2011 HOUSE FINANCE AND TAXATION

HB 1361

2011 HOUSE STANDING COMMITTEE MINUTES

House Finance and Taxation Committee
Fort Totten Room, State Capitol

HB 1361
February 1, 2011
#13814

☐ Conference Committee

Committee Clerk Signature Mary Brucker

Explanation or reason for introduction of bill/resolution:

A Bill relating to the county mill levy for comprehensive health care insurance employee benefit programs; and to provide an effective date.

Minutes: *See attached amendment.*

Chairman Wesley R. Belter: Distributed amendment. Committee reviewed.

Vice Chairman Craig Headland: I move the amendment.

Representative Glen Froseth: Seconded.

Voice vote: MOTION CARRIED.

Vice Chairman Craig Headland: Made a motion for DO NOT PASS AS AMENDED.

Representative Roscoe Streyle: Seconded.

A roll call vote was taken: YES: 9 NO: 4 ABSENT: 1
MOTION CARRIED—DO NOT PASS AS AMENDED.

Representative Patrick Hatlestad will carry HB 1361.

2011 HOUSE STANDING COMMITTEE MINUTES

House Finance and Taxation Committee
Fort Totten Room, State Capitol

HB 1361
February 1, 2011
#13783

☐ Conference Committee

Committee Clerk Signature Mary Brucker

Explanation or reason for introduction of bill/resolution:

A Bill relating to the county mill levy for comprehensive health care insurance employee benefit programs; and to provide an effective date.

Minutes: *See attached testimony #1.*

Representative Jerry Kelsh: Sponsor. Support. All this does is allow local subdivisions to levy 12 mills rather than 8 mills for comprehensive health care insurance employee benefit program. The reason for the bill, and I got this from PERS, is the health insurance costs for full coverage was $469.78 for the 2009-11 biennium is was $962.84. The counties have to pay a little higher and I called back to my home county, Dickey, where I served as County Commissioner for eight years, and their full coverage family plan is $1026.62. They had tried to pay 70% of that coverage and that amounts to $718.00 per family. The law also allows the 4 mills can come out of oasis. Dickey County has used the 4 out of oasis and is now at 7.9 from the comprehensive health care insurance. So even if one more person, a new employee, came on it would put us in a deficit of spending and if insurance continues to go up we would also be deficit. The money can come out of the general fund with the purpose so it wouldn't have to come out of the general fund. We want to continue to be able to provide our employees with a good health plan that is part of the ability to attract and keep employees on a county and city level. I would ask for your favorable consideration as far as from going from 8 mills to 12 mills on comprehensive health insurance employee benefit program.

Terry Traynor, ND Association of Counties: Support. Please refer to attached testimony #1.

Representative Mark S. Owens: The 12 that you show here that are also levying 4 mills from retirement levy, most are at 8 and one is above 8 so they levy 4 now so even if we raise it to 12 they are already at the limit, is this correct?

Terry Traynor: They would be and that would pre-up the mills in the social security levy which would still be available for them but the concern is with the increasing cost for PERS retirement. Those counties may have to use some of those mills to meet their retirement costs going forward as well.

Representative Dave Weiler: Representative Kaiser previously presented a bill that we heard testimony on probably the first week and we passed it out of committee and passed it on the house floor. How does that compare to this one, is it the same thing?

Terry Traynor: As introduced it was identical to this. The committee wanted to add a vote requirement to access the additional 4 mills and that's the way it was passed by the House.

Vice Chairman Craig Headland: You listed North Dakota PERS and then several counties have another deferred comp, can you give us an example of what something like that is?

Terry Traynor: The most common one is Nationwide Retirement Systems. It is basically a 401K but when you're in government I think it's called a 403B or something like that. It's a self directed defined contribution type option, similar to state employees where they have that option to either move their entire retirement there or use it as an additional retirement option.

Vice Chairman Craig Headland: So some of our counties are offering a fully defined benefits and a 401K on top of it?

Terry Traynor: That's what the survey results suggest. We haven't investigated it any further but that is what they report. Many of our counties do not pay 100% of the PERS as state employees do, they still have an employee/employer share as well.

Representative Lonny B. Winrich: In the situations where that is indicated where you have North Dakota PERS and one of these defined contribution plans that would normally be an option, would it not? You chose one or the other; you don't get both plans, correct?

Terry Traynor: That's a very good possibility. Our survey isn't that detailed. We just ask what retirement plans they provide.

Sandy Clark, ND Farm Bureau: Opposition. Our policy says no new taxes. We did appreciate the amendment that you put on the other bill that allowed for the vote.

Chairman Wesley R. Belter: No further testimony. Closed hearing on HB 1361.

FISCAL NOTE STATEMENT

House Bill or Resolution No. 1361

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

Becky Keller
Senior Fiscal Analyst

VK
2/2/11

11.0370.01001
Title.02000

Adopted by the Finance and Taxation Committee

February 1, 2011

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1361

Page 1, line 9, remove the overstrike over "~~eight~~"

Page 1, line 9, remove "twelve"

Page 1, line 9, after "mills" insert ", which may be increased to twelve mills if approved by a majority of the qualified electors of the county voting on the question,"

Page 1, line 9, after "the" insert "levy is also subject to the"

Renumber accordingly

Date: 2-1-11
Roll Call Vote # 1

2011 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1361

House Finance and Taxation Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken: ☐ Do Pass ☐ Do Not Pass ☐ Amended ☒ Adopt Amendment

☐ Rerefer to Appropriations ☐ Reconsider

Motion Made By Rep Headland Seconded By Rep. Froseth ~~Owens~~

Representatives	Yes	No	Representatives	Yes	No
Chairman Wesley R. Belter			Scot Kelsh		
Vice Chair. Craig Headland			Shirley Meyer		
Glen Froseth			Lonny B. Winrich		
Bette Grande			Steven L. Zaiser		
Patrick Hatlestad					
Mark S. Owens					
Roscoe Streyle					
Wayne Trottier					
Dave Weiler					
Dwight Wrangham					

Total (Yes) _____ No _____

Absent _____

Floor Assignment _____

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

AYE NAY

MOTION CARRIED

Date: 2-1-11
Roll Call Vote # 2

2011 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1361

House Finance and Taxation Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken: ☐ Do Pass ☒ Do Not Pass ☒ Amended ☐ Adopt Amendment

☐ Rerefer to Appropriations ☐ Reconsider

Motion Made By Rep. Headland Seconded By Rep. Streyle

Representatives	Yes	No	Representatives	Yes	No
Chairman Wesley R. Belter	✓		Scot Kelsh		✓
Vice Chair. Craig Headland	✓		Shirley Meyer		✓
Glen Froseth	✓		Lonny B. Winrich		✓
Bette Grande	AB		Steven L. Zaiser		✓
Patrick Hatlestad	✓				
Mark S. Owens	✓				
Roscoe Streyle	✓				
Wayne Trottier	✓				
Dave Weiler	✓				
Dwight Wrangham	✓				

Total (Yes) 9 No 4

Absent 1

Floor Assignment Rep. Hatlestad

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

MOTION CARRIED

REPORT OF STANDING COMMITTEE

HB 1361: Finance and Taxation Committee (Rep. Belter, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO NOT PASS** (9 YEAS, 4 NAYS, 1 ABSENT AND NOT VOTING). HB 1361 was placed on the Sixth order on the calendar.

Page 1, line 9, remove the overstrike over "~~eight~~"

Page 1, line 9, remove "twelve"

Page 1, line 9, after "mills" insert ", which may be increased to twelve mills if approved by a majority of the qualified electors of the county voting on the question,"

Page 1, line 9, after "the" insert "levy is also subject to the"

Renumber accordingly

2011 TESTIMONY

HB 1361

DRAFT

PROPOSED AMENDMENT TO HOUSE BILL NO. 1361

Page 1, line 9, remove the overstrike over "eight" and remove "twelve"

Page 1, line 9, after "mills" insert ", which may be increased to twelve mills if approved by a majority of the qualified electors of the county voting on the question."

Page 1, line 9, after "the" insert "levy is also subject to the"

Renumber accordingly

11.0370.01001
Title.02000

Adopted by the Finance and Taxation Committee

February 01, 2011

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1361

Page 1, line 9, remove the overstrike over "~~eight~~"

Page 1, line 9, remove the first "twelve"

Page 1, line 9, after "mills" insert ", which may be increased to twelve mills if approved by a majority of the qualified electors of the county voting on the question,"

Page 1, after line 9 insert "levy is also subject to the"

Renumber accordingly

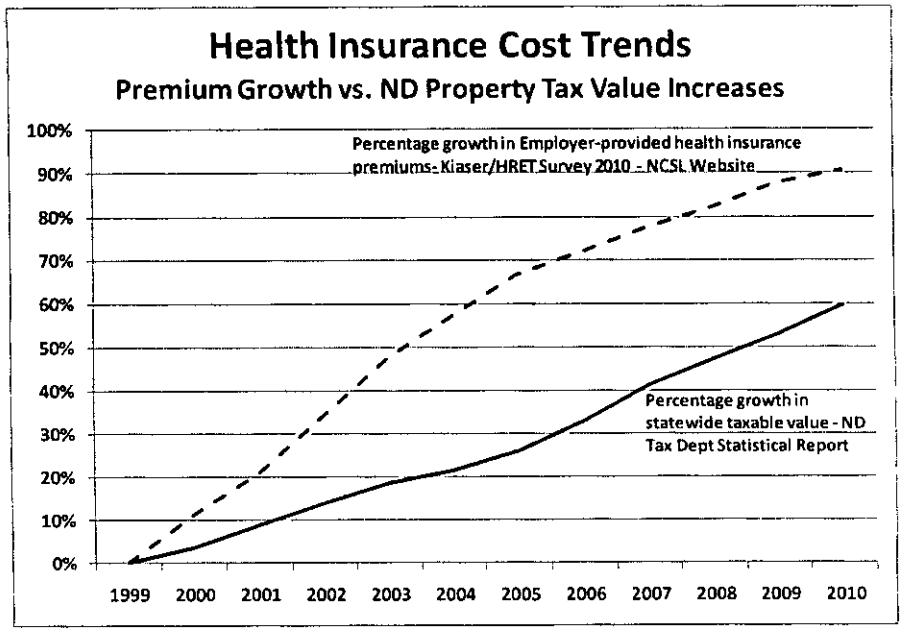
Testimony #1 p. 1

Testimony To The
HOUSE FINANCE & TAXATION COMMITTEE
Prepared February 1, 2011, by
Terry Traynor, Assistant Director
North Dakota Association of Counties

REGARDING HOUSE BILL No. 1361

Chairman Belter and members of the Committee, as with the previous bill addressing the county comprehensive employee health insurance levy, the Association of Counties is very appreciative of the sponsors' interest in getting the bill before you and obviously support this optional authority.

Health insurance and particularly health insurance costs have been unavoidable topics for the last several years. Like many business owners, county commissioners have struggled each year with the challenges of staying competitive for employees with limited resources for benefits. As illustrated by the chart, health insurance premium costs have been growing at a much faster rate than property values – the factor which drives a county's (most particularly a rural county's) ability to match inflationary increases of all costs.



As the text of the bill indicates, counties may levy up to 8 mills specifically for "comprehensive health care insurance employee benefit programs." As the attached table illustrates, this dedicated levy is used in 43 counties, of which 27 are at (or beyond) the statutory limit.

Additionally, counties are authorized to use up to 4 mills of their social security/retirement levy for health costs.

A quick survey of 19 of the counties currently at the 8-mill limit indicated that 16 of them are also using the retirement levy for this purpose – and 13 of those are using the entire 4

mills allowed. As the Committee can see from the county list, the problem is generally most significant in the smallest and most rural counties.

The table also provides information regarding the level of employer (county) support for employee health benefits.

The counties indicating they provide 39%-42% of the cost of a family health plan are those that limit the employer share to a single plan or the equivalent cost of a single plan. As you can see, only 14 counties support 100% of a family plan, and most of those are oil-resource counties that face tremendous competition for their heavy equipment operators as well as land record experts and most other skilled employees.

When discussing the similar previous bill, the committee requested and was provided additional information regarding the number of counties participating in the PERS health & retirement plans and those using general funds in addition to dedicated levies for health insurance. This information has been reproduced in the attached table for the Committee's information.

As this attachment indicates, the majority of counties (and virtually all small counties) purchase their health benefits through PERS. Most of the committee members are well aware of the cost increases that this plan has faced over the last decade. We are fortunate that the increases will not be as great in the coming biennium, but they will still exceed the revenue that most counties will be able to generate if they are already at the 8-mill and 4-mill limits.

This problem is complicated by the anticipated changes to the PERS retirement contributions. Almost all county employees are enrolled in the PERS retirement system, and the expected employer-share increase will require additional funds from the county retirement levy, further limiting some counties' ability to use that option for health benefits.

Mr. Chairman and committee members, I hope that this information adequately describes the situation faced by a large number of counties – most of which have few options for raising revenue.

Testimony #1 p.3

County Comprehensive Employee Health Insurance

	Percent of Family Health Plan Paid (2010 Survey)	CY09 Health Care Levy (CY10 Budgets)		Funding from County Gen. Fund for Health	Health Ins. Plan	Employee Retirement Plan
Adams	60%	8.00	*	$23,856	NDPERS	NDPERS
Barnes	75%	3.06		$242,670	NDPERS	NDPERS
Benson	39%	6.98		Response Pending	NDPERS & BCBS & Other	NDPERS & Nationwide (NRS) Deferred Comp
Billings	100%			$190,000	NDPERS	NDPERS
Bottineau	41%	8.00		Response Pending	NDPERS	NDPERS
Bowman	85%			$102,000	NDPERS	NDPERS
Burke	40%	7.49	*	$50,000	NDPERS	NDPERS & Other Deferred Comp
Burleigh	71%	2.51		$0	BC/BS	NDPERS
Cass	79%	Consol.Gen.Fund		$1,549,077	Self Insured - BCBS Admin	NDPERS
Cavalier	100%	5.00		$0	NDPERS	NDPERS
Dickey	78%	5.29		Response Pending	NDPERS	NDPERS
Divide	100%	8.00		$325,000	NDPERS	NDPERS & Other Deferred Comp
Dunn	100%	3.93		$575,000	NDPERS	NDPERS
Eddy	N/A	8.00		Response Pending	NDPERS	NDPERS
Emmons	100%	8.00	*	$67,315	NDPERS	NDPERS
Foster	69%	8.00		$0	NDPERS	NDPERS
Golden Valley	41%			$96,900	BC/BS	Other Deferred Comp
Grand Forks	82%	8.00	*	$0	BC/BS	NDPERS
Grant	42%	8.00	*	$0	NDPERS	NDPERS
Griggs	42%			$0	NDPERS	NDPERS
Hettinger	90%	8.00	*	$18,500	BC/BS	NDPERS
Kidder	70%	8.00		$31,128	NDPERS	Nationwide (NRS) Deferred Comp.
LaMoure	70%	8.00		Response Pending	NDPERS	NDPERS
Logan	80%	7.96		Response Pending	NDPERS	NDPERS
McHenry	100%	5.14		$0	NDPERS	NDPERS
McIntosh	90%	8.00	*	$110,000	NDPERS	NDPERS
McKenzie	85%			$446,900	Self Insured - BCBS Admin	NDPERS
McLean	100%			$770,000	NDPERS	NDPERS
Mercer	90%	8.00		$411,568	Self Insured - BCBS Admin	NDPERS, Nationwide (NRS), & Other
Morton	65%			$0	NDPERS	NDPERS & Other Deferred Comp
Mountrail	100%	5.01		$415,475	NDPERS	NDPERS
Nelson	100%	8.00	*	$94,000	NDPERS	NDPERS
Oliver	100%	8.00	*	$0	NDPERS	NDPERS
Pembina	88%	8.00		$0	NDPERS & BCBS	NDPERS
Pierce	100%	6.97		$75,000	NDPERS	NDPERS & Other Deferred Comp
Ramsey	100%	8.00		$0	Self Insured - BCBS Admin	NDPERS
Ransom	68%	10.51	*	$0	NDPERS	NDPERS & Nationwide (NRS) Deferred Comp
Renville	38%	8.00		$0	BC/BS	NDPERS
Richland	56%			Response Pending	NDPERS & BCBS	NDPERS
Rolette	50%			$47,110	NDPERS	NDPERS
Sargent	75%	11.00		$0	NDPERS	Nationwide (NRS) Deferred Comp.
Sheridan	41%	8.00	*	$0	NDPERS	NDPERS
Sioux	41%	15.21	*	$15,000	BC/BS	Other Deferred Comp
Slope	100%	5.96		$92,000	BC/BS	NDPERS
Stark	75%	4.00		$0	NDPERS & BCBS	NDPERS
Steele	41%	8.00		$0	NDPERS	NDPERS
Stutsman	81%	8.00		$0	NDPERS	NDPERS and Other Deferred Comp
Towner	50%	7.51		$0	NDPERS	NDPERS
Traill	41%	4.90		$17,000	NDPERS	NDPERS
Walsh	75%	7.25		$18,300	BC/BS	NDPERS
Ward	65%	2.27		$383,505	NDPERS	NDPERS
Wells	92%	8.00	*	$176,800	BC/BS	NDPERS
Williams	100%			$989,340	Self Insured - BCBS Admin	NDPERS

Sources: a. Annual NDACo Survey of Benefits

b. ND Tax Dept. Property Tax Statistical Report

* Also levy 4 mills from retirement levy