

MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION

SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

2059

2005 SENATE APPROPRIATIONS

SB 2059

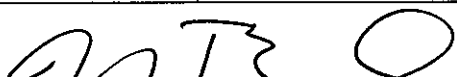
2005 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2059

Senate Appropriations Committee

☐ Conference Committee

Hearing Date 01/26/05

| Tape Number | Side A | Side B | Meter # |
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| 1 | X | | 1,700 |
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| Committee Clerk Signature  | | | |

Minutes: **Chairman Holmberg** opened hearing on SB 2059.

Roxanne Woeste, Fiscal Analysts, Legislative Council and interim staff to Legislative Compensation Commission appeared to provide background and an overview of SB 2059.

Legislative Compensation Committee met twice. Two bills were recommended to the 2005 legislative assembly, SB 2058 and SB 2059. SB 2059, amends section 54-03-20 to increase maximum logging reimbursement allowed during legislative sessions from \$650 to \$900/mo for license, logging establishments and \$750/ mo for any other logging. This would be effective August 1, 2005 and therefor would not effect reimbursement for the 2005 Legislative Assembly.

Sen. Bowman (335): Were did the magic number of 900 come from, how did they come up with it, it is a drastic increase.

Ms. Woeste (358): They received information for representative of a group of hotel owners from the Bismarck / Mandan area it is this group who recommended the increase to \$900.

Sen. Krauter: Explain to me the rational behind the discrimination between licensed and private residences.

Ms. Woeste: The Legislative Compensation Committee discussed the fact that people who are staying in private residences were taking care of the house for people like snow birds. They felt that if they raised it from \$650 to \$900 for all types of residences that those places would increase there's to \$900 obviously to maximize as much money as they could receive. They did not believe that was the proper amount of money for someone to revise if they were staying in a house or renting one, because they were taking care of the house.

Sen Christman (686) Was the reimbursement ever discussed for this session? Or was it felt that \$650 was enough for now?

Ms. Woeste: I did state that there is no retroactive date in the bill, committee members made no negative comments that they wanted the retroactive date put on the bill.

Bill Shalhoob, ND Hospitality Assoc appeared in support of SB 2059. (786) Mr. Shalhoob stated to the committee that he was the representative that met with the Legislative Compensation Committee asking for the review or for them to address this issue. Mr. Shalhoob provided the committee with written testimony, see appendix I. Mr. Shalhoob indicated to the committee that he was at the second committee meeting he would have urged for an emergency clause that would make the bill cover this legislative session.

Sen Andrist (1153) Since the session is over in mid April, do most motels charge a proportion of the monthly rate in April or do they refer back to the daily rate?

Mr. Shalhoob (1172): I can't speak for all other hotels, I can only tell you what I have done in the past, we reverted to the normal daily rate, then capped it at whatever the monthly rate was. The intent was to give the legislator the cheapest, the least expensive way out.

Sen Andrist If we attached a clause that they should pay proportional to the monthly rate, would you strongly oppose that?

Mr. Shalhoob: I can't control individual policies, everyone is different. It is a very informal group, we brought this forward and did not discuss pricing for this session.

Chairman Holmberg you know the industry better than I do. The scenario with April, you aren't sure when that room will be available for rent?

Mr. Shalhoob: We block it out for the whole moth of April. I cannot speak for anyone else however.

Sen. Thane: If the emergency clause dose not pass, will we be charged the original rate or will we have to pick up the rest out of pocket?

Mr. Shalhoob (1484) : I can't speak for anyone else, I book the room for \$900-\$950/ month. The assumption is we are going to get it...one way or the other. I am sorry that was very badly put and I apologize. The assumption is that's what the contract says.

Mr. Shalhoob commented to the previous question asked by Sen. Bowman, stating that they had have not looked at an increase for quite some time. Also he indicated that there has been a rise in operating costs of hotels.

No further questions were asked of Mr. Shalhoob.

Chairman Holmberg closed meeting on SB 2059.

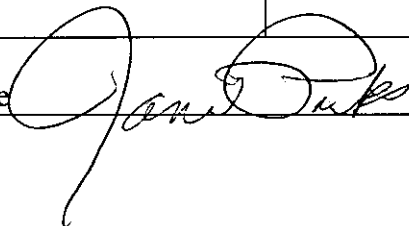
2005 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 2059

Senate Appropriations Committee

☐ Conference Committee

Hearing Date February 14, 2005

| Tape Number | Side A | Side B | Meter # |
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| 1 | a | | 4,790 |
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| | | | |
| Committee Clerk Signature  | | | |

Minutes:

Chairman Holmberg opened the hearing on SB 2059 on the compensation for hotels and motels.

Chairman Holmberg distributed an amendment which puts the emergency clause on the bill with an effective date of March 1, it treats all legislative housing the same up to \$900 (as determined by the Legislative Council) that has to be vouchered, it is not retroactive.

Senator Thane moved a do pass on the amendment. Senator Fischer seconded. Discussion followed.

Questions were raised as to the state employee increase in lodging, where the \$900 came from, Overall room rates were discussed.

A **voice vote** was taken on the amendment. **Passed**

Page 2

Senate Appropriations Committee

Bill/Resolution Number 2059

Hearing Date February 14, 2005

Senator Thane moved a do pass with the amendment. Senator Fischer seconded. No

discussion followed. A roll call vote was taken with 11 yes, 4 no. Senator Tallackson will carry the bill.

Chairman Holmberg closed the hearing on SB 2059.

2005 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 2059

Senate Appropriations Committee

☐ Conference Committee

Hearing Date March 29, 2005

| Tape Number | Side A | Side B | Meter # |
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| Committee Clerk Signature | | | |

Minutes:

Chairman Holmberg opened discussion on SB 2059 indicating this is the housing bill which the house voted as retroactive to the first of January. The suggestion was to have this bill go to conference. The recommendation is a DO NOT CONCUR.

The discussion was closed on SB 2059.

FISCAL NOTE

Requested by Legislative Council
03/11/2005

Amendment to: Engrossed
 SB 2059

1A. State fiscal effect: *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

| | 2003-2005 Biennium | | 2005-2007 Biennium | | 2007-2009 Biennium | |
|-----------------------|--------------------|-------------|--------------------|-------------|--------------------|-------------|
| | General Fund | Other Funds | General Fund | Other Funds | General Fund | Other Funds |
| Revenues | | | | | | |
| Expenditures | \$125,000 | | \$125,000 | | \$125,000 | |
| Appropriations | | | | | \$125,000 | |

1B. County, city, and school district fiscal effect: *Identify the fiscal effect on the appropriate political subdivision.*

| 2003-2005 Biennium | | | 2005-2007 Biennium | | | 2007-2009 Biennium | | |
|--------------------|--------|------------------|--------------------|--------|------------------|--------------------|--------|------------------|
| Counties | Cities | School Districts | Counties | Cities | School Districts | Counties | Cities | School Districts |
| | | | | | | | | |

2. Narrative: *Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.*

This bill as amended by the House, increases, effective January 1, 2005, the maximum reimbursement legislators may receive for lodging during legislative sessions from \$650 per month to \$900 per month.

3. State fiscal effect detail: *For information shown under state fiscal effect in 1A, please:*

A. Revenues: *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

B. Expenditures: *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

The estimated increased cost for the 2005 Legislative Assembly is \$125,000 based on 125 legislators receiving reimbursement for lodging expenses.

The estimated increased cost for the 2007 and 2009 Legislative Assemblies is \$125,000 for each session based on 125 legislators receiving reimbursement for lodging expenses for four months during the legislative sessions.

C. Appropriations: *Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.*

Additional general fund spending of \$125,000 will be incurred during the 2003-05 biennium for the increased costs associated with the 2005 Legislative Assembly. Based on the current status of the 2003-05 biennium Legislative Assembly budget, no additional appropriation authority is being requested to pay for these increased costs.

The 2005-07 legislative budget request includes \$98,000 of additional funding for lodging based on the recommendation of the Legislative Compensation Commission. An additional \$27,000 of spending will occur for the

increased costs of the 2007 Legislative Assembly as a result of provisions of this bill. Additional appropriation authority is not being requested to provide for this increase.

| | | | |
|----------------------|--------------|-----------------------|---------------------|
| Name: | Jim W. Smith | Agency: | Legislative Council |
| Phone Number: | 328-2916 | Date Prepared: | 03/14/2005 |

FISCAL NOTE

Requested by Legislative Council
02/17/2005

Amendment to: SB 2059

1A. State fiscal effect: *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

| | 2003-2005 Biennium | | 2005-2007 Biennium | | 2007-2009 Biennium | |
|-----------------------|--------------------|-------------|--------------------|-------------|--------------------|-------------|
| | General Fund | Other Funds | General Fund | Other Funds | General Fund | Other Funds |
| Revenues | | | | | | |
| Expenditures | \$62,500 | | \$125,000 | | \$125,000 | |
| Appropriations | \$62,500 | | \$27,000 | | \$125,000 | |

1B. County, city, and school district fiscal effect: *Identify the fiscal effect on the appropriate political subdivision.*

| 2003-2005 Biennium | | | 2005-2007 Biennium | | | 2007-2009 Biennium | | |
|--------------------|--------|------------------|--------------------|--------|------------------|--------------------|--------|------------------|
| Counties | Cities | School Districts | Counties | Cities | School Districts | Counties | Cities | School Districts |
| | | | | | | | | |

2. Narrative: *Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.*

This bill as amended by the Senate increases, effective March 1, 2005, the maximum reimbursement legislators may receive for lodging during legislative sessions from \$650 per month to \$900 per month.

3. State fiscal effect detail: *For information shown under state fiscal effect in 1A, please:*

A. Revenues: *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

B. Expenditures: *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

The estimated increased cost for the 2005 Legislative Assembly is \$62,500 for March and April based on 125 legislators receiving reimbursement for lodging expenses.

The estimated increased cost for the 2007 and 2009 Legislative Assemblies is \$125,000 for each session based on 125 legislators receiving reimbursement for lodging expenses for four months during the legislative sessions.

C. Appropriations: *Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.*

Additional general fund appropriation authority of \$62,500 is needed during the 2003-05 biennium for the increased costs associated with the 2005 Legislative Assembly.

The 2005-07 legislative budget request includes \$98,000 of additional funding for lodging based on the recommendation of the Legislative Compensation Commission; therefore, an additional \$27,000 from the general fund is needed for the increased costs of the 2007 Legislative Assembly as a result of provisions of this bill.

| | | | |
|----------------------|--------------|-----------------------|---------------------|
| Name: | Jim W. Smith | Agency: | Legislative Council |
| Phone Number: | 328-2916 | Date Prepared: | 02/17/2005 |

FISCAL NOTE
Requested by Legislative Council
12/17/2004

Bill/Resolution No.: SB 2059

1A. State fiscal effect: *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

| | 2003-2005 Biennium | | 2005-2007 Biennium | | 2007-2009 Biennium | |
|----------------|--------------------|-------------|--------------------|-------------|--------------------|-------------|
| | General Fund | Other Funds | General Fund | Other Funds | General Fund | Other Funds |
| Revenues | | | | | | |
| Expenditures | | | \$98,000 | | \$98,000 | |
| Appropriations | | | \$0 | | \$0 | |

1B. County, city, and school district fiscal effect: *Identify the fiscal effect on the appropriate political subdivision.*

| 2003-2005 Biennium | | | 2005-2007 Biennium | | | 2007-2009 Biennium | | |
|--------------------|--------|------------------|--------------------|--------|------------------|--------------------|--------|------------------|
| Counties | Cities | School Districts | Counties | Cities | School Districts | Counties | Cities | School Districts |
| | | | | | | | | |

2. Narrative: *Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.*

This bill increases, effective August 1, 2005, the maximum reimbursement legislators may receive for lodging during legislative sessions from \$650 per month to \$900 per month for legislators staying in motels and to \$750 per month for legislators staying in private residences.

3. State fiscal effect detail: *For information shown under state fiscal effect in 1A, please:*

A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

The estimated increased cost for the 2007 Legislative Assembly is \$98,000 based on 80 legislators staying in motels and 45 in private residences.

C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.*

The 2005-07 legislative budget request includes the additional funding needed as a result of provisions of this bill.

| | | | |
|---------------|--------------|----------------|---------------------|
| Name: | Jim W. Smith | Agency: | Legislative Council |
| Phone Number: | 328-2916 | Date Prepared: | 12/28/2004 |

PROPOSED AMENDMENTS TO SENATE BILL NO. 2059

Page 1, line 2, replace "Legislative Assembly" with "legislative assembly; to provide an effective date; and to declare an emergency"

Page 1, line 13, remove "hundred dollars per calendar month for lodging at a licensed lodging"

Page 1, line 14, remove "establishment or seven", overstrike "fifty", and remove "any other"

Page 2, line 6, replace "seven" with "nine"

Page 2, line 7, overstrike "fifty"

Page 3, after line 2, insert:

"SECTION 2. EFFECTIVE DATE. This Act becomes effective on March 1, 2005.

SECTION 3. EMERGENCY. This Act is declared to be an emergency measure."

Renumber accordingly

Date

Roll Call Vote #:

2/14/05

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

Senate SENATE APPROPRIATIONS

Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number

2059

Action Taken

Do pass as amend

Motion Made By

Thane

Seconded By

Fischer

| 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 | ✓ | | | | |
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| | | | | | |

Total

(Yes)

11

No

4

Absent

Floor Assignment

Tallackson

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

REPORT OF STANDING COMMITTEE

SB 2059: Appropriations Committee (Sen. Holmberg, Chairman) recommends AMENDMENTS AS FOLLOWS and when so amended, recommends DO PASS (11 YEAS, 4 NAYS, 0 ABSENT AND NOT VOTING). SB 2059 was placed on the Sixth order on the calendar.

Page 1, line 2, replace "Legislative Assembly" with "legislative assembly; to provide an effective date; and to declare an emergency"

Page 1, line 13, remove "hundred dollars per calendar month for lodging at a licensed lodging"

Page 1, line 14, remove "establishment or seven", overstrike "fifty", and remove "any other"

Page 2, line 6, replace "seven" with "nine"

Page 2, line 7, overstrike "fifty"

Page 3, after line 2, insert:

"SECTION 2. EFFECTIVE DATE. This Act becomes effective on March 1, 2005.

SECTION 3. EMERGENCY. This Act is declared to be an emergency measure."

Renumber accordingly

2005 HOUSE GOVERNMENT AND VETERANS AFFAIRS

SB 2059

2005 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2059

House Government and Veterans Affairs Committee

☐ Conference Committee

Hearing Date 2/24/05

| Tape Number | Side A | Side B | Meter # |
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| Committee Clerk Signature <i>Duke H. Quinn</i> | | | |

Minutes: SB 2059 Relating to lodging expense reimbursement for members of the Legislative Assembly; to provide an effective date; and to declare an emergency.

Chairman Haas: Meeting will come to order please. I would like to call the meeting of House Government and Veterans Affairs Committee to order and ask the clerk to take the roll.

13 members present, 1 absent.

Chairman Haas: The chair declares we have a quorum. At this time we would like to open the hearing on SB 2059 and ask the clerk to read the title. Thank you. Good Morning.

Roxanne Woeste-Legislative Council-Testimony Attached-

Rep. Potter: Could you tell me how it becomes effective March 1st, how March 1st was chosen?

Roxanne: The Senate amended a bill to include the perspective date of March 1st. That was there amendment to the bill. The bill was introduced without a retroactive clause or an effective date, it was to take affect August 1st, 2005, therefore wouldn't have changed any compensation for this session. It would have started with the 2007 session.

Rep. Kasper: Our you familiar with the Legislative Council Budget?

Roxanne: No I am not.

Chairman Haas: Anymore further questions for Roxann? Thank you very much. Any further testimony for SB 2059?

Bill Shalhoob-Represents North Dakota Hospitality Association-Hotel-Motel-Testimony Attached.

Rep. Klemin: The amendments that you are proposing, that wouldn't help the legislators that have already paid?

Bill: I believe it would, it takes the effective date from March 1, 2005, to January 1, 2005, so it takes it back for this entire session.

Rep. Klemin: This money is already spent by the legislators, so how does it help the Hospitality Association?

Bill: I don't believe it would help us at all, I believe it would help the legislators.

Keith Holzer-Manager of the Kelly In-Testimony Attached

Chairman Haas: Thank you Keith, are there questions. Thank you very much for your testimony. Is there additional testimony in favor of SB 2059. Is there any opposition testimony to SB 2059. If not we will close the hearing on SB 2059.

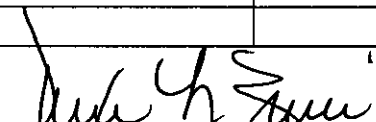
2005 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2059

House Government and Veterans Affairs Committee

☐ Conference Committee

Hearing Date 2/24/05

| Tape Number | Side A | Side B | Meter # |
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| Committee Clerk Signature  | | | |

Minutes: SB 2059 Relating to lodging expense reimbursement for members of the Legislative Assembly.

Chairman Haas: Lets take a look at SB 2059. I would like to open discussion briefly, so I have a consensus on where the committee is on SB 2059. This is the legislative housing compensation bill.

Rep. Klemin: I guess I would like to speak about the amendment that was proposed, making it retroactive January 1st. It seems to me that there were some legislatures that were paying 650 dollars a month and if we make it retroactive, of course they are just going to pocket that money. While understood that there are some legislatures that are paying 650 dollars a month. If that is the case, to increase it to 900 dollars a month would be basically a windfall for those persons. I guess if we were to consider that kind of amendment, I would think it would be limited to there actual costs, not to exceed 900 dollars a month, so whatever they paid, that is what they should

get, as long as it is not over 900 dollars. If they paid less then 900 dollars, they wouldn't get anymore.

Chairman Haas: The way we have to submit our request for payment of the housing allowance, really takes care of that, because at the end of January, I submitted the signed receipt from the home owner that I rent from and the person staying in a hotel has to submit an actual copy of your bill and you can never get more then what the charges were, up to 650 dollars, so there has to be an audit trail with your request, with your voucher, that says yes I paid this much and hear is the evidence that I paid it and this is what I am getting back. If a legislator had to pay 750 dollars a month for January and that receipt went in, we make this retroactive, he or she was reimbursed 650 dollars, they would be eligible to receive 100 dollars, in addition, but it would have to be based on a document that is provided.

Rep. Klemin: In the past, when we have done some changes in legislative compensation, didn't we make it retroactive to January 1st in other previous cases? There is some precedents to that.

Chairman Haas: Yes, you right.

Rep. Galvin: You have never been able to collect more then you actually paid

Chairman Haas: No, that is correct.

Rep. Galvin: Sometime in the past the state of North Dakota agreed to pay for our lodging. If the motels go up, it is not a payment to us, we are not receiving that, but if this is not made retroactive, then a number of us that have already of us that have already paid 900 dollars, will take a substantial pay cut, so I don't think anybody should be afraid for asking for a minimum, because the state has already agreed to pay for our lodging.

Chairman Haas: Thank you, that is an important point, further comments.

Rep. Sandvig: I am just a little concerned about the motels that were kind enough to just charge the 650 for the first month or two and now the ones that went ahead and charged the 900 are going to get their 900, if we make it retroactive, what about the ones that went ahead and allowed the 650 and took that.

Rep. Grande: I believe and I am in the same hotel, your bill if you look at it was for 900, you just didn't have to pay that. If we get the reimbursement, we can reimburse that back to our hotels. Some hotels next to us, were only charging 750 and that is a contracted rate, but they only allowed two legislatures in on that and every other legislature came after that were 1100 dollars, so there is discrepancy all the way through.

Chairman Haas: So what you are saying, Rep. Grande, that you got a bill for 900 dollars, that you submitted, you paid 650 and the hotel had an agreement with you that if and when this passes and it is retroactive then you would receive that money and pay them the difference.

Rep. Grande: Correct.

Chairman Haas: OK, any other comments.

Rep. Sitte: I really believe that it is important that we go ahead and do this. When you look at on average, only 30 dollars a day with the increase, we all know that is a wonderful deal and as it was said in testimony, 20 years, with only a 30 dollar increase.

Chairman Haas: I think you are absolutely right, Rep. Sitte. I have one more thing that I would like you to think about, before we do are final deliberation on this bill and that is and I have talked to a lot of legislators about this issue and the original senate bill, on page 1 of the original bill it says, each member of the legislative assembly is entitled to receive reimbursement for lodging, which may not exceed a maximum of 900 per calendar for a licensed lodging

establishment or 750 per dollar for any other lodging in the state. That means the maximum I could receive for my lodging would be 750 dollars, because I am staying at a private residence.

What are your feelings about a dual rate?

Rep. Grande: That has been the standard in the past, I don't feel, or I have not heard that there has been an issue with those that are in a different lodging, such as a private home, that there was a need for upping that to the 900, there costs were not going up, this was not an issue to them.

Rep. Conrad: When I arrived the first day, I understood that was going to be the proposal that was going to be presented. I think we should stick with what we all understood when we got here.

Chairman Haas: OK.

Rep. Klemin: Let me just be clear hear, prior to this senate bill in its original form, there was no dual rate. It was 650 for everything. This dual rate that was in the original senate bill was something that was new.

Chairman Haas: That is correct.

Rep. Klemin: The way it is in the engrossed senate bill is there is no dual rate, there is just one rate just like it used to be, only it has been increased to 900 dollars.

Chairman Haas: That is right.

Rep. Galvin: I think it should be made very clear in this bill that nobody could pocket any money.

Chairman Haas: The procedure by which we get paid prevents that. So the two issues are the retroactive feature and whether or not we want the dual rate. Keep those things in mind and we

Page 5

House Government and Veterans Affairs Committee

Bill/Resolution Number SB 2059

Hearing Date 2/24/05

will discuss this bill again. Thank you committee members for your cooperation and your questions and your discussion, it has been very good. The meeting stands adjourned.

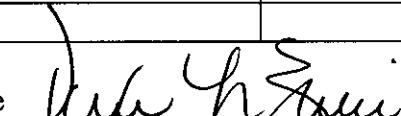
2005 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2059

House Government and Veterans Affairs Committee

☐ Conference Committee

Hearing Date 2/25/05

| Tape Number | Side A | Side B | Meter # |
|---|--------|--------|-----------|
| 2 | x | | 16.4-25.6 |
| | | | |
| Committee Clerk Signature  | | | |

Minutes: SB Relating to lodging expense reimbursement for members of the Legislative Assembly.

Chairman Haas: We will look at 2059. I have an amendment hear for your consideration. The amendment does two things: it establishes a dual rate for housing allowance for legislatures of nine-hundred dollars a month for any licensed lodging establishment or seven hundred and fifty dollars a month maximum for any other type of lodging, which would include any other type of lodging which would include private homes. That establishes a dual rate and secondly it makes it retroactive to January 1st of 2005. Is there a motion to put on this amendment? Rep. Meier moves to amend the bill with these two amendments, is there a second, seconded by Rep. Sitte, is there discussion.

Rep. Klemin: Other then the retroactive application this basically puts this back the way it was before the Senate amended it? Then the question becomes when do you get paid, because as I

understood it that this can go back to the Senate and they can just sit on it till the end of the session, before we ended the session, until we had a conference committee.

Chairman Haas: That is true, but in discussions with you folks on this committee and with other legislatures in the house it was of pretty strong opinion we need to do our action based on what we think is best for the members of the legislature. In that regard, I came to the conclusion that it would be best for us to act on this bill at this time.

Rep. Kasper: The bill that we with drew 1515, that bill has the signatures of the four leaders of in the House and the Senate. Rep. Dosch and I were working on that to, early on it read nine hundred, retroactive to January 1st and an emergency clause and I personally talked to all the leaders in that process and they gave me there commitment that they would support that bill and they would urge there caucus to support that bill and that it would not be a political tool for either party. They also said they could not guarantee that hundred percent of there caucus would support the bill, but they thought that seventy or eighty percent would be no problem. What I think happened on this bill for whatever reason, the Senate leadership decided to hold it for a bit, for whatever reason, I believe if we pass the amendments and pass the bill, I don't believe the Senate will drag there feet.

Rep. Galvin: I have a problem with the dual rate, I think those people in the motel or hotel will come under scrutiny because they never scouted around for a cheaper place.

Chairman Haas: That thought never crossed my mind, Rep. Galvin, I think that is truly a personal choice of legislators.

Rep. Galvin: It is a personal choice but one person is choosing nine-hundred dollars and the other person is choosing seven hundred dollars.

Rep. Klemin: I guess the dual rate kind of puzzles me actually, because this doesn't mean that you can rent a small room in a motel, but if you rent a whole house, including utilities and everything else that is considered cheaper. I don't know that's the case. What I am getting at is why can't it be nine hundred across the board. Rep. Galvin has a good point, you pay what you pay.

Chairman Haas: We have the amendment that puts both of these clauses in the bill, we certainly could leave it at one rate, if that is the committees wish.

Rep. Froseth: I think the dual rate is good, I think the lodging industry has a lot more expenses. Home owners that rent out there house or condo has fixed expenses. It is kind of a bonus to have someone house sit their home, while they go south for the winter.

Chairman Haas: I have had legislatures say when you rent a hotel you have all kinds other amenities that come with that. You get your breakfast, you have access to recreation facilities, you have room service. The advantage of leaving it at one rate means when you negotiate a price for a home or hotel for that matter, doesn't mean that you have to pay nine hundred dollars. However the maximum soon becomes the minimum. We have a motion before us for this amendment.

Rep. Kasper: If you look at what the Senate did, they passed it over with one rate. If were wanting to make it easier for them, being that they already did something and the only thing we do is put on the emergency clause or retroactive to January 1st, lets get this thing done with.

Chairman Haas: If that is the consensus of the committee I will entertain a motion to amend the amendment by deleting the language that pertains to the dual rate. That would be the language on page 1, line 14 and page 2, line 6. Moved by Rep. Kasper to amend the amendment by deleting

Page 4
House Government and Veterans Affairs Committee
Bill/Resolution Number SB 2059
Hearing Date 2/25/05

the language on page 1, line 14 and page 2, line 6. Is there a second to that amendment?

Seconded by Rep. Sitte. Is there any further discussion, all in favor of that amendment signify by say I, oppose say no, motion is carried. Now we have the amended bill before us. The chair would entertain a motion for action on the bill. Rep. Meier moves a DO PASS as AMENDED, is there a second, Rep. Klemin seconded the motion.

VOTE: YES 14 NO 0 ABSENT 0 DO PASS AS AMENDED ON SB 2059

REP. GALVIN WILL CARRY THE BILL.

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2059

Page 1, line 3, replace "an effective date" with "for retroactive application"

Page 3, replace line 3 with:

"SECTION 2. RETROACTIVE APPLICATION. This Act is retroactive in application to January 1, 2005."

Renumber accordingly

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2059

Page 1, line 3, replace "an effective date" with "for retroactive application"

Page 3, replace line 3 with:

"SECTION 2. RETROACTIVE APPLICATION. This Act is retroactive in application to January 1, 2005."

Renumber accordingly

Date: 2/25/05
Roll Call Vote #: /

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

House House Government and Veterans Affairs Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number 50080.0203

Action Taken Do Pass As Amended

Motion Made By Rep. Meier Seconded By Rep. Klemin

| Representatives | Yes | No | Representatives | Yes | No |
|---------------------------------|-----|----|-----------------------|-----|----|
| Chairman C.B. Haas | ✓ | | Rep. Bill Amerman | ✓ | |
| Bette B. Grande - Vice Chairman | ✓ | | Rep. Kari Conrad | ✓ | |
| Rep. Randy Boehning | ✓ | | Rep. Louise Potter | ✓ | |
| Rep. Glen Froseth | ✓ | | Rep. Sally M. Sandvig | ✓ | |
| Rep. Pat Galvin | ✓ | | | | |
| Rep. Stacey Horter | ✓ | | | | |
| Rep. Jim Kasper | ✓ | | | | |
| Rep. Lawrence R. Klemin | ✓ | | | | |
| Rep. Lisa Meier | ✓ | | | | |
| Rep. Margaret Sitte | ✓ | | | | |
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Total (Yes) 14 No 0

Absent 0

Floor Assignment Rep. Galvin

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

REPORT OF STANDING COMMITTEE

SB 2059, as engrossed: Government and Veterans Affairs Committee (Rep. Haas, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (14 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). Engrossed SB 2059 was placed on the Sixth order on the calendar.

Page 1, line 3, replace "an effective date" with "for retroactive application"

Page 3, replace line 3 with:

"SECTION 2. RETROACTIVE APPLICATION. This Act is retroactive in application to January 1, 2005."

Renumber accordingly

REPORT OF STANDING COMMITTEE

SB 2059, as engrossed: Government and Veterans Affairs Committee (Rep. Haas, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** and **BE REREFERRED** to the Appropriations Committee (14 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). Engrossed SB 2059 was placed on the Sixth order on the calendar.

Page 1, line 3, replace "an effective date" with "for retroactive application"

Page 3, replace line 3 with:

"SECTION 2. RETROACTIVE APPLICATION. This Act is retroactive in application to January 1, 2005."

Renumber accordingly

2005 HOUSE APPROPRIATIONS

HB 2059

2005 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB2059
Lodging Expense Reimbursement for Legislative Assembly

House Appropriations Full Committee

☐ Conference Committee

Hearing Date March 15, 2005

| Tape Number | Side A | Side B | Meter # |
|--|--------|--------|---------------|
| 2 | X | | #32.1 - # end |
| 2 | | X | #0 - #3.3 |
| Committee Clerk Signature <i>Chris Alexander</i> | | | |

Minutes:

Rep. Ken Svedjan, Chairman opened the discussion on SB2059.

Rep Haas explained that originally this bill had 2 rates and no effective date concerning lodging expense reimbursements for the legislative assembly. The original rates were \$900 for commercial rentals and \$750 for private residences. The Senate removed the dual rate and put in the single rate of \$900 and an effective date of March 1, 2005. The House GVA committee decided on the single rate of \$900 per month and made the date retroactive to January 1, 2005. There was considerable debate in committee. Also discussed a direct billing system. This is already possible through legislative council and is permissive under section #44-08-04.5. The house GVA passed this single rate and the retroactive date unanimously with a 14-0-0 vote.

Rep. Clark Williams asked how the retroactive part would be handled since he made a verbal agreement with his landlord that the he would pay the increased amount if the bill passed to increase the reimbursement rate.

Rep Haas answered that if a legislator submitted the housing bill to legislative council for the month of January and it is more than the \$650 maximum currently allowed per month, then you would only get the \$650 as the law stands now. If this passes, and you submitted a bill in January for more than the \$650 presently allowed, then those vouchers would be reviewed and you would receive the difference between what rate passes with this bill and the \$650 you were already reimbursed.

Rep. Alon C. Wieland asked if we already turned in a voucher for \$900 for the first two months then legislative council will already have these vouchers and they will automatically be reviewed.

Rep Haas answered that he could not speak for OMB or legislative council but that common sense would say that this would happen this way. Although if you have a verbal agreement with your landlord to pay them more if this bill passes but you only submitted a bill for the \$650 in January, then you would not be eligible for this increase. The reimbursement has to be based on a receipt.

Rep. Ken Svedjan, Chairman asked if the retroactive status pertained to all housing paid for the duration of the session.

Rep. Mike Timm, Vice Chairman answered that it is for those who have a receipt.

Rep Haas commented that there must be a receipt for legislative council to be able to legitimize the reimbursement.

Rep. Ken Svedjan, Chairman asked what was to be done for those who alerted their landlord that there would be a raise in the rate sometime during session, but it was all verbal. Under this then these property owners would be out the increase for the first three months because they billed at \$650 and were paid the \$650.

Rep Haas answered that this was his interpretation.

Rep. Jeff Delzer answered that you ought to be allowed to turn in an amended receipt for those months. He further asked if the committee considered the difference between residential and commercial property.

Rep Haas answered that there was considerable discussion on the difference in the rate between commercial and residential. The consensus in committee was that if there is a dual rate and you elect to go to a hotel because of the amenities and another legislator says that they can do without the amenities so they save the state \$150 per month then you are opening up both legislators to criticism for whichever option they chose. You can decide if this is a valid argument. Just because the maximum is \$900 per month doesn't mean you have to negotiate for \$900 a month.

You could negotiate a lesser amount per month in either a residential or a commercial site.
(meter Tape #2, side A, #41.9)

Rep. Jeff Delzer commented that he had a problem with this because there are a lot of people in Bismarck that are nice enough to rent their houses out to legislators but then you have a high profile person staying in your home so if anything goes wrong there are many avenues you can take, but in lots of other areas, people would pay you to house sit their houses for them.

Rep Haas responded that he did not disagree with this reasoning and that if this committee wishes to see the amendment considered by the GVA committee he had it with him to distribute. Rep Haas further explained that the GVA committee felt very strongly that this bill should not have been delayed as long as it has been. This bill should have been done early on in the session. This is the reasoning behind the retroactive status of this bill

Rep. Ken Svedjan, Chairman asked legislative council how the retroactivity would be interpreted.

Ms Roxanne Woeste answered that she would leave that up to the director to determine.

Rep. Francis J. Wald moved to amend the bill so that the rates become \$750 per month for private homes and \$900 per month for commercial hotels

Rep. Bob Skarphol seconded

Rep. Ken Svedjan, Chairman asked Rep Haas how the amendment considered by the GVA committee would have adjusted this bill.

Rep Haas answered that it allowed for the dual rate of \$750 per month for residential and \$900 per month for commercial and the retroactivity would go back to January 1, 2005.

Rep. Ken Svedjan, Chairman asked Rep Haas to leave a copy of this amendment with this committee.

Rep. Bob Skarphol commented that as a seconder of this motion he would ask that this motion include a directive to legislative council to include the intent in this amendment that those of us who agreed upon further compensation to our landlords would be taken on good faith and compensate us up to that \$750 per month.

Rep. Jeff Delzer asked if the intent would also be for the \$900 for hotels as well

Rep. Ken Svedjan, Chairman clarified that this amendment should have the intent that all parties be compensated appropriately through this retroactive payment.

Rep. Bob Skarphol commented that the hope is in the integrity of the individuals in this group.

Rep. Mike Timm, Vice Chairman asked if all hotels get the \$900 even if the bill was for \$650.

If the charge was \$950 and the payment on that was the \$650 allowed at the time then the retroactive payment can go to compensate what was paid out of the legislator's pockets.

Rep. Bob Skarphol answered that this would depend on the integrity of the individual here. If you had agreed to pay more if the raise went through then this retroactive payment allows you to follow through on this agreement. If you did not agree to pay more then you would not request the retroactive payment. Legislators should have this privilege, but not take advantage of it at the cost of the state.

Rep. Ole Aarsvold stated that he was concerned that this would become a public relations nightmare here. He asked if those who already have been paying the extra amount over the \$650 reimbursement get the interest back on the money for the last couple of months if this goes through.

Rep. Francis J. Wald explained that he had agreed to pay \$750 a month and he was reimbursed the \$650 and paid the \$100 balance from his own pocket. If this bill passes, he would ask the legislative council to reimburse him the \$100 per month that he has been paying but not the \$300 allowed amount. This is the integrity factor that Rep Skarphol was discussing earlier. (meter Tape #2, side A, #52.4)

Rep. Jeff Delzer commented that the legislator should be reimbursed for the out of pocket expenses.

Rep. David Monson commented that he preferred the two rates but had a problem with the retro activity of this bill because it brings up a whole lot of problems.

Rep. Mike Timm, Vice Chairman asked Rep Skarphol to repeat the intent language he wanted included in the amendment.

Rep. Bob Skarphol answered that legislative council should draft an amendment that includes this language of intent. If the legislator had made a verbal agreement with their landlord to pay more if the rates were adjusted that their verbal agreement would be taken in good faith and be reimbursed for the agreed upon rate.

Rep. Jeff Delzer asked if this language is necessary in the amendment since this discussion would justify the intent.

Rep. Ken Svedjan, Chairman clarified that something needs to be written with regard to the intention discussed here. The amendment before us changes the bill back to the dual rate with the retroactive date of January 1 and it would include the intent language of this discussion.

Rep. Ole Aarsvold commented that honoring oral agreements is bad precedent, especially coming from a committee that is so insistent on documentation.

Rep. Mike Timm, Vice Chairman requested that the committee wait to take action on this until the amendment is drafted.

Rep. Ken Svedjan, Chairman called for this bill to be set aside until an amendment could be drafted and closed the discussion on SB2059.

2005 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB2059
Lodging Expense Reimbursement Increase

House Appropriations Full Committee

☐ Conference Committee

Hearing Date March 21, 2005

| Tape Number | Side A | Side B | Meter # |
|--|--------|--------|---------------|
| 2 | X | | #48.6 - # end |
| 2 | | X | #0 - #19.2 |
| Committee Clerk Signature <i>Chris Alexander</i> | | | |

Minutes:

Rep. Ken Svedjan, Chairman opened the discussion on SB2059.

Rep. Ken Svedjan, Chairman explains that amendment #0205 would split the amounts depending on residential and commercial hotels and it also included legislative intent language concerning verbal or written agreements to pay the landlord more if the rate was increased during legislative assembly. Now, the legislative intent language is not necessary since it could be satisfied by individual legislator writing a check directly to the landlord for the increased allowance for the past months and getting a receipt so that it could be reimbursed by legislative council.

Rep. Mike Timm, Vice Chairman asked if hotels were covered through this as well

Rep. Ken Svedjan, Chairman answered that commercial rentals were covered too. Receipt for difference is reimbursed.

Rep. Devlin explained amendment #0208 is a decision for the next session and deals with the issue where a legislator has to leave a hotel or residence because either the people come back early or the hotel needs the rooms for a convention or something and then the legislator has to find another place to stay for the remainder of the assembly. The landlord in this case would only be eligible for the agreed upon rate of \$750 and not the increase of \$900.

Rep. Ken Svedjan, Chairman explained that this relates to a breached agreement so the landlord would get paid the lower rate.

Rep. Bob Skarphol asked if this related to the situation where someone needs to move out of a residence mid-month and spends the rest of the time in a motel

Rep. Devlin answered that the last line in section 2 we dealt that the last month would be prorated for the time you spent in the residence.

Rep. Ken Svedjan, Chairman asked if this is based on the \$900 rate and it has the retroactively.

Rep. Devlin answered that this is correct and deals with the landlords that have changed their agreements during the session so they would be treated differently from other landlords.

Rep. Jeff Delzer asked if you had to have a written agreement

Rep. Devlin answered that legislative council said that this was the cleanest way to handle this. If legislators don't get these agreements in writing then we can't enforce them when the landlords change their mind.

Rep. Jeff Delzer commented that the way he read this it states that the only way you can receive the \$900 is to have a written agreement. If there is not an agreement signed then they could only get the \$750. Is this what you had intended.

Rep. Devlin the intent was different. This was intended to deal with landlords who break their agreements. If you would like to rewrite this to make it more clear, that would be fine.

Rep. Ken Svedjan, Chairman asked legislative council to come up with an agreement for all residential and commercial landlords to sign at the beginning of the session.

Rep. Bob Skarphol commented that this needs to be addressed for this session and then we need to set policy for how to handle these situations in the future.

Rep. Devlin commented that this amendment was written to help in the next session.

Rep. Ole Aarsvold asked if we were entering into a business agreement by using this language

Rep. Devlin answered that we already have one in reaching an agreement with a landlord whether it be written or verbal. (meter Tape #2, side B, #6.9)

Rep. Francis J. Wald moved to adopt #0208 to SB2059.

Rep. Bob Skarphol seconded.

Rep. Ken Svedjan, Chairman called for a voice vote to adopt amendment #0208 to SB2059.

Motion carried

Rep. Bob Skarphol moved to further amend SB2059 to include unsigned agreements for this 2005 session.

Rep. Keith Kempenich seconded.

Rep. Ken Svedjan, Chairman asked where this would be in the amendment.

Rep. Jeff Delzer commented that section B covers this but make it so it wouldn't become effective until next year

Ms Roxanne Woeste from legislative council commented that section B would not be effective until next year

Rep. Jeff Delzer how this is true with regards to the retro activity of the reimbursement.

Ms Roxanne Woeste asked for the time to check on this.

Rep. Mike Timm, Vice Chairman commented that the bill is unclear. Section 2 says they will be reimbursed \$750 and then later receive the \$150. Is this saying that the hotels only get the \$750 until the end of the session where they will be reimbursed the extra \$150. This is really unclear.

Rep. Ken Svedjan, Chairman asked legislative council if the retro activity effects section B immediately or in 2007.

Mr. John Bjornson from legislative council explained that section 2B becomes effective on January 1, 2007 and Section 1 is retroactive with effective dates of January 1, 2005 for \$900. Section 2 covers you if you are asked to leave before the end of the legislative session and have a written agreement.

Rep. Mike Timm, Vice Chairman asked how the legislator gets reimbursed if you have already paid the difference out of your own pocket.

Mr. Bjornson answered that you can file a supplemental voucher to get the additional money reimbursed.

Rep. Mike Timm, Vice Chairman asked if the legislator would have to make up the difference if there was no written agreement.

Mr. Bjornson answered that this was correct if there is not written agreement.

Rep. Bob Skarphol commented that Rep Devlin was trying to get at the hotel who made you leave earlier than you thought.

Mr. Bjornson answered this comes down to you getting an agreement with the landlord and you holding on to the reimbursement to make sure that the landlord honors the agreement.

Rep. Alon C. Wieland asked if the agreement with the hotel was for \$900 and at the end of each month the reimbursement id for \$750 and then at the end of March or in April a supplemental receipt can be turned in to be reimbursed to the legislator.

Mr. Bjornson answered that this was correct.

Rep. Ken Svedjan, Chairman asked if Rep Skarphol would withdraw his motion since it seems to be unnecessary..

Rep. Bob Skarphol withdrew his motion

Rep. Mike Timm, Vice Chairman moved to reconsider the committee's actions on amendment #0208.

Rep. Blair Thoreson seconded

Rep. Francis J. Wald asked what happens if the committee is called for a special session.

Mr. Bjornson answered that nothing would change in regards to this amendment.

Rep. Ken Svedjan, Chairman asked for a voice vote to reconsider amendment #0208. Motion carried. The original bill is now before the committee.

Rep. Keith Kempenich moved a Do Pass motion to the original SB2059.

Rep. Blair Thoreson seconded.

Rep. Ken Svedjan, Chairman called for a roll call vote on the Do Pass motion for SB2059.

Motion carried with a vote of 15 yeas, 7 neas and 1 absence. Rep Galvin will carry the bill to the house floor.

Rep. Ken Svedjan, Chairman closed the discussion on SB2059.

Date: March 21, 2005
Roll Call Vote #: 1

2005 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SB2059

House Appropriations - Full Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken DO PASS

Motion Made By Rep Kempenich Seconded By Rep Thoreson

| 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 | AB | | 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 Guleson | | 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 7

Absent 1

Floor Assignment Rep Galvin

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

REPORT OF STANDING COMMITTEE (410)
March 21, 2005 1:00 p.m.

Module No: HR-51-5555
Carrier: Galvin
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

SB 2059, as engrossed: Appropriations Committee (Rep. Svedjan, Chairman)
recommends **DO PASS** (15 YEAS, 7 NAYS, 1 ABSENT AND NOT VOTING).
Engrossed SB 2059 was placed on the Fourteenth order on the calendar.

2005 SENATE APPROPRIATIONS

CONFERENCE COMMITTEE

SB 2059

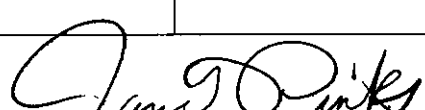
2005 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 2059

☒ Senate Appropriations Committee

☒ Conference Committee

Hearing Date April 5, 2005

| Tape Number | Side A | Side B | Meter # |
|--|--------|--------|------------|
| 1 | a | | 3211 -6210 |
| | | | |
| | | | |
| Committee Clerk Signature  | | | |

Minutes:

Senator Kringstad opened the discussion on SB 2059 which is a bill that was amended by the house. He indicated it takes effect January 1, 2005, the maximum reimbursement legislators may receive for lodging from \$650 per month to \$900 per month.

Senator Holmberg gave a review of the amendments indicating it should state it increases the maximum reimbursement on people who rent lodging receive. The money is a pass through and it takes education of the public to get them to believe it isn't money going into the pockets of legislators. He indicated he had not received a great deal of enthusiasm to roll back the funds to January 1. The Senate tried to find a method to get a lot of support for the bill and not go retroactive to the beginning of the year and split the difference to say the bill goes to March 1. The house was deliberative and changed the bill.

Representative Calvin indicated from his personal point of view, he had no choice but to pay the \$900. Representative Froseth has done research to tell how many fall into this category. In

discussion with the house committee we did discuss having a dual rate and that would be harder to explain to the general public. The fact is there are not that many rooms in Bismarck for everyone to find housing. Without this bill being retroactive to January the bill really doesn't do anything because we don't motel rates two years from now.

Representative Froseth indicated he and Representative Potter did a quick survey of House members and these are the unscientific figures but represent a fairly close accounting of what we are faced with in housing. The motels set the rates, we didn't have any influence or input into that. Four house members in motels guaranteed at \$650 month; three members in motels guaranteed \$750 rate, Fifty are staying in motels and paying \$900-\$950 a month, two are in motels at \$1300 a month, one in a motel paying \$1100 a month. In private homes, there are eleven staying at a guaranteed rate of \$650 a month, ten are in private homes with a guaranteed rate of \$750-\$850, One is paying \$900 in a home. There are two members sharing a house and each paying \$600 a month and eleven members are living in their own home in Bismarck-Mandan. With these figures it would mean legislators paying \$48,000 out of pocket for housing for January and February. Several motels started at a rate of \$650 or \$750 and have indicated if this bill passes, they want the difference up to \$900.

Senator Tallackson indicated he has stayed a lot of different places and they always charge what the state allows, but this time it looks like they jumped the gun and charged higher. This is the first time I have run into this. The apartment I stay in is \$650 with a garage and its not worth more then that. I thought it was wise to pay \$900 for the motels because you get housekeeping everyday. There is a difference between a licensed motel and a home owner.

Representative Froseth indicated one rate would give legislators a choice of motels or private homes.

Representative Calvin indicated that what Senator Tallackson says makes sense and it would probably be an acceptable compromise.

Representative r Calvin indicated that it should be made clear to the general public that in no case can you charge one rate and collect the difference. Only the receipts are paid.

Representative Potter indicated if payment to the motel is not retroactive and the individuals who have been paying then have this as an out of pocket expense, it sets up standards to those considering politics.

Senator Kringstad indicated he had talked to some Senators who are paying \$650 a month and at the end of the session, they would have to pay out of pocket.

Senator Froseth indicated he did not see why legislators should have to pay \$500 out of their pocket for lodging when this is double lodging for them for three-four months and may loose a lot of people wanting to serve in the legislature.

Representative Calvin spoke in defense of the motels indicating this amounts to \$30 a day and the current average rate is \$54 a day and State employees get rates at \$45 a night which is still well below the room rate. He feels they are fully justified in what they charge.

Senator Froseth as well as other committee members indicated the motels are full many nights and they turn people away.

Senator Kringstad indicated the committee will have another meeting. He then closed the discussion.

=====

REPORT OF CONFERENCE COMMITTEE
(ACCEDE/RECEDE) - 420

=====

07398

Bill Number) SB 2059 (, as (re)engrossed):

Your Conference Committee

For the Senate:

| | |
|------------------------|--------------|
| <u>Sen. Krungstad</u> | <u>7</u> |
| <u>Sen. Holmberg</u> | <u>X</u> |
| <u>Sen. Tallackson</u> | <u>MM 17</u> |

For the House:

| | |
|---------------------|----------|
| <u>Rep. Galvin</u> | <u>X</u> |
| <u>Rep. Fraseth</u> | <u>X</u> |
| <u>Rep. Potter</u> | <u>X</u> |

☒ recommends that the (SENATE/HOUSE) (ACCEDE to) (RECEDE from)
723/724 725/726 8724/8726 8723/8725
the (Senate/House) amendments on (SJ/HJ) page(s) _____ - _____

☐ and place _____ on the Seventh order.
727

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

☐ having been unable to agree, recommends that the committee be discharged
and a new committee be appointed. 690/515

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

=====

DATE: 4/18/05

CARRIER: _____

LC NO. _____ of amendment

LC NO. _____ of engrossment

Emergency clause added or deleted _____

Statement of purpose of amendment _____

=====

1) LC (2) LC (3) DESK (4) COMM.

REPORT OF CONFERENCE COMMITTEE

SB 2059, as engrossed: Your conference committee (Sens. Kringstad, Holmberg, Tallackson and Reps. Galvin, Froseth, Potter) recommends that the **SENATE ACCEDE** to the House amendments on SJ page 1094 and place SB 2059 on the Seventh order.

Engrossed SB 2059 was placed on the Seventh order of business on the calendar.

2005 TESTIMONY

SB 2059

H

ND Hospitality Assn. Testimony
Senate Appropriations Committee
SB 2059

Mr. Chairman and members of the committee, my name is Bill Shalhoob and I am a lobbyist for the ND Hospitality Assn. For SB 2059 I am representing a group of hotel owners in the Bismarck-Mandan area. I am an owner and managing partner of the Select Inn Bismarck. SB 2059 is the result of a recommendation from the Legislative Compensation Committee that we appeared before last summer. SB 2059 raises the monthly housing allowance for legislators from \$650.00 to \$900.00 per month when staying in a hotel and from \$650.00 to \$750.00 per month when staying in a private residence.

In historical terms the allowance was raised from to \$600.00 per month in 1985 and to \$650.00 per month in 1997. This represents a \$50.00 adjustment over 20 years. In a thirty day month this breaks down to \$21.67 per day. While the rate was appropriate in 1985, normal inflationary factors and the cost of doing business has far surpassed the increase and many of us find ourselves in the position of no longer being able to honor this rate. The current state per diem for overnight stays is \$45.00 per night or \$1,350.00 for the same room for a month. For your information SB 2195 raising the daily room rate to \$50.00 per night or \$1,500.00 per month was heard in last Friday in Government and Veterans Affairs.

Two facts lead us to ask for this increase. First, the Average Daily Rate (ADR) for all Bismarck-Mandan hotels for 2004 was \$54.13 and our city wide occupancy was 66.4%. In simple terms this means the average hotel room will produce \$1,078.27 in revenue if left on the open market and \$650.00 if rented to a legislator. This does not

consider any factoring for full or limited service hotels, upgraded rooms or added amenities. And if the room is sold on the open market it would only be occupied for 20 nights and that would save expenses in heat, lights, cleaning, etc. Second, if we look at the \$600.00 base rate in 1985 and adjust it for inflation based on a 3.0% annual increase, the allowance would now be \$1,083.56 per month. We looked at the 10 year period from 1991 to 2002 and the average inflation rate for that period was 2.62%. Factoring this into the \$600.00 room allowance in 1985, the rate should have risen to \$1,045.85 for the 2005 session.

We are not suggesting an increase to these levels. We understand the value of having monthly tenants in our hotels and we are free to not book these rentals if we feel they do not make business sense to the individual property. That being said, we would like the opportunity to at least consider taking this business and are able to do so at \$900.00 per month. While it seems like a large increase, given the historical context and lack of increases over a twenty year period, we believe it is justified. As a point of reference the increase represents a cost of only \$30.00 per day, which is still a very substantial discount of 44.5% from the city wide ADR of \$54.13, a 33% discount from the present state per diem of \$45.00 and a 40% discount from the proposed state per diem of \$50.00. For your information HB 1515 dealing with this same subject will be heard tomorrow. It has a \$900.00 allowance for both hotels and private residences and also contains an emergency measure.

In summary, we are urging a do pass for SB 2059 with an emergency measure added. Thank you for your consideration and I would be happy to answer any questions.

The Legislative Council staff distributed and reviewed copies of North Dakota Century Code (NDCC) Sections 54-03-19.1 and 54-03-19.2. Section 54-03-19.1 provides that the Legislative Compensation Commission shall:

- Consist of five members appointed by the Governor with no more than three members representing the same political party.
- Develop recommendations for a long-term policy on legislative compensation, expense allowance, and insurance benefits.
- Recommend appropriate levels of legislative compensation, expense allowance, and insurance benefits.

North Dakota Century Code Section 54-03-19.2 provides that the Legislative Compensation Commission must meet at least once each biennium to determine levels of legislative compensation, expense allowance, and insurance benefits which permit citizens to hold legislative office without undue financial sacrifice or disadvantage. The commission may consult with the leadership of the Legislative Assembly and review compensation, expense allowance, and insurance benefits for legislative service in other states and in other areas. The commission is to report its findings and recommendations regarding legislative compensation to the Legislative Assembly, and the commission may file with the Legislative Assembly a bill incorporating its recommendations.

The Legislative Compensation Commission consists of five members appointed by the Governor with no more than three members representing the same political party.

The commission is to meet at least once each biennium to determine levels of legislative compensation, expense allowance, and insurance benefits which permit citizens to hold legislative office without undue financial sacrifice or disadvantage.

Fifty-ninth
Legislative Assembly
of North Dakota

ENGROSSED SENATE BILL NO. 2059

Introduced by

Appropriations Committee

(At the request of the Legislative Compensation Commission)

This bill amends NOCC Section 54-03-20 to increase the maximum lodging expense reimbursement allowed during legislative sessions from \$650 to \$900 per month. The bill has an effective date of March 1, 2005; therefore, the increase would go in effect as of that date.

- 1 A BILL for an Act to amend and reenact section 54-03-20 of the North Dakota Century Code,
2 relating to lodging expense reimbursement for members of the legislative assembly; to provide
3 an effective date; and to declare an emergency.

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

- 5 **SECTION 1. AMENDMENT.** Section 54-03-20 of the North Dakota Century Code is
6 amended and reenacted as follows:

- 7 **54-03-20. Compensation and expense reimbursement of members of the**
8 **legislative assembly.** Each member of the legislative assembly ~~of the state of North Dakota~~ is
9 entitled to receive as compensation for services the sum of one hundred twenty-five dollars for
10 each calendar day during any organizational, special, or regular legislative session and for
11 each day that member attends a meeting of a legislative committee between the organizational
12 session and the regular session as authorized by legislative rule. Each member of the
13 legislative assembly is entitled to receive reimbursement for lodging, which may not exceed a
14 maximum of ~~six~~ nine hundred ~~fifty~~ dollars per calendar month for lodging in state, at the rates
15 and in the manner provided in section 44-08-04 for each calendar day during the period of any
16 organizational, special, or regular session. Members of the legislative assembly who receive
17 reimbursement for lodging are also entitled to reimbursement for travel for not to exceed one
18 round trip taken during any calendar week, or portion of a week, the legislative assembly is in
19 session, between their residences and the place of meeting of the legislative assembly, at the
20 rate provided for state employees with the additional limitation that reimbursement for travel by
21 common carrier may be only at the cost of coach fare and may not exceed one and one-half
22 times the amount the member would be entitled to receive as mileage reimbursement for travel
23 by motor vehicle. A member of the legislative assembly who does not receive reimbursement
24 for lodging and whose place of residence in the legislative district that the member represents

Members of the Government and Veterans Affairs, my name is Keith Holzer. Thank you for the opportunity to come before you today.

I am here in support of Senate Bill 2059 as amended. As you may know, the last time the allowance was increased was back in 1997. Eight years ago! My costs in the lodging industry go up every year, just like every business. They charge me more for their goods and services and I have to adjust my rates to cover my expenses. Property taxes have gone up 40% since 1997, this along with wages, and utilities and added amenities we have all grown accustomed to, cost money. More money than the \$650 monthly per diem is covering.

Sixteen years ago State rate was \$32.00, the monthly per diem was \$600 or \$20.00 a day.

That was a \$12.00 difference, 37% discount.

Today State rate is \$45.00 we are at \$650 or \$21.67 a day.

That is a discount of \$23.33 off the State rate, that's a 108% discount.

The proposed \$900 is \$30 a day, \$15.00 difference, or 33% discount

This is still 40% lower than my lowest rate.

This illustrates that the \$900 a month is fair, completely justifiable and our legislative assembly should not be liable for this difference. And that is why I am in full support of this bill, in addition to making it affective at the start of the session, January 2005. Thank you for your time.

North Dakota Hospitality Association

ND's Restaurant, Lodging & Beverage Assn.

ND's Restaurant, Lodging & Beverage Association

P.O. Box 428 • Bismarck, ND 58502 - Phone: 701-223-3313 • Fax: 701-223-0215
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ND Hospitality Assn. Testimony
House Government and Veterans Affairs Committee
SB 2059

Mr. Chairman and members of the committee, my name is Bill Shalhoob and I am a lobbyist for the ND Hospitality Assn. For SB 2059 I am representing a group of hotel owners in the Bismarck-Mandan area. I am an owner and managing partner of the Select Inn Bismarck. SB 2059 is the result of a recommendation from the Legislative Compensation Committee that we appeared before last summer. SB 2059 as amended raises the monthly housing allowance for legislators from \$650.00 to \$900.00 per month when the legislature is in session. It has an effective date of March 1, 2005 and an emergency clause.

In historical terms the allowance was raised from to \$600.00 per month in 1985 and to \$650.00 per month in 1997. This represents a \$50.00 adjustment over 20 years. In a thirty day month this breaks down to \$21.67 per day. While the rate was appropriate in 1985, normal inflationary factors and the cost of doing business has far surpassed the increase and many of us find ourselves in the position of no longer being able to honor this rate. The current state per diem for overnight stays is \$45.00 per night or \$1,350.00 for the same room for a month. SB 2195 as introduced raised the state per diem to \$50.00 per night but the room rate increase was amended out in the Senate.

Two factors lead us to ask for this increase. First, the Average Daily Rate (ADR) for all Bismarck-Mandan hotels for 2004 was \$54.13 and our city wide occupancy was 66.4%. In simple terms this means the average hotel room will produce \$1,078.27 in revenue if left on the open market and \$650.00 if rented to a legislator. This does not

consider any factoring for full or limited service hotels, upgraded rooms or added amenities which would drive the rate for these rooms over \$1,600.00 per month. And if the room is sold on the open market it would only be occupied for 20 nights and that would save expenses in heat, lights, cleaning, etc. Second, if we look at the \$600.00 base rate in 1985 and adjust it for inflation based on a 3.0% annual increase, the allowance would now be \$1,083.56 per month. We looked at the 10 year period from 1991 to 2002 and the average inflation rate for that period was 2.62%. Factoring this into the \$600.00 room allowance in 1985, the rate should have risen to \$1,045.85 for the 2005 session.

We are not suggesting an increase to these levels. We understand the value of having monthly tenants in our hotels and we are free to not book these rentals if we feel they do not make business sense to the individual property. That being said, we would like the opportunity to at least consider taking this business and are able to do so at \$900.00 per month. While it seems like a large increase, given the historical context and lack of increases over a twenty year period, we believe it is justified. As a point of reference the increase represents a cost of only \$30.00 per day, which is still a very substantial discount of 44.5% from the city wide ADR of \$54.13, and 33% discount from the present state per diem of \$45.00. We are also requesting this committee to consider amending the bill. On page 3, line 3 change "March 1, 2005" to "January 1, 2005." This would make the rate effective for the entire 2005 session. When we approached the Legislative Compensation Committee in last summer this was our request. I had a chance to visit with Terry Wanzek, who served on the committee, when he was at the capitol just before crossover and he thought the January 1, 2005 effective date was what the committee recommended. It was reported as a January 1 effective date in the Bismarck Tribune story that followed the meeting. Unfortunately I was not able to attend the second committee meeting and do not know for sure if the effective date change was an oversight or the intention of the committee.

In summary, we are urging a do pass for SB 2059 with an amended effective date and including the current emergency measure. Thank you for your consideration and I would be happy to answer any questions.