council and reimbursement for travel and other necessary expenses incurred in the performance of official duties in the amounts provided by law for other state officers. The insurance commissioner may contract with a third party to assist in carrying out the duties of the task force.

- b. The task force's study of the health care system must include creation and analysis of a projection of the health care needs state residents will have in the year 2020. In creating this projection, the task force shall consider the following factors as they relate to the current and future health care needs of state residents: the aging population of the state, the increasing costs of technology, the shrinking rural population of the state, the phenomenon of health care cost-shifting to the private sector due to inadequate payments by medicare and medicaid, the trend of uncompensated health care services, shortages in health care professionals, duplication of technology and facilities beyond the needs of state residents, and any other factors that might affect the health care system in North Dakota in the year 2020.
- c. The task force's study of the health insurance market must address the market from the perspectives of premium costs compared to surrounding markets and adequacy of competition. The health insurance market study must include a review of the health insurance market reform laws regulating the individual and small employer group markets to determine if those laws are achieving the intended purpose."

Renumber accordingly

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1010

That the Senate recede from its amendments as printed on page 1628 of the House Journal and page 1344 of the Senate Journal and that Engrossed House Bill No. 1010 be amended as follows:

Page 1, line 3, remove the first "and"

Page 1, line 4, after "salary" insert "; and to provide for a legislative council study"

Page 3, after line 15, insert:

"SECTION 11. LEGISLATIVE COUNCIL STUDY - HEALTH CARE AND HEALTH INSURANCE STUDY PROPOSAL. During the 2005-06 interim, the legislative council shall consider studying the desirability of proposing a comprehensive health care and health insurance study to be performed during the 2007-08 interim. The 2005-06 interim study must include consideration of whether there is a need for a comprehensive, long-range study of the state's current and future health care needs in order to address issues such as the aging population of the state, the phenomenon of health care cost-shifting to the private sector, the trend of uncompensated health care services, shortages in the number of health care professionals, duplication of technology and facilities, and any other factors that might affect the health care system in North Dakota in the year 2020. If the study results in a proposal for a comprehensive health care and health insurance study, the proposal must address the parameters of the proposed study and how the proposed study will be designed in order to allow for significant consumer input. The legislative council shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixtieth legislative assembly."

Renumber accordingly

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1010

That the Senate recede from its amendments as printed on page 1628 of the House Journal and page 1344 of the Senate Journal and that Engrossed House Bill No. 1010 be amended as follows:

Page 1, line 3, after the semicolon insert "to provide for a legislative council study;"

Page 1, line 21, replace "361,269" with "355,279"

Page 1, line 22, replace "331,876" with "381,876"

Page 2, line 1, replace "2,116,000" with "1,116,000"

Page 2, line 2, replace "2,702,245" with "1,746,255"

Page 2, line 3, replace "2,802,245" with "1,846,255"

Page 2, line 10, replace "5,059,647" with "5,053,657"

Page 2, line 11, replace "2,113,377" with "2,163,377"

Page 2, line 12, replace "7,420,000" with "6,420,000"

Page 2, line 13, replace "14,593,024" with "13,637,034"

Page 2, line 15, replace "\$7,420,000" with "\$6,420,000"

Page 2, line 16, replace "\$7,200,000" with "\$6,200,000"

Page 3, after line 9, insert:

"SECTION 10. CRITICAL METHAMPHETAMINE-USE ZONE ADDITION.

Notwithstanding rules adopted by the commissioner identifying a critical methamphetamine-use zone, the commissioner shall designate the counties of Walsh, Cavalier, and Pembina as a critical methamphetamine-use zone subject to section 19-20.2-11 and rules adopted pursuant to that section. Section 3 of this Act includes the sum of \$50,000 from the insurance regulatory trust fund, or so much of the sum as is necessary, to implement security measures established by the commissioner, including the purchase and distribution of locking devices, in the counties of Walsh, Cavalier, and Pembina, for the biennium beginning July 1, 2005, and ending June 30, 2007.

SECTION 11. LEGISLATIVE COUNCIL STUDY - HEALTH CARE AND HEALTH INSURANCE STUDY PROPOSAL.

During the 2005-06 interim, the legislative council shall consider studying the desirability of proposing a comprehensive health care and health insurance study to be performed during the 2007-08 interim. The 2005-06 interim study must include consideration of whether there is a need for a comprehensive, long-range study of the state's current and future health care needs in order to address issues such as the aging population of the state, the phenomenon of

health care cost-shifting to the private sector, the trend of uncompensated health care services, shortages in the number of health care professionals, duplication of technology and facilities, and any other factors that might affect the health care system in North Dakota in the year 2020. If the study results in a proposal for a comprehensive health care and health insurance study, the proposal must address the parameters of the proposed study and how the proposed study will be designed in order to allow for significant consumer input. The legislative council shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixtieth legislative assembly.

SECTION 12. LEGISLATIVE COUNCIL STUDY - ACCIDENT AND HEALTH INSURANCE LOSS RATIOS. During the 2005-06 interim, the legislative council shall study the appropriate minimum standard of loss ratio for accident and health insurers and whether that loss ratio is more appropriately set by statute or by rule. The legislative council shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixtieth legislative assembly."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1010 - Insurance Department - Conference Committee Action

	EXECUTIVE BUDGET	HOUSE VERSION	CONFERENCE COMMITTEE CHANGES	CONFERENCE COMMITTEE VERSION	SENATE VERSION	COMPARISON TO SENATE
Salaries and wages	\$5,080,549	\$5,059,647	(\$5,990)	\$5,053,657	\$5,053,657	
Operating expenses	2,113,377	2,113,377	50,000	2,163,377	2,163,377	
Grants	5,304,000	7,420,000	(1,000,000)	6,420,000	6,395,000	\$25,000
Health care and insurance study						
Total all funds	\$12,497,926	\$14,593,024	(\$955,990)	\$13,637,034	\$13,612,034	\$25,000
Less estimated income	<u>12,497,926</u>	<u>14,593,024</u>	<u>(955,990)</u>	<u>13,637,034</u>	<u>13,612,034</u>	<u>25,000</u>
General fund	\$0	\$0	\$0	\$0	\$0	\$0
FTE	46.50	46.50	0.00	46.50	46.50	0.00

Dept. 401 - Insurance Department - Detail of Conference Committee Changes

	REDUCES RECOMMENDED FUNDING FOR HEALTH INSURANCE 1	PROVIDES FUNDING FOR IMPLEMENTING METHAMPHETAMINE SECURITY MEASURES 2	REDUCES FUNDING FOR PAYMENTS TO FIRE DEPARTMENTS 3	TOTAL CONFERENCE COMMITTEE CHANGES
Salaries and wages	(\$5,990)			(\$5,990)
Operating expenses		\$50,000		50,000
Grants			(\$1,000,000)	(1,000,000)
Health care and insurance study				
Total all funds	(\$5,990)	\$50,000	(\$1,000,000)	(\$955,990)
Less estimated income	<u>(5,990)</u>	<u>50,000</u>	<u>(1,000,000)</u>	<u>(955,990)</u>
General fund	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00

1 This amendment reduces funding for state employee health insurance premiums from \$559.15 to \$553.95 per month.

2 The conference committee agreed with the Senate amendment to provide a \$50,000 special funds appropriation from the insurance regulatory trust fund for implementing methamphetamine security measures, including the purchase and distribution of locking devices. The conference committee also agreed with the Senate amendment to add a new section to the bill allowing the commissioner to designate the counties of Walsh, Cavalier, and Pembina as a critical methamphetamine-use zone.

3 The conference committee agree with the Senate amendment to reduce funding provided from the insurance premium tax collections for payments to fire departments by \$1 million, from \$7.2 million as provided by the House to \$6.2 million. Funding of \$6.2 million represents an increase in funding of \$1 million from the \$5.2 million provided in the 2003-05 biennium.

The conference committee agreed to provide funding of \$100,000 from insurance premium tax collections for a grant to the North Dakota Association of Oil and Gas Producing Counties, the same level as provided by the House. The Senate had reduced funding for the grant by \$25,000, from \$100,000 to \$75,000.

The conference committee agreed with the Senate amendment to add a section to the bill to provide for a Legislative Council study of accident and health insurance loss ratios.

The conference committee also agreed to add a section to the bill to provide for a Legislative Council study of health care and health insurance. This study was not included in either the House or Senate version of the bill.

REPORT OF CONFERENCE COMMITTEE
(ACCEDE/RECEDE)

Bill Number 1010 (as (re)engrossed):

Date: 4/19/05

Your Conference Committee H.A.P.P. (A.O.)

For the Senate:

For the House:

YES / NO

YES / NO

Sen. T. Grinberg ✓

Rep. M. Timm ✓

Sen. E. Kringstad ✓

Rep. R. Carlisle ✓

Sen. H. Tallackson ✓

Rep. C. Williams ✓

recommends that the SENATE/HOUSE) (ACCEDE to) RECEDE from)

the Senate/House) amendments on (SJ/HJ) page(s) 1628 --

and place on the Seventh order.

adopt (further) amendments as follows, and place 1010 on the Seventh order:

having been unable to agree, recommends that the committee be discharged and a new committee be appointed.

((Re)Engrossed) was placed on the Seventh order of business on the calendar.

DATE: 4/19/05
CARRIER: Rep. M. Timm

LC NO. 58033.0209 of amendment

LC NO. of engrossment

Emergency clause added or deleted
Statement of purpose of amendment

MOTION MADE BY: Sen. H. Tallackson

SECONDED BY: Rep. R. Carlisle

VOTE COUNT 6 YES 0 NO 0 ABSENT

REPORT OF STANDING COMMITTEE

HB 1010, as engrossed: Appropriations Committee (Sen. Holmberg, Chairman) recommends AMENDMENTS AS FOLLOWS and when so amended, recommends DO PASS (9 YEAS, 4 NAYS, 2 ABSENT AND NOT VOTING). Engrossed HB 1010 was placed on the Sixth order on the calendar.

Page 1, line 3, replace "section" with "sections" and after "26.1-01-09" insert "and 26.1-36-37.2"

Page 1, line 4, after "salary" insert "and loss ratios"

Page 1, line 21, replace "361,269" with "355,279"

Page 1, line 22, replace "331,876" with "381,876"

Page 2, line 1, replace "2,116,000" with "1,091,000"

Page 2, line 2, replace "2,702,245" with "1,721,255"

Page 2, line 3, replace "2,802,245" with "1,821,255"

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Page 2, line 12, replace "7,420,000" with "6,395,000"

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Page 2, line 15, replace "\$7,420,000" with "\$6,395,000"

Page 2, line 16, replace "\$7,200,000" with "\$6,200,000"

Page 2, line 18, replace "\$100,000" with "\$75,000"

Page 3, after line 9, insert:

"SECTION 10. ADDITIONAL CRITICAL METHAMPHETAMINE-USE ZONE.

Notwithstanding rules adopted by the commissioner identifying a critical methamphetamine-use zone, the commissioner shall designate the counties of Walsh, Cavalier, and Pembina as a critical methamphetamine-use zone subject to section 19-20.2-11 and rules adopted pursuant to that section. Section 3 of this Act includes the sum of \$50,000 from the insurance regulatory trust fund, or so much of the sum as is necessary, to implement security measures established by the commissioner, including the purchase and distribution of locking devices, in the counties of Walsh, Cavalier, and Pembina, for the biennium beginning July 1, 2005, and ending June 30, 2007."

Page 3, after line 15, insert:

"SECTION 12. AMENDMENT. Section 26.1-36-37.2 of the North Dakota Century Code is amended and reenacted as follows:

26.1-36-37.2. Loss ratios - Rules. For all policies providing hospital, surgical, medical, or major medical benefit, an An insurance company, a nonprofit health service corporation, a fraternal benefit society, and any other entity providing a plan of accident or health insurance or other health benefit subject to state insurance regulation shall

return benefits to group policyholders in the aggregate of not less than seventy five percent of premium received and to individual policyholders in the aggregate of not less than sixty five percent of premium received, as determined by the commissioner. The commissioner shall adopt rules to establish these minimum standards on the basis of incurred claims experienced and earned premiums for the entire period for which rates are computed to provide coverage in accordance with accepted actuarial principles and practices. This section does not apply to any contract or plan of insurance that provides exclusively for accident, disability income insurance, specified disease, hospital confinement indemnity, or other limited benefit health insurance."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1010 - Insurance Department - Senate Action

	EXECUTIVE BUDGET	HOUSE VERSION	SENATE CHANGES	SENATE VERSION
Salaries and wages	\$5,080,549	\$5,059,647	(\$5,990)	\$5,053,657
Operating expenses	2,113,377	2,113,377	50,000	2,163,377
Grants	<u>5,304,000</u>	<u>7,420,000</u>	<u>(1,025,000)</u>	<u>6,395,000</u>
Total all funds	\$12,497,926	\$14,593,024	(\$980,990)	\$13,612,034
Less estimated income	<u>12,497,926</u>	<u>14,593,024</u>	<u>(980,990)</u>	<u>13,612,034</u>
General fund	\$0	\$0	\$0	\$0
FTE	46.50	46.50	0.00	46.50

Dept. 401 - Insurance Department - Detail of Senate Changes

	REDUCES RECOMMENDED FUNDING FOR HEALTH INSURANCE 1	PROVIDES FUNDING FOR IMPLEMENTING METHAMPHETAMINE SECURITY MEASURES ²	REDUCES FUNDING FOR PAYMENTS TO FIRE DEPARTMENTS 3	REDUCES FUNDING FOR A GRANT TO THE NORTH DAKOTA ASSOCIATION OF OIL AND GAS PRODUCING COUNTIES 4	TOTAL SENATE CHANGES
Salaries and wages	(\$5,990)				(\$5,990)
Operating expenses		\$50,000			50,000
Grants			<u>(\$1,000,000)</u>	<u>(\$25,000)</u>	<u>(1,025,000)</u>
Total all funds	(\$5,990)	\$50,000	(\$1,000,000)	(\$25,000)	(\$980,990)
Less estimated income	<u>(5,990)</u>	<u>50,000</u>	<u>(1,000,000)</u>	<u>(25,000)</u>	<u>(980,990)</u>
General fund	\$0	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00	0.00

1 This amendment reduces funding for state employee health insurance premiums from \$559.15 to \$553.95 per month.

2 This amendment provides a \$50,000 special funds appropriation from the insurance regulatory trust fund for implementing methamphetamine security measures, including the purchase and distribution of locking devices. The amendment also adds a new section to the bill allowing the commissioner to designate the counties of Walsh, Cavalier, and Pembina as a critical methamphetamine-use zone.

3 This amendment reduces funding provided from the insurance premium tax collections for payments to fire departments by \$1 million, from \$7.2 million as provided by the House to \$6.2 million. Funding of \$6.2 million represents an increase in funding of \$1 million, from the \$5.2 million provided in the 2003-05 biennium.

4 This amendment reduces funding provided from the insurance premium tax collections for a grant to the North Dakota Association of Oil and Gas Producing Counties by \$25,000, from \$100,000 as provided by the House to \$75,000.

REPORT OF STANDING COMMITTEE (410)
April 1, 2005 2:06 p.m.

Module No: SR-60-7018
Carrier: Grindberg
Insert LC: 58033.0204 Title: .0300

This amendment also amends section 26.1-36-37.2 of the North Dakota Century Code relating to loss ratios.

2005 TESTIMONY

HB 1010

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Insurance Department

Jim Poolman, Commissioner

10/10

2005—2007 Biennium Budget Overview

North Dakota House Appropriations Committee
Rep. Ken Svedjan, Chairman



Presented by:
Insurance Commissioner Jim Poolman
January 7, 2005

ND INSURANCE DEPARTMENT
OVERVIEW PRESENTATION TO THE HOUSE APPROPRIATIONS COMMITTEE
 January 7, 2005

LINE ITEM	2003-2005 LEGISLATIVE APPROPRIATION	FINAL 2003-2005 APPROPRIATION W/ APPROVED CHGS	VARIANCE	2005-2007 EXEC RECOMM	2005-2007 RECOMMENDED CHANGES TO 2003-2005 LEG APPROP
SALARIES & WAGES	\$ 4,698,378	\$ 4,698,378	\$ -	\$ 5,080,549	\$ 382,171
Operating Expenses	\$ 1,781,501	\$ 1,894,133	\$ 112,632	\$ 2,113,377	\$ 331,876
Capital Assets	\$ 6,900	\$ 6,900	\$ -	\$ -	\$ (6,900)
Pharmaceutical (Gen Fund)	\$ 100,000	\$ 100,000	\$ -	\$ -	\$ (100,000)
Fire District Payments & Dues	\$ 5,304,000	\$ 5,304,000	\$ -	\$ 5,304,000	\$ -
TOTAL LINE ITEMS	\$ 11,890,779	\$ 12,003,411	\$ 112,632	\$ 12,497,926	\$ 607,147
General Fund	\$ 100,000	\$ 100,000	\$ -	\$ -	\$ (100,000)
Federal Funds	\$ 297,374	\$ 447,374	\$ 150,000	\$ 323,419	\$ 26,045
Special Funds	\$ 11,493,405	\$ 11,456,037	\$ (37,368)	\$ 12,174,507	\$ 681,102
TOTAL	\$ 11,890,779	\$ 12,003,411	\$ 112,632	\$ 12,497,926	\$ 607,147
FTE	45.50	45.50	0.00	46.50	1.00

1.1. Operating expense variance of \$112,632 is the net of an increase of \$150,000 approved by the Emergency Commission (SHIC Program) and a decrease of \$37,368 to fund a portion of ITD's operating budget (HB 1505).

2.1. Salaries increased by \$313,615 per the Governor's compensation package & \$68,556 for additional FTE assigned to the Pharmaceutical Program.

2.2. Operating increase of \$250,000 for the Pharmaceutical Program, \$40,000 for development of an Access Application for the Petroleum Tank Fund, \$50,000 EPA Grant, and other miscellaneous adjustments.

2.3. Decrease in Capital Assets of \$6,900. Purchases of assets over \$5,000 is not anticipated for 2005-2007.

2.4. Decrease in General Funding (Pharmaceutical Program) of \$100,000.

VACANT POSITIONS

Rev. 12/2004

1. Position #00004889 – Vacant since September 2001

Class Title: Insurance Investigator.

Status: Assessing need to reclassify this position.

2. Position #00004879 – Vacant since September 2004

Class Title: Insurance Company Examiner.

Status: Extensive advertising completed, hiring process in progress.

3. Position #00004894 – Vacant since April 2004

Class Title: Deputy Boiler Inspector.

Status: Extensive advertising completed; hiring process in progress.

4. Position #00004911 – Vacant since July 2003

Class Title: Insurance Fraud Investigator.

Status: Work currently being performed by existing Department staff. Continuing to evaluate workload before hiring. (This position formerly was a deputy boiler inspector position)

**Summary of Major Goals and Objectives and Related Performance
Measurement Data for the 2005-2007 Biennium**

Goals, objectives and performance measures for the 2005-2007 biennium will be established through a strategic planning session, tentatively scheduled for February 2005. This will be similar to strategic planning sessions held in the past, as the Department identifies strengths, weaknesses, opportunities both of the North Dakota insurance market, and of the Insurance Department itself. Our overriding goal is to operate the Department as efficiently and effectively as possible, providing vigorous consumer protection while fostering a strong, competitive marketplace.

Employees in the North Dakota Insurance Department set specific performance goals for themselves that fit with the overarching mission and goals of the Commissioner. These goals are monitored through the year and are used in appraising individual, division and department performance. These goals are also used in assessing any performance based salary adjustments. This was new to the Department after the administration of the Insurance Department changed in 2001. Previous to this change, relatively no performance appraisals were done, and there were no formal goals and evaluations of objectives and performance measurement completed.

Goals, objectives and performance measures likely will include matters of the following nature:

Continued progress toward fully-electronic (paperless) systems in insurance regulation.

1. Fully implement electronic appointment and licensing processes.

Performance Measures: 100% of producer appointment renewals handled electronically in 2005; double from 2004 the number of non-resident producers who will renew their licenses online.

2. Integrate electronic and paper policy form filing systems.

Performance Measure: Integration complete by December 2005.

Implement consumer protection enhancements as a result of 2005 legislation

1. Adopt Rules and Bulletins necessary to implement statutory changes, if any.

Performance Measure: Rules and Bulletins complete by July 1, 2005.

Enhance consumer education

1. Create new publications, including updated materials related in light of legislative changes, if any.

Performance Measure: new publications completed by August 1, 2005.

2. Enhance website traffic.

Performance Measure: increased number and frequency of hits on the website in 2005.

Enhance outreach programs

1. Improve marketing efforts for Prescription Connection for North Dakota.

Performance measure: increased number of program participants in 2005 as compared to 2004, and increase number of volunteers in the statewide network to provide one-on-one assistance to North Dakota consumers.

2. Enhance recruitment efforts of the Senior Health Insurance Counseling program.

Performance measure: increased number of Senior Health Insurance Counseling volunteers across the state in 2005 as compared to 2004.

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Insurance Department

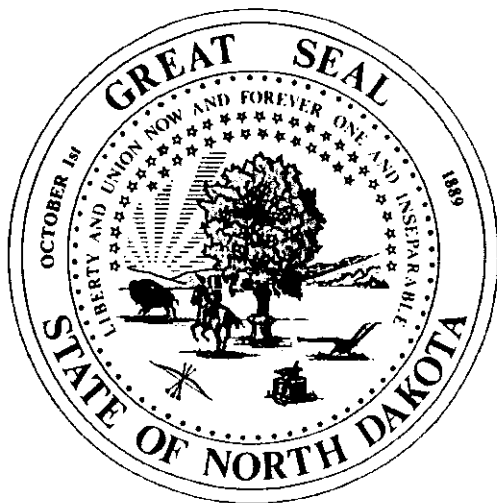
Jim Poolman, Commissioner

HB1010
112105
H.App. 6.0.

#1
Jim
Poolman
Insurance
Commissioner

2005—2007 Biennium Budget Presentation

North Dakota House Appropriations Committee
Government Operations Division
Rep. Ron Carlisle, Chairman



Presented by:
Insurance Commissioner Jim Poolman
January 12, 2005

The North Dakota Insurance Industry and Regulation—*At a glance:*

	2003	2004
<i>The Insurance Industry</i>		
Total premium written: (*Does not include annuity consideration)	Over \$2.7 billion*	N/A
Total premium tax collected: (Premium taxes are general fund dollars)	\$ 28,294,823	\$ 30,928,373
Claims Losses & Benefits Paid to consumers:	Over \$1.9 billion	N/A
<i>Regulation and Consumer Protection</i>		
North Dakota Insurance Department Dedicated Regulatory Staff	36.5 Authorized FTE	36.5 Authorized FTE
Dedicated Special Fund Staff	9.0 Authorized FTE	9.0 Authorized FTE
All consumer relief:	\$ 1,959,716	\$ 1,575,310
Enforcement Fines of Companies/Agents	\$ 31,759	\$ 14,500
Prescription Connection for ND Program	<ul style="list-style-type: none"> ◆ Helped nearly 8,000 North Dakotans ◆ Received nearly 70,000 hits ◆ Saved consumers around \$4.3 million 	
SHIC Program	◆ Assisted over 1000 Medicare consumers	
<i>Benefiting North Dakota Taxpayers</i>		
Insurance Regulatory Trust Fund Turnback to the General Fund	\$ 1,793,188	\$ 1,766,822

NORTH DAKOTA INSURANCE DEPARTMENT

Commissioner Jim Poolman

Deputy Commissioner, Doug Holloway
Administrative Assistant, Jan Steinle
Public Information Officer, Cecily Fong

Legal/Enforcement Division

General Counsel, Chuck Johnson
Legal Counsel, Craig Burns
Market Conduct Examiner
Legal Assistant, Nancy Brady

Consumer Protection Property/Casualty Division

Sr. Analyst & Director, Larry Maslowski
Rate and Form Analyst, Jim Anderson
Actuary, Mike Andring
Complaint Investigator, Kathy Wolf

Consumer Protection Life/Health Division and Senior Health Insurance Counseling Program

Life/Health Actuary/Division Director, Mike Fix
Rate and Form Analyst, Vance Magnuson
Rate and Form Analyst, Yuri Venjohn
Rate and Form Analyst, Dean Bushee
Senior Health Insurance Counseling Program
Director, Bill Lardy
Prescription Connection, Sharon St. Aubin
Hotline Specialist, Laura Larson
Complaint Investigation/Hotline Specialist, Cydra
Sauter
Prescription Connection Program Assistant,
JoAnn Arnold
SHIC Program Assistant, Corinne Aberle

Examinations And Company Licensing Division

Chief Examiner & Director, Carole Kessel
Sr. Examiner, David Weiss
Examiner
Financial Analyst, Tim Hill
Company Licensing Administrator, Leona Ziegler

Agent Licensing & Investigation Division

Director of Agent Licensing and Investigations,
Laurie Wolf
Agent Licensing Specialist/Continuing Education
Coordinator, Shauna Greff
Agent Licensing Specialist, Peggy Brintnell
Agent Licensing Specialist, Steph Butz
Agent Licensing Specialist, Renae Vaith

Administration Division

Business Manager, Human Resources Director,
Jodee Buhr
Accountant, Ken Rood
Computer Programmer/Operator, Laurie Scully
Receptionist, Margo Huber
Mail Clerk, Shelly Weisz
Division Clerk, Jan Wolf
Backup, Renae Vaith

Special Funds Division

State Insurance Programs Manager, Jeff Bitz
Underwriter, Barbara Mehlhoff
Appraiser & Claims, Lee Lunde
Secretary/Receptionist, Sharon Gross
Chief Boiler/Anhydrous Ammonia Inspector,
Bob Reetz
Boiler/Anhydrous Ammonia Inspector
Boiler/Anhydrous Ammonia Inspector, Delton
Doll
Administrative Clerk, Janel Frenzel

Division Overviews

59th Legislative Session

Administration Division

The Administration Division of the Department is responsible for oversight of the budget, accounting, IT needs, and general office support throughout the Department. This division also oversees the day-to-day business operations, human resource management, and the internal policies and procedures for the Department.

Agent Licensing and Investigation Division

This division is responsible for the licensing of over 33,000 insurance producers doing business in North Dakota. Before any person can be licensed to sell insurance, he or she must complete pre-licensure courses and pass a pre-licensing exam, and the Department must perform a background check. Insurance producers must comply with either continuing education requirements or the filing of a biennial continuation fee in order to maintain their license. This division approves the courses, determines the appropriate credit, and monitors agent compliance with the requirements.

This division also investigates complaints against insurance companies and insurance producers and works together with the Legal Division in prosecuting any misconduct by an insurance company or insurance producer which may result in a fine and a suspended or revoked license.

As a result of passing the insurance fraud legislation in 2003, the Department implemented an insurance fraud referral system utilizing existing staff resources to receive the initial fraud referral and coordinate the investigation with various law enforcement agencies. We continue to evaluate and assess the need to hire a full-time fraud investigator.

Legal Division

The Legal Division primarily provides counsel and advice to the Commissioner and Department staff. The Legal Division also responds to general questions regarding insurance and insurance law posed by consumers and the insurance industry. In addition to the above, it assists other Department staff in resolving consumer complaints and in drafting and finalizing proposed law and rule changes. When it appears that an agent or company has acted in violation of the law, the Legal Division and the Agent Licensing and Investigations Division initiate the appropriate enforcement proceeding which may result in a fine or a suspended or revoked license. Occasionally, a company's activities may warrant an examination of specific company activities in a "market conduct" examination. The Market Conduct Examiner also conducts periodic comprehensive market conduct examinations of our domestic companies to assure that our domestic companies are engaging in fair business practices and otherwise comply with our laws.

During 2003-2004, the Department collected fines totaling \$46,259. During 2003-2004, the Legal Division and Agent Licensing and Investigations Division assisted North Dakotans in obtaining \$462,376. This is a result of the resolution of agent complaints and administrative investigations.

Examinations and Company Licensing Division

At the heart of insurance regulation is solvency oversight. The Examinations Division is responsible for monitoring the financial strength of insurance companies to assure they have enough money to pay policyholder claims. The division performs periodic financial audits of North Dakota based companies to make certain they are financially sound and complying with state laws. The Department received its third five-year accreditation for solvency oversight by the National Association of Insurance Commissioners in 2002.

This division also oversees and administers the licensing of approximately 2,049 insurance companies doing business in North Dakota. Any company seeking licensure must undergo a pre-licensure review administered by the Department to screen out companies that may be in financial trouble or have a history of regulatory problems in other states.

Consumer Protection - Property/Casualty Division

This division, along with the Consumer Protection - Life and Health Division, assists consumers who are having difficulty with their insurance company. In 2003-2004, our hotline staff processed 16,925 telephone calls or approximately 39 calls per day from North Dakotans who needed help resolving an insurance-related matter. When a formal complaint is received, investigators gather facts and often are able to help the consumer in getting a claim paid. In 2003-2004, the Department helped North Dakotans obtain over \$3,072,651 in relief. In addition, analysts in this division review policy form and rate filings for property and casualty insurance products which insurance companies seek to sell in North Dakota.

Consumer Protection - Life and Health Division

This division performs the same functions of rate and form approval, hotline response, and complaint investigation as its property and casualty counterpart, only in the life and health insurance area. The Legislature frequently calls upon the technical expertise within this division to assist in its analysis of issues regarding health insurance. The Senior Health Insurance Counseling Program (SHIC) and the Prescription Connection for ND program is included within this division.

Senior Health Insurance Counseling Program (SHIC) is funded through CMS. Its purpose is to provide free and confidential, local volunteer peer counselors trained in senior health insurance topics. SHIC counselors help Medicare beneficiaries, their families, or other representatives to:

- Understand Medicare bills and statements;
- Compare and understand Medicare and long term care insurance;
- Evaluate insurance coverage or to assist with claims and appeals.

Over the past two years, the Department and its SHIC volunteers fielded over 1000 calls. We expect this number to increase in future because of our more effective outreach efforts. As an example, during the State Fair alone, we directly assisted over 400 people with their Medicare related questions.

The Prescription Connection for ND Program, which was created last session, has been providing access to free and discount prescription drugs since December 2003. Since inception, the program has helped approximately 8,000 people from all across North Dakota get access to more affordable prescriptions. That means that almost 20 people everyday are getting the help they need to pay for prescription drugs. In addition, Prescription Connection is able to help 99% of all applicants to the program. Most importantly, an estimated \$4.3 million has been saved on prescriptions in the last year because of this program.

Special Funds Division

Located within the Department are several programs which serve North Dakota residents in a variety of ways:

- **Fire and Tornado Fund:** This Fund insures building and contents belonging to North Dakota governmental entities and subdivisions. Created in 1919, the fund provides low-cost insurance for over 8,768 public buildings throughout the state with a combined insured value of \$5.9 billion. So far in this biennium (2003-2005), approximately 300 claims were received and processed. Last biennium, a total of 467 claims were processed.
- **State Bonding Fund:** Created in 1919, this Fund provides blanket fidelity bond coverage to North Dakota government entities and political subdivisions in the event of employee theft of property and money. This Fund currently serves approximately 2,928 bondholders with a combined insured value of approximately \$581 million.
- **Petroleum Tank Release Compensation Fund:** Created by the 1989 Legislature, this Fund provides contamination clean-up coverage and third-party liability coverage to petroleum tank owners. Tank owners must be in compliance with all federal and state rules, including rules relating to financial responsibility in order to participate in this Fund. Currently, approximately 1,675 tank owners pay an annual registration fee for approximately 5,637 tanks.
- **Boiler and Pressure Vessel Inspectors:** Created by the 1953 Legislature, this safety program ensures that all boilers in North Dakota are inspected annually or biannually depending on the type and use of the boiler. We inspect all new boilers for proper installation. There are 8,696 boilers in North Dakota. Our office inspects approximately 4,590 boilers and oversees that the remaining 4,106 boilers are inspected by their private insurance carrier.
- **Anhydrous Ammonia Facility Inspection:** Created by the 1995 Legislature, this safety program is responsible for inspecting permanent anhydrous ammonia storage containers at least every five years, including container appurtenances and nurse tanks. During 2003 and 2004, the Department inspected 94 and 48 bulk tanks, respectively. The Department also inspected approximately 1900 nurse tanks during the last two years out of a total of 6,900 nurse tanks. (Do you want to address the tank lock program?)
- **Unsatisfied Judgment Fund:** The Insurance Department carries out the operation of the Unsatisfied Judgment Fund. When a resident of North Dakota obtains a judgment for damages resulting from bodily injury to or from the death of a person which was caused by the use of a motor vehicle and the judgment debtor has no automobile insurance coverage or assets with which to pay the judgment, a qualifying judgment creditor may apply to the court for an order directing payment from the fund. This order can be for an amount of \$10,000 for the injury or death of one person, or \$20,000 for the injury or death of two or more persons.

Each of these programs are self-funded and do not require an appropriation from either the State General Fund or the Insurance Regulatory Trust Fund.

Section Breakdown

Sections 1, 2, 3

The North Dakota Insurance Department is authorized for 45.5 FTE's. Currently, 9 of those positions are designated to the special funds programs that the legislature has assigned to the Insurance Department. The rest serve the regulatory and administrative functions of the Department.

The executive budget recommendation contained in HB 1010 requests one additional FTE specific to the Department's Prescription Connection for ND program and shifts one existing FTE to the program, as well. Because of the success and statewide need for this program, in order to better serve our constituents, this additional FTE will allow us to focus more of our attention to our outreach efforts. Our salary line also reflects a \$313,615 increase that is specific to the Governor's compensation package.

In addition, we have shifted last biennium's \$100,000 appropriation for Prescription Connection from general funds to special funds. In addition, because we now have a clearer understanding of the fiscal needs of the Prescription Connection program, we have requested that our appropriation increase to \$250,000. Other operating increases include \$40,000 for development of an Access Application for the Petroleum Tank Fund, \$50,000 EPA grant, and other minor miscellaneous adjustments, based on current needs.

Section 2 also reflects a decrease in Capital Assets of \$6,900. Purchases of assets over \$5,000 are not anticipated over the next biennium.

Section 4

Section 4 provides the \$5.304 million appropriation for redistribution of a portion of the insurance premium tax to the local fire districts and the North Dakota Firemen's Association.

Sections 5, 6, 7, 8, & 9

These sections provide the source of funding for the special funds that the Insurance Department administers. The figures in these sections are also included in section 1 of our bill. Some of the figures have been adjusted slightly to accommodate funding adjustments and enhancements to the 2003-2005 base level appropriation.

Section 10

This section provides for the salary for the Commissioner.

Fire district Payments

	2003 Premium	2004 Payment
Arnegard F/P District	\$ 142,936	\$ 1,332
Bismarck Fire Dept.	\$18,966,472	\$176,733
Bismarck F/P District	\$ 2,929,674	\$ 27,299
Bowman Fire Dept.	\$ 924,470	\$ 8,614
Bowman Rural Fire Dept.	\$ 380,114	\$ 3,542
Fargo	\$29,484,094	\$274,738
Jamestown Fire Dept.	\$ 4,225,261	\$ 39,372
Jamestown F/P District	\$ 2,374,248	\$ 22,124
Minot Fire Dept.	\$11,198,943	\$104,354
Minot F/P	\$ 1,058,189	\$ 9,860
Wahpeton Fire Dept.	\$ 2,721,848	\$ 25,363
Watford City Fire Dept.	\$ 602,782	\$ 5,617

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Insurance Department

Jim Poolman, Commissioner

2005—2007 Biennium Budget Presentation

North Dakota Senate Appropriations Committee
Senator Ray Holmberg, Chairman



*With the exception of
the following
pages, this
testimony was
the same as given
to the House*

Presented by:
Insurance Commissioner Jim Poolman
February 28, 2005

Section Breakdown

Sections 1, 2, 3

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Section 4

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Sections 5, 6, 7, 8, & 9

These sections provide the source of funding for the special funds that the Insurance Department administers. The figures in these sections are also included in section 1 of our bill. Some of the figures have been adjusted slightly to accommodate funding adjustments and enhancements to the 2003-2005 base level appropriation.

Section 10

This section provides for the salary for the Commissioner.

House Changes

The salary line was reduced from \$382,171 to \$361,269 (-\$20,902) to reflect the changes to the Governor's compensation package recommendation. In addition, \$2,116,000 was added to the Grants line to increase funding to local fire districts and to fund a grant to the North Dakota Association of oil and gas producing counties.

Fire District Payments

	2003 Premium	2004 Payment
Bismarck Fire Dept.	\$18,966,472	\$176,733
Bismarck F/P District	\$ 2,929,674	\$ 27,299
Casselton Fire Dept.	\$ 556,348	\$ 5,277
Casselton Rural Fire Dept.	\$ 1,529,439	\$ 14,252
Dickinson Fire Dept.	\$ 5,126,744	\$ 47,772
Dickinson F/P District	\$ 1,198,409	\$ 11,167
Fargo	\$29,484,094	\$274,738
Finley F/P District	\$ 1,086,236	\$ 10,122
Grand Forks Fire Dept.	\$15,192,652	\$141,568
Grafton Fire Dept.	\$ 1,389,575	\$ 12,948
Grafton F/P District	\$ 1,534,490	\$ 14,299
Mayville Fire Dept.	\$ 1,031,675	\$ 9,613
Minot Fire Dept.	\$11,198,943	\$104,354
Minot F/P District	\$ 1,058,189	\$ 9,860
Ashley Fire Dept.	\$ 314,354	\$ 2,929
Ashley Rural Fire Dept.	\$ 311,326	\$ 2,901

MEMORANDUM

TO: HOUSE APPROPRIATIONS GOVERNMENT OPERATIONS DIVISION
RON CARLISLE, CHAIR
FROM: JIM POOLMAN
SUBJECT: FUND BALANCES
DATE: JANUARY 12, 2005

	Fund Balance	Floor	Variance
State Bonding	\$3,525,000	\$2,000,000	\$1,525,000*
Fire & Tornado	\$20,265,000	\$12,000,000	\$8,265,000
Unsatisfied Judgment	\$250,000	\$150,000	\$100,000
Petroleum Tank	\$8,290,000	\$6,000,000	\$2,390,000

Open Claims (reserves) for State Bonding Fund = \$291,378

Open Claims (reserves) for Fire and Tornado Fund = \$2,319,387

*Pending transfer of \$1.3 million to the General Fund

MEMORANDUM

TO: HOUSE APPROPRIATIONS, GOVERNMENT OPERATIONS DIVISION
RON CARLISLE, CHAIR

FROM: JIM POOLMAN

SUBJECT: ADDITIONAL APPROPRIATION – MEDICARE PART D ROLLOUT

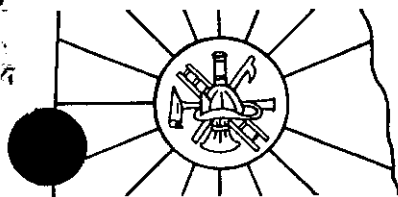
DATE: JANUARY 12, 2005

Per the request of Rep. Thoreson, here is a breakdown of additional resources specific to the implementation of the Medicare 2006 changes.

Significant changes in the Medicare law will take effect January 1, 2006. Approximately 103,000 North Dakotans will need to make a choice in 2005 regarding their Medicare benefits, particularly regarding prescription drug coverage. Our experience with the SHIC program, and increasing national press, indicate that one-on-one service to these constituents will be necessary to assist them in making good decisions.

Volunteers have been, and continue to be very valuable resources to meet one-on-one with people. With the time frames associated with the upcoming Medicare changes, including the education and enrollment of all those North Dakotans that need to make a decision, a more focused approach is desirable.

Transitional outreach resources	\$220,000
Advertising	\$ 55,000
Consumer education	<u>\$ 75,000</u>
Total	\$350,000



Organized June 4, 1884. Incorporated January 20, 1901.

North Dakota Firefighter's Association

1686 Capitol Way • P.O. Box 6127 • Bismarck, ND 58506-6127

HB 1010
11/2/05
H-APP-6.0.

Phone: 701-222-2799
Fax: 701-222-2899

Chairman Carlisle, Members of the House Appropriations Committee, my name is Lois Hartman. I am the Executive Director of the North Dakota Firefighter's Association.

I appear before you today in support of HB 1010 and in support of increasing the funding to the Fire Departments and Fire Districts.

I took the time to visit with some of the rural fire departments from the counties in the areas you all represent. I found that the Sterling Fire Department operated older trucks that they have gotten through Burlington Northern Railroad or the North Dakota Forest Service and have rebuilt them into fire trucks or water trucks. Their maintenance expenses are high with the older equipment. William Brown, the Secretary/Treasurer of the Sterling Department said that the population base is decreasing, so the donations to the fire department are also decreasing. Additional funding would allow them to repair the roof on their fire hall and hopefully in a few years, replace the siding.

I visited with Mike Millmer of the Reeder Fire Department and found that they are trying to raise enough money to upgrade their radios to digital. He said that State Radio is migrating to a digital system, so the fire departments will need to do the same. They are looking for additional grants or funding sources to upgrade their system. He also said that with the drought conditions in the southwest part of the state, their calls have increased, causing their cost of operations to increase without additional funding.

I visited with Tom Lambourn and Chad Welch of the Bowman Fire Department. They also told me of the dry conditions causing increased operating costs. They both said that additional Insurance Premium Tax dollars would sure help keep their budget balanced.

Brandy Getz, Secretary/Treasurer of the Rhame Fire District told me that an increase in the insurance tax money is needed to help cover the increased costs in operations for thing such as the utilities, fire equipment (foam and tools) and gas and oil prices. They have had more grass fires because of the dry conditions and it getting harder to keep the bills paid.

Bruce Schreiner, Chief of the Garrison Fire Department told me that the Insurance Premium Tax Distribution funds are the primary source of their funding along with fundraiser by the firefighters.

Rex Weltikol, Chief of the Minot Rural Fire Department indicated that their department received \$5,324 less in 2004 than the 2003 from the Insurance Premium Tax funds. He said that the population base has not decreased, but their Insurance Premium Tax Distribution has.

The Chief of the Ellendale Fire Protection District, Jerry Rekow, told me that the 30 to 40 percent of their budget comes from the Insurance Premium Tax Distribution Fund. He said that their budget is around \$24,000 with \$8,000 coming from the Insurance Premium Tax funds.

Darrell Francis, Chief of the Des Lacs Fire Protection District told me that his 2004 Insurance Premium Tax Distribution payment was about \$1,000 less than last year. With increased insurance coverage costs for both the fire department building and the apparatus and higher utility bills, his is looking at raising property tax mills to cover the shortfall in operating funds. He has a 1973 pumper that is on loan from the North Dakota Forest Service that needs to be replaced. The department is looking for grant funds to replace the old equipment or to continue to repair the old equipment.

There are many more departments that are facing raising operating costs with decreasing revenues. An increase in the Insurance Premium Tax Distribution Fund payments will help these departments provide services to their residents. Your support will be greatly appreciated.

Included in Section 4 of this bill is the administrative funding for the North Dakota Firefighter's Association. The \$104,000 is 2% of the appropriation to the Fire Departments and Districts. The cost of providing fire schools to the departments continues to increase each year. 2005 is the last year of the current contract with the Bismarck Civic Center for the State Fire School. We have entered in to a new contract with the Civic Center for the years 2006-2010. The cost will increase for the rent of the civic center as well as the cost of hotel rooms and instructor transportation to Bismarck. The costs for the regional fire schools is also increasing.

The federal funds for terrorism response training, have been redirected by the Department of Homeland Security and is no longer available to the Association. The Association has been able to continue the very basic training for the collapse response by using local instructors. But we are unable to provide more advanced levels of training. The Association has received grant funds through the Fire Marshal's Office and the ND Forest Service in the past. Both agencies have told me that the funds will probably be less each year because of a greater demand by fire departments for the funds. That means that the training programs we are able to offer to the fire departments will decrease each year.

The Association is requesting that their appropriation amount continue to be based on 2% of the appropriation to the Fire Departments and Districts. There is an additional appropriation in the budget request of the Office of Management and Budget from the Fire and Tornado Funds of \$63,000 annually for training. The Association is not going to ask for additional funds through that source. We are asking that the needed funding increase come from this appropriation.

Mr. Chairman, I will be happy to answer questions from the Committee. Thank you.

Testimony on House Bill 1010
House Appropriations Committee

By Joel Boespflug
January 12, 2005

#3
HB1010
11/2/05
H. App. 6.0.

Mr. Chairman and members of the committee, my name is Joel Boespflug, City of Bismarck Fire Chief and also a Director with the North Dakota Fire Chief's Association.

My testimony today is limited to Section 4 of HB 1010. First of all, it's important to say thank you for the insurance premium tax collection payments that are made to the fire departments. The funding provided has a direct and positive investment for the North Dakota citizens, property owners, fire service and the insurance industry. The purpose of the investment includes a better equipped and trained fire department with increased abilities to reduce the loss of life and property from the threat of fire. The investment will also lower risk of payments for the insurance industry and potentially reduce insurance premiums for property owners where the fire department advancements improve the Insurance Services Office Community Fire Protection Rating Schedule.

We are requesting your consideration to increase the payments to the fire departments from this fund. Our reasoning is that the amount distributed to fire departments has remained the same for over 15-years while the cost of providing fire protection has greatly increased. Also, the premium tax income was nearly equal to the distribution amount 15-years ago, but today the premium tax income is nearly twice the amount that is actually distributed to fire departments. The graph on the following page is provided to illustrate the growing difference between the premium tax and the fire department distribution.

Year	Applicable Insurance Premium Tax Income NDCC 26.1-03-17	Distribution to Fire Departments NDCC 18-04-04.1	Percentage of Applicable Premium Tax paid to Fire Departments
1987	2,123,962	2,335,604	109 %
1988	2,342,619	2,598,516	111 %
1989	2,678,376	2,599,940	97 %
1990	2,980,094	2,599,999	87 %
1991	3,231,544	2,600,150	80 %
1992	3,040,718	2,599,850	86 %
1993	3,142,956	2,640,083	84 %
1994	3,280,677	2,695,289	82 %
1995	2,575,877	2,600,000	101 %
1996	2,751,310	2,600,000	95 %
1997	3,241,373	2,600,000	81 %
1998	3,033,406	2,600,000	86 %
1999	3,180,996	2,600,000	82 %
2000	2,987,130	2,600,000	87 %
2001	3,405,963	2,600,000	76 %
2002	3,702,111	2,600,000	70 %
2003	4,185,692	2,600,000	62 %
2004	4,882,928	2,600,000	53 %

- 388 Certified Fire Departments in North Dakota

We are asking for you to consider the following three alternatives:

1. The preferred alternative is to amend 18-04-04.1. In this section, it states the premium tax is to be disbursed to fire departments, subject to legislative appropriation. Removal of the wording "subject to legislative appropriation" would reestablish the original relationship between the disbursements and premium tax income; or
2. The next preferred alternative is to amend 18-04-04.1 by replacing the wording "subject to legislative appropriation" with a percentage of the premium tax collections. It would be reasonable to consider a percentage of at least 80% since the percentage of premium tax distributions to fire departments from 1987 to 2000 averaged higher than 80%; or
3. Increase the appropriated amount in Section 4 of the bill to an amount that better correlates with the premium tax income.

Alternatives one and two provide stability to the distribution process. They also provide a fair methodology of maintaining the distribution fund for the future.

In Section 4 of the bill, the North Dakota Firefighter's Association, (NDFA), currently receives an allocation to support its mission of providing critical training to the fire service. In your decision making process, should you choose to amend 18-04-04.1, we ask that the allocation to the NDFA also be addressed as it is not our intent to exclude them.

Mr. Chairman and members of the committee, I wish to thank you for your consideration and will be happy to answer any questions that you might have.

Testimony of Roy Schatschneider
HB 1010
January 12, 2005

#4
HB 1010
11/2/05
H.A pp-6.0.

Mr. Chairman and Members of the Committee:

My name is Roy Schatschneider. I am the Chief of the West Fargo Fire Department. I am here today representing my department and the North Dakota Fire Chief's Association. I am here to support an increase in the insurance premium tax to all fire departments in North Dakota.

In our department, we currently have 40 fire fighters and this number will be increased to 45 by April of this year. Each one of these fire fighters has their own set of gear. We have SCBAs for approximately half of our fire fighters.

Now we must give them the tools to fight the fire. A new pumper truck can cost from \$200,000 to \$300,000 depending on options incorporated into it. Add to this the hose, ladders and misc. tools that will cost an additional \$50,000. A rule of thumb in the fire truck industry is that fire apparatus cost increase 5% every year.

The general operating cost for fire departments has also increase dramatically the last several years. The cost for insurance, building heat, gas for vehicles and training for fire fighters have all increased. It is difficult for local taxes to keep up with these increases.

So much focus has placed on phrases and terms like "Weapons of Mass Destruction", Anthrax and other biological and chemicals that an important fact is going unnoticed. That fact is that local fire departments are still called upon to respond to the routine incidents in their jurisdiction. Unfortunately many departments are sending their fire fighters out to do a dangerous job without having the

funds to provide them with equipment or personal protective gear that is in compliance with today's standards.

Fire fighters must be outfitted in the proper gear to safely combat the simplest of fires. I have recently replaced some structural fire fighting gear in our department and I would like to share with you some of the cost involved:

1 set turnout gear (Coat and Pants)	1,055.68
1 structural fire fighting helmet	165.84
1 pair boots	108.00
1 pair gloves	38.00
1 protective hood	33.00
1 (SCBA)	4,155.00

That's over \$5,500 for just one fire fighter.

The life expectancy for all the clothing is between 5 & 10 years depending on the number of responses that department has and how well it is maintained. The gear must be washed to remove contaminants to get the maximum life expectancy. The Self-contained breathing apparatus (SCBA) can last up to 20 years but they should be tested annually and upgraded when new standards are put out by OSHA, NIOSH or NFPA.

Many departments in the state have difficulty providing their fire fighters with gear that are not in compliance with national standards. In some departments gear that is over 20 years old is being used by fire fighter to enter hazardous conditions. The safety of these fire fighters are being put at risk.

The funds that this proposal would provide will not buy a new fire pumper or build a new fire station. But it could be used to provide the proper personal protective equipment so firefighters can provide the services that we ask them to do and the public expects them to do in a safe and timely manner. It could be used to

provide training for fire fighters so they can recognize a potential hazardous condition before they or their fellow fire fighters become contaminated or injured.

There are 388 certified fire departments in the State of North Dakota. These funds would benefit every one of these departments with financial support they desperately need. It is up to us as Fire Chiefs, to provide our fire fighters with the proper equipment and training so they can perform their job with as little of risk as possible.

If you have any questions I will be happy to respond to them.



North Dakota Association of Oil & Gas Producing Counties

#5
HB1010
11/2/05
H. App. G. O

EXECUTIVE COMMITTEE

Roger Chinn
President
McKenzie County

Diane Affeldt
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Dickinson

Reinhard Hauck
Secretary/Treasurer
Manning

Dean Koppelman
Dickinson PSD
Association Representative
to ND Oil and Gas
Research Council

Senate Appropriations Committee
January 7, 2005

Thank you for your support last legislative session for the N.D. Oil and Gas Research Council funding. We received a grant from that appropriation to train firefighters on oilfield fire safety in a project "Train the trainers- Oilfield Emergencies". This project was in conjunction with the North Dakota Firefighters Association and TESORO refinery, Mandan, ND.

Ms. Vicky
Steiner, ex.
Dir. N.D. Assoc.
of Oil & Gas
Producing Cos.



Two North Dakota firefighters were trained in Wooster, Ohio June 26, 2004 at a regional oilfield fire training facility

VICKY STEINER - EXECUTIVE DIRECTOR

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To: House Appropriations Committee,
Government Operations Division

From: Jerry Hjelmstad, North Dakota League of Cities

Date: January 12, 2005

Re: House Bill 1010
Expenses of the Insurance Commissioner
Insurance Premiums Tax Collections Payments to Fire Departments

*Same given to
Senate
appropriations #6
HB1010
H-App. G.O.*

Mr. Chairman and members of the House Appropriations Committee Government Operations Division, my name is Jerry Hjelmstad and I am testifying on behalf of the North Dakota League of Cities in support of the efforts of the North Dakota Firefighters' Association and the North Dakota Fire Chiefs' Association to get a percentage of the insurance premiums tax collections payments for fire departments and fire districts.

Since 1995, the legislature has appropriated a fixed amount of \$5.2 million per biennium from the premium tax for distribution to fire departments and fire districts. This fixed appropriation has resulted in a decrease in the share of premium taxes going to fire departments and fire districts from around 100% in 1995 to about 53% in 2004.


It is important that fire departments and fire districts share in this premium tax because as insurance premium tax collections go up with growth new construction, the need for fire protection services also increases. A percentage formula will help the fire departments and fire districts keep pace with this need.

With the flat appropriation that has existed since 1995, some districts have seen their payments decline since the distribution formula is based on premiums collected from each district. Growth through a percentage formula would help to alleviate some of the strain on property taxes caused by these declines.

We ask that you support an amendment to House Bill 1010 to provide that a reasonable percentage (at least 80%) of the insurance premium taxes be distributed to fire departments and fire districts.

MEMORANDUM

TO: HOUSE APPROPRIATIONS, GOVERNMENT OPERATIONS DIVISION
RON CARLISLE, CHAIR

FROM: JIM POOLMAN 

SUBJECT: FIRE DISTRICT PAYMENTS

DATE: JANUARY 12, 2005

Attached, please find a breakdown, by district, of all fire district payments for 2004. Please advise if the committee has any additional questions, or requires clarification on any of the information presented here.

**ND INSURANCE DEPARTMENT
2004 FIRE DISTRICT PAYMENTS**

FIRE DISTRICT	PREMIUM AMOUNT PER DISTRICT	% OF TOTAL PREMIUM	FIRE DISTRICT PAYMENT
ABERCROMBIE F/P DIST	\$ 320,212	0.001147613	\$ 2,983.79
ADAMS F/P DISTRICT	\$ 437,844	0.001569196	\$ 4,079.91
ALAMO F/P DISTRICT	\$ 320,731	0.001149473	\$ 2,988.63
ALEXANDER F/P DISTRICT	\$ 393,719	0.001411055	\$ 3,668.74
ALICE F/P DISTRICT	\$ 192,799	0.000690975	\$ 1,796.54
ALMONT F/P DISTRICT	\$ 442,298	0.001585159	\$ 4,121.41
AMBROSE FIRE DEPT	\$ 28,321	0.000101500	\$ 263.90
AMIDON F/P DISTRICT	\$ 161,876	0.000580150	\$ 1,508.39
ANAMOOSE F/P DISTRICT	\$ 432,270	0.001549219	\$ 4,027.97
ANETA F/P DISTRICT	\$ 454,595	0.001629230	\$ 4,236.00
ANTLER F/P DISTRICT	\$ 336,514	0.001206038	\$ 3,135.70
ANTLER FIRE DEPT	\$ 54,864	0.000196628	\$ 511.23
ARGUSVILLE F/P DIST	\$ 225,796	0.000809234	\$ 2,104.01
ARNEGARD F/P DISTRICT	\$ 142,936	0.000512270	\$ 1,331.90
ARTHUR F/P DISTRICT	\$ 473,248	0.001696081	\$ 4,409.81
ASHLEY FIRE DEPT	\$ 314,354	0.001126618	\$ 2,929.21
ASHLEY RURAL FIRE DEPT	\$ 311,326	0.001115766	\$ 2,900.99
BARNEY F/P DISTRICT	\$ 559,266	0.002004362	\$ 5,211.34
BATHGATE FIRE DEPT	\$ 36,845	0.000132049	\$ 343.33
BEACH FIRE DEPT	\$ 409,932	0.001469162	\$ 3,819.82
BELCOURT RURAL FIRE DEPT	\$ 463,738	0.001661998	\$ 4,321.19
BELFIELD FIRE DEPT	\$ 274,114	0.000982401	\$ 2,554.24
BERTHOLD F/P DISTRICT	\$ 703,614	0.002521693	\$ 6,556.40
BEULAH F/P DISTRICT	\$ 4,519,742	0.016198372	\$ 42,115.77
BILLINGS COUNTY F/P DIST	\$ 336,510	0.001206023	\$ 3,135.66
BINFORD F/P DISTRICT	\$ 323,457	0.001159242	\$ 3,014.03
BISBEE F/P DISTRICT	\$ 367,629	0.001317551	\$ 3,425.63
BISMARCK F/P DISTRICT	\$ 2,929,674	0.010499703	\$ 27,299.23
BISMARCK FIRE DEPT	\$ 18,966,472	0.067974227	\$ 176,732.99
BOTTINEAU F/P DISTRICT	\$ 1,004,878	0.003601398	\$ 9,363.63
BOTTINEAU FIRE DEPT	\$ 790,413	0.002832773	\$ 7,365.21
BOWBELLS F/P DISTRICT	\$ 349,306	0.001251883	\$ 3,254.90
BOWDON FIRE DEPT	\$ 63,341	0.000227009	\$ 590.22
BOWDON RURAL FIRE DEPT	\$ 639,983	0.002293645	\$ 5,963.48
BOWMAN FIRE DEPT	\$ 924,470	0.003313222	\$ 8,614.38
BOWMAN RURAL FIRE DEPT	\$ 380,114	0.001362296	\$ 3,541.97
BRADDOCK F/P DISTRICT	\$ 185,567	0.000665056	\$ 1,729.15
BROCKET-LAWTON F/P DIST	\$ 346,870	0.001243153	\$ 3,232.20
BUFFALO F/P DISTRICT	\$ 670,046	0.002401388	\$ 6,243.61

BURLINGTON FIRE DEPT	\$	306,332	0.001097868	\$	2,854.46
BURLINGTON RURAL FIRE DP	\$	233,356	0.000836328	\$	2,174.45
BUTTE F/P DISTRICT	\$	299,536	0.001073512	\$	2,791.13
BUXTON F/P DISTRICT	\$	766,329	0.002746458	\$	7,140.79
CALVIN F/P DISTRICT	\$	409,238	0.001466674	\$	3,813.35
CANDO F/P DISTRICT	\$	562,360	0.002015451	\$	5,240.17
CANDO FIRE DEPT	\$	447,221	0.001602802	\$	4,167.29
CARPIO F/P DISTRICT	\$	614,473	0.002202219	\$	5,725.77
CARRINGTON FIRE DEPT	\$	1,119,549	0.004012369	\$	10,432.16
CARRINGTON RURAL FIRE DP	\$	998,488	0.003578496	\$	9,304.09
CARSON F/P DISTRICT	\$	305,847	0.001096130	\$	2,849.94
CASSELTON FIRE DEPT	\$	566,348	0.002029743	\$	5,277.33
CASSELTON RURAL FIRE DP	\$	1,529,439	0.005481380	\$	14,251.59
CATHAY F/P DISTRICT	\$	225,189	0.000807058	\$	2,098.35
CAVALIER FIRE DEPT	\$	839,214	0.003007672	\$	7,819.95
CAVALIER RURAL FIRE DEPT	\$	1,105,414	0.003961710	\$	10,300.45
CEDAR VALLEY F/P DIST	\$	210,172	0.000753239	\$	1,958.42
CENTRAL-BEACH F/P DIST	\$	272,239	0.000975681	\$	2,536.77
CHRISTINE F/P DISTRICT	\$	264,045	0.000946315	\$	2,460.42
CHURCHES FERRY F/P DIST	\$	429,889	0.001540686	\$	4,005.78
CLEVELAND F/P DISTRICT	\$	511,999	0.001834961	\$	4,770.90
CLIFFORD F/P DISTRICT	\$	324,107	0.001161572	\$	3,020.09
COGSWELL F/P DISTRICT	\$	335,120	0.001201042	\$	3,122.71
COLUMBUS FIRE DEPT	\$	44,384	0.000159068	\$	413.58
COLUMBUS RURAL FIRE DEPT	\$	114,789	0.000411394	\$	1,069.62
COOPERSTOWN FIRE DEPT	\$	350,723	0.001256961	\$	3,268.10
COOPERSTOWN RURAL FIRE	\$	556,967	0.001996122	\$	5,189.92
COURTENAY F/P DISTRICT	\$	227,675	0.000815968	\$	2,121.52
CROSBY FIRE DEPT	\$	372,986	0.001336750	\$	3,475.55
CROSBY RURAL FIRE DEPT	\$	211,349	0.000757457	\$	1,969.39
CRYSTAL F/P DISTRICT	\$	279,958	0.001003346	\$	2,608.70
DAHLEN F/P DISTRICT	\$	191,763	0.000687262	\$	1,786.88
DAVENPORT F/P DISTRICT	\$	233,538	0.000836980	\$	2,176.15
DAWSON F/P DISTRICT	\$	208,679	0.000747888	\$	1,944.51
DAZEY F/P DISTRICT	\$	346,632	0.001242300	\$	3,229.98
DAZEY FIRE DEPT	\$	77,692	0.000278442	\$	723.95
DEERING F/P DISTRICT	\$	195,530	0.000700763	\$	1,821.98
DES LACS F/P DISTRICT	\$	333,674	0.001195859	\$	3,109.23
DEVILS LAKE FIRE DEPT	\$	3,123,767	0.011195316	\$	29,107.82
DEVILS LAKE RURAL FIRE	\$	1,447,295	0.005186982	\$	13,486.15
DICKINSON F/P DISTRICT	\$	1,198,409	0.004294996	\$	11,166.99
DICKINSON FIRE DEPT	\$	5,126,744	0.018373816	\$	47,771.92
DONNYBROOK F/P DISTRICT	\$	385,958	0.001383241	\$	3,596.43
DOUGLAS F/P DISTRICT	\$	101,228	0.000362793	\$	943.26
DRAKE F/P DISTRICT	\$	348,027	0.001247299	\$	3,242.98
DRAKE FIRE DEPT	\$	78,467	0.000281219	\$	731.17

DRAYTON FIRE DEPT	\$	434,221	0.001556211	\$	4,046.15
DRAYTON RURAL FIRE DEPT	\$	620,533	0.002223938	\$	5,782.24
DUNSEITH F/P DISTRICT	\$	236,992	0.000849359	\$	2,208.33
DUNSEITH FIRE DEPT	\$	176,839	0.000633776	\$	1,647.82
DWIGHT F/P DISTRICT	\$	323,585	0.001159701	\$	3,015.22
EAST ADAMS F/P DISTRICT	\$	179,539	0.000643453	\$	1,672.98
EDGELEY FIRE DEPT	\$	384,494	0.001377994	\$	3,582.78
EDGELEY RURAL FIRE DEPT	\$	627,442	0.002248699	\$	5,846.62
EDINBURG F/P DISTRICT	\$	321,531	0.001152340	\$	2,996.08
EDMORE FIRE DEPT	\$	74,064	0.000265439	\$	690.14
EDMORE RURAL FIRE DEPT	\$	479,916	0.001719978	\$	4,471.94
EDNA F/P DISTRICT	\$	56,402	0.000202140	\$	525.56
EGELAND F/P DISTRICT	\$	207,398	0.000743297	\$	1,932.57
ELGIN F/P DISTRICT	\$	792,348	0.002839708	\$	7,383.24
ELLENDALE F/P DISTRICT	\$	942,365	0.003377356	\$	8,781.13
EMERADO FIRE DEPT	\$	182,715	0.000654835	\$	1,702.57
EMERADO RURAL FIRE DEPT	\$	175,882	0.000630346	\$	1,638.90
ENDERLIN F/P DISTRICT	\$	1,142,363	0.004094132	\$	10,644.74
EPPING F/P DISTRICT	\$	328,904	0.001178764	\$	3,064.79
ERIE RURAL FIRE DEPT	\$	127,463	0.000456817	\$	1,187.72
ESMOND F/P DISTRICT	\$	643,854	0.002307518	\$	5,999.55
FAIRDALE F/P DISTRICT	\$	327,252	0.001172843	\$	3,049.39
FAIRMOUNT F/P DISTRICT	\$	648,370	0.002323703	\$	6,041.63
FARGO FIRE DEPT	\$	29,484,094	0.105668492	\$	274,738.08
FERRY TOWNSHIP F/P DIST	\$	665,656	0.002385655	\$	6,202.70
FESSENDEN F/P DISTRICT	\$	941,189	0.003373142	\$	8,770.17
FINGAL F/P DISTRICT	\$	225,386	0.000807764	\$	2,100.19
FINLEY F/P DISTRICT	\$	1,086,236	0.003892978	\$	10,121.74
FLASHER F/P DISTRICT	\$	514,688	0.001844598	\$	4,795.96
FLAXTON F/P DISTRICT	\$	73,442	0.000263210	\$	684.35
FORBES F/P DISTRICT	\$	117,705	0.000421845	\$	1,096.80
FORDVILLE F/P DISTRICT	\$	381,625	0.001367712	\$	3,556.05
FOREST RIVER FIRE DEPT	\$	136,264	0.000488359	\$	1,269.73
FORMAN F/P DISTRICT	\$	521,844	0.001870245	\$	4,862.64
FORT RANSOM F/P DISTRICT	\$	198,423	0.000711131	\$	1,848.94
FORT YATES F/P DISTRICT	\$	303,350	0.001087181	\$	2,826.67
FORTUNA F/P DISTRICT	\$	142,702	0.000511432	\$	1,329.72
FREDONIA F/P DISTRICT	\$	130,522	0.000467780	\$	1,216.23
FULLERTON F/P DISTRICT	\$	334,078	0.001197307	\$	3,113.00
GACKLE FIRE DEPT	\$	144,822	0.000519030	\$	1,349.48
GACKLE RURAL FIRE DEPT	\$	261,714	0.000937961	\$	2,438.70
GALESBURG F/P DISTRICT	\$	465,276	0.001667510	\$	4,335.53
GARRISON F/P DISTRICT	\$	671,179	0.002405449	\$	6,254.17
GARRISON FIRE DEPT	\$	494,526	0.001772339	\$	4,608.08
GILBY F/P DISTRICT	\$	702,535	0.002517826	\$	6,546.35
GLADSTONE F/P DISTRICT	\$	264,918	0.000949444	\$	2,468.55

GLEN ULLIN F/P DISTRICT	\$	739,648	0.002650836	\$	6,892.17
GLENBURN F/P DISTRICT	\$	572,699	0.002052505	\$	5,336.51
GLENFIELD F/P DISTRICT	\$	608,578	0.002181092	\$	5,670.84
GOLDEN VALLEY F/P DIST	\$	123,081	0.000441112	\$	1,146.89
GOLVA F/P DISTRICT	\$	224,641	0.000805094	\$	2,093.25
GOODRICH F/P DISTRICT	\$	378,600	0.001356870	\$	3,527.86
GOODRICH FIRE DEPT	\$	55,439	0.000198689	\$	516.59
GRAFTON F/P DISTRICT	\$	1,534,490	0.005499482	\$	14,298.65
GRAFTON FIRE DEPT	\$	1,389,575	0.004980119	\$	12,948.31
GRAND FORKS FIRE DEPT	\$	15,192,652	0.054449176	\$	141,567.86
GRANDIN F/P DISTRICT	\$	848,635	0.003041436	\$	7,907.73
GRANVILLE F/P DISTRICT	\$	333,377	0.001194795	\$	3,106.47
GRASSY BUTTE F/P DIST	\$	76,400	0.000273811	\$	711.91
GREAT BEND F/P DISTRICT	\$	279,728	0.001002521	\$	2,606.56
GRENORA F/P DISTRICT	\$	426,784	0.001529558	\$	3,976.85
GWINNER F/P DISTRICT	\$	1,107,915	0.003970673	\$	10,323.75
HAGUE F/P DISTRICT	\$	166,354	0.000596199	\$	1,550.12
HALLIDAY F/P DISTRICT	\$	325,116	0.001165188	\$	3,029.49
HAMPDEN F/P DISTRICT	\$	182,828	0.000655240	\$	1,703.62
HANKINSON F/P DISTRICT	\$	989,011	0.003544532	\$	9,215.78
HANNAFORD RURAL FIRE DP	\$	413,209	0.001480906	\$	3,850.36
HANNAH F/P DISTRICT	\$	295,325	0.001058420	\$	2,751.89
HARVEY F/P DISTRICT	\$	966,304	0.003463152	\$	9,004.19
HARVEY FIRE DEPT	\$	773,257	0.002771287	\$	7,205.35
HARWOOD F/P & RESCUE	\$	286,490	0.001026756	\$	2,669.57
HASTINGS FIRE DEPT	\$	8,583	0.000030761	\$	79.98
HATTON FIRE DEPT	\$	316,769	0.001135273	\$	2,951.71
HATTON RURAL FIRE DEPT	\$	581,581	0.002084337	\$	5,419.28
HAVANA F/P DISTRICT	\$	206,659	0.000740648	\$	1,925.69
HAZELTON F/P DISTRICT	\$	465,485	0.001668259	\$	4,337.47
HAZEN F/P DISTRICT	\$	303,754	0.001088629	\$	2,830.43
HAZEN FIRE DEPT	\$	787,221	0.002821333	\$	7,335.47
HEBRON F/P DISTRICT	\$	514,949	0.001845534	\$	4,798.39
HEBRON FIRE DEPT	\$	9,460	0.000033904	\$	88.15
HENSEL FIRE DEPT	\$	28,366	0.000101661	\$	264.32
HETTINGER F/P DISTRICT	\$	1,142,009	0.004092863	\$	10,641.44
HILLSBORO FIRE & RESCUE	\$	1,492,555	0.005349190	\$	13,907.90
HOOPLE F/P DISTRICT	\$	350,468	0.001256048	\$	3,265.72
HOOPLE FIRE DEPT	\$	253,112	0.000907132	\$	2,358.54
HOPE F/P DISTRICT	\$	1,556,593	0.005578697	\$	14,504.61
HORACE F/P DISTRICT	\$	962,927	0.003451049	\$	8,972.73
HORSE CREEK F/P DISTRICT	\$	104,539	0.000374659	\$	974.11
HUNTER F/P DISTRICT	\$	446,497	0.001600207	\$	4,160.54
INKSTER F/P DISTRICT	\$	238,517	0.000854825	\$	2,222.54
JAMESTOWN F/P DISTRICT	\$	2,374,248	0.008509103	\$	22,123.67
JAMESTOWN FIRE DEPT	\$	4,225,261	0.015142977	\$	39,371.74

JUD F/P DISTRICT	\$	250,143	0.000896491	\$	2,330.88
KARLSRUHE F/P DISTRICT	\$	223,822	0.000802159	\$	2,085.61
KARLSRUHE FIRE DEPT	\$	23,915	0.000085709	\$	222.84
KATHRYN F/P DISTRICT	\$	164,857	0.000590834	\$	1,536.17
KENMARE FIRE DEPT	\$	569,502	0.002041047	\$	5,306.72
KENMARE RURAL FIRE DEPT	\$	557,789	0.001999068	\$	5,197.58
KENSAL F/P DISTRICT	\$	433,287	0.001552864	\$	4,037.45
KINDRED FIRE DEPT	\$	443,519	0.001589534	\$	4,132.79
KINDRED RURAL FIRE DEPT	\$	302,784	0.001085152	\$	2,821.40
KRAMER F/P DISTRICT	\$	234,744	0.000841303	\$	2,187.39
KRAMER FIRE DEPT	\$	26,706	0.000095712	\$	248.85
KULM FIRE DEPT	\$	231,008	0.000827913	\$	2,152.57
KULM RURAL FIRE DEPT	\$	238,787	0.000855792	\$	2,225.06
LAKOTA F/P DISTRICT	\$	904,557	0.003241856	\$	8,428.82
LAMOURE FIRE DEPT	\$	413,635	0.001482433	\$	3,854.33
LAMOURE RURAL FIRE DEPT	\$	1,063,409	0.003811168	\$	9,909.04
LANGDON F/P DISTRICT	\$	1,201,079	0.004304565	\$	11,191.87
LANGDON FIRE DEPT	\$	1,000,580	0.003585994	\$	9,323.58
LANKIN F/P DISTRICT	\$	368,539	0.001320813	\$	3,434.11
LANKIN FIRE DEPT	\$	78,815	0.000282466	\$	734.41
LANSFORD F/P DISTRICT	\$	465,015	0.001666574	\$	4,333.09
LARIMORE FIRE DEPT	\$	465,478	0.001668234	\$	4,337.41
LARIMORE RURAL FIRE DEPT	\$	784,273	0.002810768	\$	7,308.00
LEEDS F/P DISTRICT	\$	1,343,172	0.004813814	\$	12,515.92
LEHR FIRE DEPT	\$	27,263	0.000097708	\$	254.04
LEHR RURAL FIRE DEPT	\$	127,807	0.000458049	\$	1,190.93
LEONARD F/P DISTRICT	\$	550,222	0.001971949	\$	5,127.07
LIDGERWOOD F/P DISTRICT	\$	882,374	0.003162354	\$	8,222.12
LIGNITE F/P DISTRICT	\$	169,618	0.000607897	\$	1,580.53
LINTON F/P DISTRICT	\$	1,176,856	0.004217752	\$	10,966.16
LISBON F/P DISTRICT	\$	824,643	0.002955451	\$	7,684.17
LISBON FIRE DEPT	\$	783,701	0.002808718	\$	7,302.67
LITCHVILLE FIRE DEPT	\$	142,637	0.000511199	\$	1,329.12
LITCHVILLE RURAL FIRE DP	\$	292,534	0.001048417	\$	2,725.88
MADDOCK F/P DISTRICT	\$	762,565	0.002732968	\$	7,105.72
MANDAN F/P DISTRICT	\$	1,204,576	0.004317098	\$	11,224.46
MANDAN FIRE DEPT	\$	5,079,953	0.018206121	\$	47,335.91
MANTADOR F/P DISTRICT	\$	303,873	0.001089055	\$	2,831.54
MAPLETON FIRE DEPT	\$	190,670	0.000683345	\$	1,776.70
MARION FIRE DEPT	\$	68,686	0.000246165	\$	640.03
MARION RURAL FIRE DEPT	\$	669,781	0.002400438	\$	6,241.14
MARMARTH RURAL FIRE DIST	\$	85,984	0.000308159	\$	801.21
MAX F/P DISTRICT	\$	636,510	0.002281198	\$	5,931.11
MAXBASS F/P DISTRICT	\$	180,809	0.000648004	\$	1,684.81
MAYVILLE FIRE DEPT	\$	1,031,675	0.003697436	\$	9,613.33
MCCLUSKY F/P DISTRICT	\$	282,539	0.001012596	\$	2,632.75

MCCLUSKY FIRE DEPT	\$	145,860	0.000522750	\$	1,359.15
MCHENRY RURAL FIRE DEPT	\$	411,914	0.001476265	\$	3,838.29
MCKENZIE COUNTY F/P DIST	\$	457,087	0.001638161	\$	4,259.22
MCVILLE F/P DISTRICT	\$	438,310	0.001570866	\$	4,084.25
MEDINA F/P DISTRICT	\$	281,628	0.001009331	\$	2,624.26
MEDORA FIRE DEPT	\$	86,858	0.000311292	\$	809.36
MERCER F/P DISTRICT	\$	169,875	0.000608818	\$	1,582.93
MERRICOURT F/P DISTRICT	\$	69,221	0.000248082	\$	645.01
MICHIGAN F/P DISTRICT	\$	483,705	0.001733558	\$	4,507.25
MILNOR F/P DISTRICT	\$	811,214	0.002907322	\$	7,559.04
MILTON F/P DISTRICT	\$	226,993	0.000813524	\$	2,115.16
MINNEWAUKAN F/P DISTRICT	\$	312,769	0.001120938	\$	2,914.44
MINNEWAUKAN FIRE DEPT	\$	71,209	0.000255207	\$	663.54
MINOT F/P DISTRICT	\$	1,910,180	0.006845923	\$	17,799.40
MINOT FIRE DEPT	\$	11,198,943	0.040136062	\$	104,353.76
MINTO F/P DISTRICT	\$	1,058,189	0.003792460	\$	9,860.39
MOHALL F/P DISTRICT	\$	375,867	0.001347075	\$	3,502.40
MOHALL FIRE DEPT	\$	474,429	0.001700313	\$	4,420.81
MOORETON F/P DISTRICT	\$	398,240	0.001427258	\$	3,710.87
MOORETON FIRE DEPT	\$	119,208	0.000427231	\$	1,110.80
MOTT F/P DISTRICT	\$	1,109,678	0.003976992	\$	10,340.18
MOUNTAIN F/P DISTRICT	\$	133,535	0.000478578	\$	1,244.30
MUNICH F/P DISTRICT	\$	692,981	0.002483585	\$	6,457.32
MYLO F/P DISTRICT	\$	360,662	0.001292582	\$	3,360.71
NAPOLEON F/P DISTRICT	\$	747,086	0.002677493	\$	6,961.48
NECHE F/P DISTRICT	\$	303,281	0.001086933	\$	2,826.03
NEKOMA F/P DISTRICT	\$	387,586	0.001389075	\$	3,611.60
NEW ENGLAND F/P DISTRICT	\$	566,616	0.002030704	\$	5,279.83
NEW ENGLAND FIRE DEPT	\$	266,927	0.000956644	\$	2,487.27
NEW LEIPZIG F/P DISTRICT	\$	307,045	0.001100423	\$	2,861.10
NEW ROCKFORD FIRE DEPT	\$	548,998	0.001967562	\$	5,115.66
NEW ROCKFORD RURAL FIRE	\$	631,680	0.002263888	\$	5,886.11
NEW SALEM F/P DISTRICT	\$	920,466	0.003298872	\$	8,577.07
NEW TOWN F/P DISTRICT	\$	396,489	0.001420983	\$	3,694.56
NEW TOWN FIRE DEPT	\$	511,222	0.001832176	\$	4,763.66
NEWBURG F/P DISTRICT	\$	443,147	0.001588201	\$	4,129.32
NIAGARA F/P DISTRICT	\$	235,162	0.000842801	\$	2,191.28
NOME F/P DISTRICT	\$	175,278	0.000628181	\$	1,633.27
NOONAN FIRE DEPT	\$	52,583	0.000188453	\$	489.98
NOONAN RURAL FIRE DEPT	\$	98,771	0.000353987	\$	920.37
NORTHWOOD F/P DISTRICT	\$	595,372	0.002133763	\$	5,547.78
NORTHWOOD FIRE DEPT	\$	172,073	0.000616695	\$	1,603.41
OAKES F/P DISTRICT	\$	1,706,549	0.006116127	\$	15,901.93
OBERON FIRE DEPT	\$	50,705	0.000181722	\$	472.48
OBERON RURAL FIRE DEPT	\$	179,916	0.000644804	\$	1,676.49
OLIVER COUNTY F/P DIST	\$	683,508	0.002449635	\$	6,369.05

ORISKA FIRE DEPT	\$	68,756	0.000246416	\$	640.68
OSNABROCK F/P DISTRICT	\$	432,013	0.001548298	\$	4,025.57
OSNABROCK FIRE DEPT	\$	86,875	0.000311353	\$	809.52
PAGE F/P DISTRICT	\$	671,483	0.002406538	\$	6,257.00
PARK RIVER F/P DISTRICT	\$	392,544	0.001406844	\$	3,657.80
PARK RIVER FIRE DEPT	\$	369,364	0.001323769	\$	3,441.80
PARSHALL F/P DISTRICT	\$	753,026	0.002698781	\$	7,016.83
PEKIN F/P DISTRICT	\$	153,989	0.000551884	\$	1,434.90
PEMBINA FIRE DEPT	\$	272,970	0.000978301	\$	2,543.58
PEMBINA RURAL FIRE DEPT	\$	55,204	0.000197846	\$	514.40
PETERSBURG F/P DISTRICT	\$	267,317	0.000958041	\$	2,490.91
PETTIBONE FIRE DEPT	\$	57,133	0.000204760	\$	532.38
PETTIBONE RURAL FIRE DP	\$	133,894	0.000479865	\$	1,247.65
PICK CITY FIRE DEPT	\$	75,253	0.000269700	\$	701.22
PINGREE F/P DISTRICT	\$	157,699	0.000565180	\$	1,469.47
PISEK F/P DISTRICT	\$	132,976	0.000476575	\$	1,239.09
PLAZA F/P DISTRICT	\$	425,006	0.001523185	\$	3,960.28
PORTAL F/P DISTRICT	\$	128,919	0.000462035	\$	1,201.29
PORTLAND F/P DISTRICT	\$	859,645	0.003080895	\$	8,010.33
POWERS LAKE F/P DISTRICT	\$	346,003	0.001240045	\$	3,224.12
RAY F/P DISTRICT	\$	426,108	0.001527135	\$	3,970.55
REEDER F/P DISTRICT	\$	458,712	0.001643985	\$	4,274.36
REGENT F/P DISTRICT	\$	775,644	0.002779842	\$	7,227.59
REYNOLDS F/P DISTRICT	\$	504,754	0.001808996	\$	4,703.39
RHAME F/P DISTRICT	\$	382,836	0.001372052	\$	3,567.33
RICHARDTON F/P DISTRICT	\$	267,236	0.000957751	\$	2,490.15
RICHARDTON FIRE DEPT	\$	191,992	0.000688083	\$	1,789.02
RIVERDALE FIRE DEPT	\$	93,474	0.000335003	\$	871.01
ROBINSON RURAL FIRE DEPT	\$	142,518	0.000510772	\$	1,328.01
ROCK LAKE F/P DISTRICT	\$	555,101	0.001989435	\$	5,172.53
ROGERS FIRE DEPT	\$	122,292	0.000438284	\$	1,139.54
ROLETTE F/P DISTRICT	\$	343,060	0.001229498	\$	3,196.69
ROLETTE FIRE DEPT	\$	195,497	0.000700645	\$	1,821.68
ROLLA F/P DISTRICT	\$	554,689	0.001987958	\$	5,168.69
ROLLA FIRE DEPT	\$	558,079	0.002000108	\$	5,200.28
RUGBY F/P DISTRICT	\$	999,243	0.003581202	\$	9,311.13
RUGBY FIRE DEPT	\$	746,393	0.002675009	\$	6,955.02
RUTLAND-CAYUGA F/P DIST	\$	387,369	0.001388298	\$	3,609.57
RYDER-MAKOTI F/P DIST	\$	494,000	0.001770454	\$	4,603.18
SANBORN F/P DISTRICT	\$	290,768	0.001042088	\$	2,709.43
SANBORN FIRE DEPT	\$	184,952	0.000662852	\$	1,723.42
SARLES F/P DISTRICT	\$	281,944	0.001010463	\$	2,627.20
SAWYER F/P DISTRICT	\$	513,186	0.001839215	\$	4,781.96
SCRANTON F/P DISTRICT	\$	748,608	0.002682948	\$	6,975.66
SELFRIDGE F/P DISTRICT	\$	513,287	0.001839577	\$	4,782.90
SENTINEL BUTTE F/P DIST	\$	85,274	0.000305615	\$	794.60

SHARON FIRE DEPT	\$	56,828	0.000203667	\$	529.53
SHERWOOD F/P DISTRICT	\$	488,888	0.001752133	\$	4,555.55
SHEYENNE FIRE DEPT	\$	97,108	0.000348027	\$	904.87
SHEYENNE RURAL FIRE DEPT	\$	273,384	0.000979785	\$	2,547.44
SIBLEY FIRE DEPT	\$	13,102	0.000046956	\$	122.09
SOLEN F/P DISTRICT	\$	121,140	0.000434155	\$	1,128.80
SOURIS F/P DISTRICT	\$	414,860	0.001486823	\$	3,865.74
SOUTH HEART F/P DISTRICT	\$	464,636	0.001665216	\$	4,329.56
SOUTHWEST F/P DISTRICT	\$	54,941	0.000196904	\$	511.95
ST JOHN F/P DISTRICT	\$	231,934	0.000831232	\$	2,161.20
ST THOMAS F/P DISTRICT	\$	822,092	0.002946308	\$	7,660.40
STANLEY F/P DISTRICT	\$	623,595	0.002234912	\$	5,810.77
STANLEY FIRE DEPT	\$	323,704	0.001160128	\$	3,016.33
STANTON F/P DISTRICT	\$	875,911	0.003139191	\$	8,161.90
STANTON FIRE DEPT	\$	85,517	0.000306486	\$	796.86
STARKWEATHER F/P DIST	\$	319,931	0.001146606	\$	2,981.17
STEELE F/P DISTRICT	\$	327,512	0.001173775	\$	3,051.82
STEELE FIRE DEPT	\$	324,060	0.001161404	\$	3,019.65
STERLING F/P DISTRICT	\$	349,831	0.001253765	\$	3,259.79
STRASBURG F/P DISTRICT	\$	439,427	0.001574869	\$	4,094.66
STREETER F/P DISTRICT	\$	224,283	0.000803811	\$	2,089.91
SURREY F/P DISTRICT	\$	333,604	0.001195608	\$	3,108.58
SYKESTON F/P DISTRICT	\$	377,776	0.001353917	\$	3,520.18
TAPPEN FIRE DEPT	\$	108,077	0.000387339	\$	1,007.08
TAPPEN RURAL FIRE DEPT	\$	223,277	0.000800206	\$	2,080.54
TAYLOR F/P DISTRICT	\$	215,722	0.000773129	\$	2,010.14
THOMPSON F/P DISTRICT	\$	1,131,730	0.004056024	\$	10,545.66
TIOGA FIRE DEPT	\$	404,730	0.001450518	\$	3,771.35
TIOGA RURAL FIRE DEPT	\$	285,311	0.001022530	\$	2,658.58
TOLLEY FIRE DEPT	\$	67,354	0.000241391	\$	627.62
TOLNA F/P DISTRICT	\$	545,467	0.001954907	\$	5,082.76
TOWER CITY F/P DISTRICT	\$	462,783	0.001658575	\$	4,312.30
TOWNER F/P DISTRICT	\$	295,383	0.001058628	\$	2,752.43
TOWNER FIRE DEPT	\$	166,029	0.000595034	\$	1,547.09
TRENTON F/P DISTRICT	\$	55,941	0.000200488	\$	521.27
TURTLE LAKE F/P DISTRICT	\$	556,111	0.001993055	\$	5,181.94
TUTTLE F/P DISTRICT	\$	170,816	0.000612190	\$	1,591.69
UNDERWOOD F/P DISTRICT	\$	949,154	0.003401687	\$	8,844.39
UPHAM F/P DISTRICT	\$	225,443	0.000807969	\$	2,100.72
VALLEY CITY FIRE DEPT	\$	2,615,720	0.009374519	\$	24,373.75
VALLEY CITY RURAL FIRE	\$	851,785	0.003052725	\$	7,937.09
VELVA F/P DISTRICT	\$	553,025	0.001981995	\$	5,153.19
VELVA FIRE DEPT	\$	292,819	0.001049438	\$	2,728.54
VERONA FIRE DEPT	\$	93,720	0.000335885	\$	873.30
VERONA RURAL FIRE DEPT	\$	294,640	0.001055965	\$	2,745.51
WAHPETON FIRE DEPT	\$	2,721,848	0.009754872	\$	25,362.67

WALCOTT-COLFAX F/P DIST	\$	832,946	0.002985208	\$	7,761.54
WALES FIRE DEPT	\$	46,169	0.000165466	\$	430.21
WALHALLA F/P DISTRICT	\$	743,082	0.002663143	\$	6,924.17
WALHALLA FIRE DEPT	\$	383,472	0.001374331	\$	3,573.26
WARWICK F/P DISTRICT	\$	116,938	0.000419096	\$	1,089.65
WASHBURN F/P DISTRICT	\$	435,769	0.001561759	\$	4,060.57
WASHBURN FIRE DEPT	\$	443,421	0.001589183	\$	4,131.88
WATFORD CITY FIRE DEPT	\$	602,782	0.002160320	\$	5,616.83
WEST DUNN F/P DISTRICT	\$	712,999	0.002555328	\$	6,643.85
WEST FARGO FIRE DEPT	\$	4,394,392	0.015749128	\$	40,947.73
WEST FARGO RURAL FIRE DP	\$	2,553,209	0.009150484	\$	23,791.26
WESTHOPE F/P DISTRICT	\$	561,813	0.002013490	\$	5,235.07
WILDROSE F/P DISTRICT	\$	244,126	0.000874927	\$	2,274.81
WILLISTON F/P DISTRICT	\$	1,324,361	0.004746397	\$	12,340.63
WILLISTON FIRE DEPT	\$	3,388,316	0.012143437	\$	31,572.94
WILLOW CITY F/P DISTRICT	\$	365,930	0.001311462	\$	3,409.80
WILLOW CITY FIRE DEPT	\$	13,626	0.000048834	\$	126.97
WILTON F/P DISTRICT	\$	759,610	0.002722378	\$	7,078.18
WIMBLEDON F/P DISTRICT	\$	402,860	0.001443816	\$	3,753.92
WING F/P DISTRICT	\$	191,699	0.000687033	\$	1,786.29
WISHEK F/P DISTRICT	\$	903,990	0.003239823	\$	8,423.54
WOLFORD F/P DISTRICT	\$	305,338	0.001094305	\$	2,845.19
WOODWORTH FIRE DEPT	\$	86,860	0.000311299	\$	809.38
WOODWORTH RURAL FIRE DP	\$	213,836	0.000766370	\$	1,992.56
WYNDMERE F/P DISTRICT	\$	1,031,986	0.003698550	\$	9,616.23
ZAP F/P DISTRICT	\$	242,271	0.000868279	\$	2,257.52
ZEELAND F/P DISTRICT	\$	212,764	0.000762528	\$	1,982.57
	\$	279,024,462	1.000000000	\$	\$2,600,000.00



North Dakota Association of Oil & Gas Producing Counties

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Rep. Ron Carlisle
From: Vicky Steiner cell 290-1339

HB 1010 -- Insurance Commissioner budget
Amend \$100,000 for seed money for this Dickinson fire dept. project

Williston Basin regional oilfield fire training facility

Estimated cost of this project is \$200,000.

Mission of this project: To train firefighters about contacting oil field personnel immediately before entering the scene, safety issues related to explosion possibilities, oil and gas equipment used in the Williston Basin oilfields, use of thermal imaging cameras to determine tank boil overs, using water to reduce intense heat or smoke, how to use chemicals and foam ratios, inherent dangers at the scene.

The city of Dickinson has 7.5 acres donated for this use at their current fire training site southwest of Dickinson. MDU will bring natural gas lines to the property at cost. Special insulated pipes will be needed to ensure safety. The project requires fencing. Two oilfield companies, Bear Paw and Amerada Hess have oil field equipment they have donated for props for this training facility.

The North Dakota Oil and Gas Research Council granted \$4,000 to train two Dickinson firefighters last year at an Ohio regional oilfield fire training facility. The North Dakota Firefighters Association contributed \$1,000 for a state oil and gas fire training. These firefighters trained 31 North Dakota firefighters on oil fire safety on September 25 at TESORO in Mandan. Firefighters expressed interest in continued trainings and use of chemical and foam applications that are usually used on intense oil or gas fires. Wyoming has the closest training site.

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Testimony on House Bill 1010
Senate Appropriations Committee

By Joel Boespflug
February 28, 2005

Mr. Chairman and members of the committee, my name is Joel Boespflug, City of Bismarck Fire Chief and I am also representing the North Dakota Fire Chief's Association.

My testimony is limited to Section 4 of the bill, specifically to the increase in the amount of dollars rebated back to local fire departments.

First of all, thank you for the insurance premium tax collection payments that are distributed to the fire departments. These funds have a direct and positive result for the North Dakota citizens, property owners, the fire service and the insurance industry. The primary purpose of the payments is to have better equipped and trained fire departments that deliver quality services to reduce the loss of life and property from the threat of fire. The payments are wise investments that lower the risk of payment for the insurance industry. In areas where the fire department improves upon their Insurance Services Office Community Fire Protection Rating Schedule, property owners and businesses will likely experience an insurance premium reduction.

The amount distributed to fire departments has remained the same for over 15-years while the cost of providing fire protection has greatly increased. The premium tax

collections were nearly equal to the distribution amount 15-years ago, but today the premium tax collections are nearly double the amount that is actually distributed to fire departments. The graph on the following page is provided to illustrate the growing difference between the premium tax and the fire department distribution.

**Testimony of:
Roy Schatschneider, Chief
West Fargo Fire Department**

Mr. Chairman and Senate Members:

My name is Roy Schatschneider. I am the Chief of the West Fargo Fire Department. I am here today representing my department and the North Dakota Fire Chief's Association. The purpose of my visit here today is to ask for your support on this proposal that would increase funding for all fire departments in North Dakota.

Ever since 9/11 fire departments across this state and the nation have been asked to take on larger responsibilities in public protection. Phrases and terms like "Weapons of Mass Destruction", anthrax, chemical and biological weapons have entered the everyday vocabulary of fire fighters. Training to combat these incidents is very time consuming especially for volunteer departments. Equipment to handle these incidents is cost prohibitive for many departments. The fire service in North Dakota has done a tremendous job of pooling their resources to meet these challenges.

But the local fire departments are still called upon to respond to the routine incidents in their jurisdiction. Many departments are sending their fire fighters out to do a dangerous job without providing them with equipment or personal protective gear that is in compliance with today's standards.

In our department we currently have 40 fire fighters and this number will be increased to 45 by April of this year. Each one of these fire fighters has their own set of personal protective gear. We have Self Contained Breathing Apparatus, (SCBAs) for approximately half of our fire fighters. Fire fighters must be outfitted in the proper gear to safely combat the simplest of fires.

I have recently replaced some structural fire fighting gear in our department and I would like to share with you some of the cost involved:

1 set turnout gear (Coat & Pants)	\$1,055.68
1 structural fire fighting helmet	165.84
1 pair boots	108.00
1 pair gloves	38.00
1 protective hood	33.00
1 SCBA (Mask and air tank)	4,155.00

That's over \$5,500 for just one fire fighter.

The life expectancy for all the clothing is between 5 & 10 years depending on the number of responses the department has and how well the gear is maintained. The SCBAs can last up to 20 years but they must be tested on a yearly basis and must be upgraded when new standards are put out by OSHA, NIOSH or NFPA.

Now we must give them the tools to fight the fire. A new pumper truck can cost from \$200,000 to \$300,000 depending on options incorporated into it. Add to this the hose, ladders and misc. tools needed to fight fires and these can add an additional \$50,000. A rule of thumb in the fire truck industry is that fire apparatus cost increase 5% every year.

Many departments in the state have difficulty providing their fire fighters with gear that is in compliance with national standards. This gear can and will lose some of its fire protective qualities over time and should be taken out of service. But many departments cannot afford to replace this gear when this happens and the safety of the fire fighters are being put at risk.

The general operating cost for these departments has also increased dramatically the last several years. The cost of insurance, building heat, gas for vehicles and training for fire fighters has all increased. It is difficult for local taxes to keep up with these increases.

The funds that this proposal would provide will not buy a new fire pumper or build a new fire station. But it could be used to provide the proper personal protective equipment so fire fighters can provide the services that we ask them to do and the public expects them to do in a safe and timely manner. It could also be used to provide training for fire fighters so they can recognize a potential hazardous condition before they or their fellow fire fighters become contaminated or injured. Or it could be used to help defray the day to day expenses incurred by the department.

There 388 certified fire departments in the State of North Dakota. These funds would benefit every one of these departments with financial support they desperately need. It is up to us as Fire Chiefs to provide our fire fighters with the proper equipment and training so they can perform their job with as little risk as possible.