

2009 SENATE INDUSTRY, BUSINESS AND LABOR

SB 2107

2009 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. 2107

Senate Industry, Business and Labor Committee

Check here for Conference Committee

Hearing Date: January 12, 2009 Recorder Job Number: 6787

Committee Clerk Signature

Eva Lubelt

Minutes:

Chairman Klein: We will now here support of Bill 2107.

Darren Brostrom, Job Service, testified in support of 2107. See attachment # 1.

Chairman Klein: Darren, after we increase the penalty for late filing and you have your employees do the filling what will that of saved us?

Darren Brostrom: We will be saving a lot of time.

Chairman Klein: As I read this, am I seeing that a lot of employers are filing electronically?

Darren Brostrom: That is correct. (Explains more how employers are finding it easier to file electronically.)

Chairman Klein: They are doing it voluntarily, but you want to force them down to who ever has 24 employees and why 24, where does that number come from?

Darren Brostrom: We look at different thresh holds of usage and tried to get a number that was palatable, and wouldn't affect some of the smaller employers that may not have access to computers.

More discussion.

Senator Potter: Where is the savings? If you have to have both systems.

Darren Brostrom: This would bring in about 911 employers. Those 911 employers we have to input 38,000 records from those employers. Saving our staff having to open and go through

those reports, etc. (More discussion on how this will help the Job Service staff to be more efficient.

Chairman Klein: Any others in favor? Any in opposition? We will close the hearing on Senate Bill 2107. Committee, do we need any more discussion?

Senator Potter: Move that we pass 2107.

Chairman Klein: We have a motion for a do pass, from Senator Potter.

Senator Horne: I will second that.

Chairman Klein: Senator Horne, second. Any discussion committee?

Chairman Klein: The clerk will call the role for 2107.

Vote: Yes: 6 No:0 Absent:1

Senator Horne will carry the bill.

FISCAL NOTE
 Requested by Legislative Council
 12/22/2008

Bill/Resolution No.: SB 2107

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.*

	2007-2009 Biennium		2009-2011 Biennium		2011-2013 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues	\$0	\$0	\$0	\$0	\$0	\$0
Expenditures	\$0	\$0	\$0	\$10,800	\$0	\$0
Appropriations	\$0	\$0	\$0	\$0	\$0	\$0

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

2007-2009 Biennium			2009-2011 Biennium			2011-2013 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

2A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

This bill will require employers with more than twenty-four employees to file contribution and wage reports electronically. The bill would be effective for taxable years beginning after December 31, 2009.

B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

The section of the bill creating a fiscal impact is:
 Section 1.

The fiscal impact is a result of the need to program our mainframe computer system, as well as our internet-based unemployment insurance application. Changes relate to identifying employers required to report electronically, automatic verification of the usage of an approved electronic method, notification of employers of the requirement, and the correct assessment of penalties for non-conformance.

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.*

NA – No additional revenues are projected. Staff time savings from reduced data input will be used to enhance productivity, minimize the usage of temporary staff, provide necessary support for unemployment insurance modernization, and improve customer service.

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.*

Scope of work to be done:

- Analysis – 8 hours
- Design – 8 hours
- Coding and unit testing – 64 hours
- 2 overlay (120, 121) changes for notices to employers - 16 hours
- Program changes to accommodate overlay changes for notices to employers (JTD18) – 8 hours

- Program changes for assessing penalty on input screen (JT303) – 20 hours
- Program changes for assessing penalty quarterly (JTQ22) – 20 hours
- System Testing – 8 hours
- User Acceptance Testing – 16 hours
- Implementation – 4 hours

Total Hours for Project: 108 hours

Cost: 108 hours x \$100.00/hour = \$10,800

C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation is also included in the executive budget or relates to a continuing appropriation.*

Name:	Darren Brostrom	Agency:	Job Service
Phone Number:	701-328-2843	Date Prepared:	12/24/2008

Date: 1/12/09
Roll Call Vote #: 1

2009 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2107

Senate

Committee

Industry, Business and Labor

Check here for Conference Committee

Legislative Council Amendment Number 2107

Action Taken Pass Do Not Pass Amended

Motion Made By Senator Potter Seconded By Senator Horne

Senator	Yes	No	Senator	Yes	No
Senator Jerry Klein - Chairman	✓		Senator Arthur H. Behm	✓	
Senator Terry Wanzek - V.Chair	✓		Senator Robert M. Horne	✓	
Senator John M. Andrist		Abs	Senator Tracy Potter	✓	
Senator George Nodland	✓				

Total (Yes) 6 No 0

Absent 1

Floor Assignment Senator Horne

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

REPORT OF STANDING COMMITTEE (410)
January 12, 2009 1:27 p.m.

Module No: SR-05-0185
Carrier: Horne
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

SB 2107: Industry, Business and Labor Committee (Sen. Klein, Chairman) recommends DO PASS (6 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). SB 2107 was placed on the Eleventh order on the calendar.

2009 HOUSE INDUSTRY, BUSINESS AND LABOR

SB 2107

2009 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. 2107

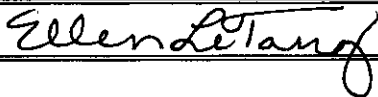
House Industry, Business and Labor Committee

Check here for Conference Committee

Hearing Date: March 4, 2009

Recorder Job Number: 10117

Committee Clerk Signature



Chairman Keiser: Opened the hearing on SB 2107 relating to electronic filing of employer unemployment condition & wage report and to provide an effective date.

Darren Brostrom~Job Service North Dakota. See testimony attachment.

Representative Thorpe: How many employee businesses are now not filing that would fall under this?

Brostrom: There are 911 that are non-filing electronically that would be affected by this bill.

Representative Thorpe: How many are there presently?

Brostrom: There are 1,967 are in this category.

Representative Amerman: How many states are moving to all employers filing, why we don't just do that instead of (inaudible).

Brostrom: If we had it my way, all employers but there is obviously a concern that some smaller employers that don't have access to computers. We want to be friendly to those organizations as possible. This was felt that this is a good breaking point for us where we still have good things.

Representative Ruby: Did you get many complaints from the employers you required last time?

Brostrom: No, it's been a fantastic roll over for the requirement. The survey results we are getting, I enjoy reading. A lot come back saying we should have done this earlier because it saves us some additional time.

Representative Nottestad: When you did your surveys, did you survey the entire group and ask them their feeling whether to go complete? If you did, how much negativity did you get back?

Brostrom: The survey we do is through UI Easy. This last year, I went around the state with the chamber and did presentations to various groups and at that time we talked about moving to ten employees for employers or more rather than 25. There was no negative push at that point. I did follow up with the chamber to see if someone was afraid to speak up at the meetings and we didn't have any push back.

Chairman Keiser: What the penalty if you don't file electronically?

Brostrom: The penalty for not filing electronically is \$25 for the first.

Chairman Keiser: You know we have this debate from a policy standpoint all the time, if we are saving Job Service time and dollars, why don't we give the employers an incentive and include everybody?

Brostrom: At this point we don't have an option for providing a mechanism for providing that incentive.

Representative Clark: If you are saving all this time on you end of the transaction, aren't the employers saving an equal amount of time?

Brostrom: We don't have a total picture of the time we are saving employers, but what we are hearing from that is that they are saving time. The reason for that is they do their report for the first time and it may take a little bit longer to type in employees but from that point on, they save the time, my best guess is that it's saving them time.

Representative Clark: From my experience, that is an incentive to save time.

Chairman Keiser: I agree and if we are saving them so much money, we could even have more.

Tom Balzer~North Dakota Motor Carriers Association. As the biggest opponents last session I better come up and give my support. The bill in the last session was asking for all employers and we felt that was a little bit much. We have two people in our office and have started UI Easy last session. In fact I showed it to an office that has brick and mortars, my show up to an office there are employees. If we go to low we will catch some of those mom and pop organizations. We feel this is a good move and 10 is a reasonable number.

Chairman Keiser: Is there anyone in opposition to SB 2107, neutral? Closes the hearing, what are the wishes of the committee?

Representative Nottestad: Moves a Do Pass on SB 2107.

Representative Thorpe: Second.

Chairman Keiser: Further discussion.

Voting roll call was taken for a Do Pass on SB 2107 with 12 ayes, 1 nay, 0 absent and

Representative Thorpe is the carrier.

Date: Mar 4-2009

Roll Call Vote # 1

2009 HOUSE STANDING COMMITTEE ROLL CALL VOTES

BILL/RESOLUTION NO. 2107

House House, Business & Labor Committee

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Pass Do Not Pass As Amended

Motion Made By Nottestad Seconded By Thorpe

Representatives	Yes	No	Representatives	Yes	No
Chairman Keiser	7		Representative Amerman	7	
Vice Chairman Kasper	7		Representative Boe	7	
Representative Clark	7		Representative Gruchalla	7	
Representative N Johnson	7		Representative Schneider	7	
Representative Nottestad	7		Representative Thorpe	7	
Representative Ruby		1			
Representative Sukut	7				
Representative Vigasaa	7				

Total (Yes) 12 No 1

Absent 0

Floor Assignment Thorpe

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

REPORT OF STANDING COMMITTEE

SB 2107: Industry, Business and Labor Committee (Rep. Keiser, Chairman) recommends DO PASS (12 YEAS, 1 NAY, 0 ABSENT AND NOT VOTING). SB 2107 was placed on the Fourteenth order on the calendar.

2009 TESTIMONY

SB 2107

Senate Bill 2107
Testimony of Darren Brostrom
Job Service North Dakota
Before the
Senate Committee On
Industry, Business and Labor
Senator Jerry Klein, Chair
January 12, 2009


FN

*Same given
to House 3-4-09.*

Mr. Chairman and members of the committee, I am Darren Brostrom, the Unemployment Insurance Director for Job Service North Dakota. I am here today in support of Senate Bill 2107.


Section 52-04-01.1 of the North Dakota Century Code requires employers with more than 99 employees to file quarterly contribution and wage reports via an electronic method approved by Job Service North Dakota. It also requires payers making payments on behalf of more than one employer to make those payments electronically. Senate Bill 2107 proposes to lower the threshold at which employers must report electronically to those with more than twenty-four employees.

This bill would be in effect for taxable years after 2009, which means the requirement would begin for reports due on April 30, 2010. This effective date will give us enough time to communicate with affected employers three




to four times so that they have sufficient time to prepare for the electronic reporting method of their choice. The bill does not propose a change to the portion of statute that addresses electronic payments.


In order to make the process as convenient as possible for employers, Job Service provides several electronic reporting options. Options available include our Internet application, *UI EASY*, magnetic tape, CD, diskette or FTP transfer via the Internet.



Two years ago, you approved a bill very similar to this. That bill set the requirement threshold at “more than 99 employees”. Implementation of that bill has played an integral part in a significant increase in electronic reporting. This increase has saved both employers and Job Service time in paper processing. Although we do not have official time savings numbers for employers, Job Service saves close to 1,000 staff hours each year based on this change. This has so far allowed Job Service to minimize the usage of temporary data entry staff, and to process a continually growing workload without the addition of further staff.



The transition to electronic reporting was accomplished with a minimum of frustration on the part of either Job Service or North Dakota employers, and to date we have had excellent compliance with this requirement. The success of this rollout was largely because Job Service had time to notify identified employers multiple times. These notifications were done both through the mail, and through employer visits. This provided adequate time for employers to prepare to file electronically, with many employers taking the opportunity to begin filing before the actual required date.



Approximately 21,298 employers submitted reports for the quarter ending September 30, 2008. Of those, 6,092, approximately 29% of employers, already report their quarterly contribution and wage information electronically. This is an 8% increase when comparing current usage with usage in 2007.

North Dakota employers reported approximately 417,400 workers for the quarter ending September 30, 2008. Of these, approximately 298,500, or 71.5%, were reported electronically. This is a 15.5% increase when comparing current usage with usage in 2007.

Based on the highest number of employees reported by each employer for the quarter ending September 30, 2008, Senate Bill 2107 would technically affect an additional 2,035 employers. Of these 2,035 employers, 1,124 already utilize electronic filing to process their reports. This means that the actual number of employers affected is 911. While this is a relatively small number of employers, they do account for the reporting of close to 38,000 employee wage amounts, which is approximately 9.1% of the total employees reported. 18,751 of our employers, 88%, would remain unaffected by the electronic reporting requirement. However, a large number of these employers have already identified the benefits of electronic reporting, and are utilizing the service, even though they are not required to do so.

Accurate and timely wage information is critical in order for the Unemployment Insurance Program to accomplish its mission of paying benefits to unemployed workers. Electronic reporting contributes greatly to this, in that it allows for the processing of wage information almost immediately, and without Job Service input errors. This translates into more timely and accurate payments to individuals filing for benefits.

Processing paper reports is a very costly and inefficient way to utilize very limited Job Service staff resources. Declining federal resources make it difficult for Job Service to continue to provide excellent customer service while having to dedicate significant time to the processing of paper reports. It is projected that close to 1,200 hours of staff time will be saved yearly by passage of Senate Bill 2107.

The move to electronic reporting is consistent with the direction in which the Internal Revenue Service and many other states are moving. Some states have recently begun requiring all employers to file quarterly reports electronically. North Dakota shares a number of employers with these other states, and many calls to our office have indicated that our *UI EASY* Internet-based application compares very favorably with the systems used in other states. Employer comments from our online survey included with *UI EASY* continue to be very positive.

Senate Bill 2107 would provide for significant improvements in processing time and in data integrity. It would also allow Job Service to refocus additional staff effort to providing employer services, which have been negatively impacted by a significant reduction in federal resources. By

redirecting these hours to more effective activities, such as status determinations, employer education, and determinations of liability, employers will see an improvement in service, and Job Service will be in a better position to handle an ever-increasing workload.

Mr. Chairman, this concludes my testimony. At this time, I would be happy to answer questions from the committee.