

**2013 SENATE INDUSTRY, BUSINESS, AND LABOR**

**SB 2028**

# 2013 SENATE STANDING COMMITTEE MINUTES

## Senate Industry, Business and Labor Committee

Roosevelt Park Room, State Capitol

SB 2028

January 15, 2013

Job Number 17213

☐ Conference Committee

Committee Clerk Signature



### Explanation or reason for introduction of bill/resolution:

Appropriation to job service of North Dakota for the purpose of upgrading collection and use of employment data

### Minutes:

Testimony Attached

Chairman Klein opened the hearing.

Tim Dawson, Legislative Council: Staffs the Energy Development and Transmission Committee during the interim. He said that is where the bill came from and he is here to describe the bill. He went over the bill and its purpose.

Senator Sinner: Asked where the data comes from.

Tim: Said the data is data that job service has and the bill is dividing up the information they already have into the proper categories.

Senator Sinner: Asked if the money will be used for fixed assets or would it be used for people.

Tim: Said it is for upgrading collection and use. It would be for collecting the data and using that data. That is the only limitation on there.

Alan Anderson, Commissioner of the North Dakota Department of Commerce: Written Testimony Attached (1).

Chairman Klein: Asked if there was ever a discussion of different funding sources.

Al: Said that it came from all the industry people that thought it was more appropriate that the state use the general funds to more accurately reflect their industry participation. He said they didn't have other discussions on that.

Senator Sorvaag: Asked about the last point where he said 2 to 7 ½ percent, if that was of the population or of the work force.

Al: Said that it was his understanding that it is of the population.

Michael Ziesch, Manager of the Labor Market Information Center of Job Service of North Dakota: Written Testimony Attached (2).

Senator Sorvaag: Asked what they will do with the \$100,000.

Michael: Said the largest portion would be for staff resources. The staffing they have right now is in tune with the monies they get from the bureau of labor statistics. This would allow them to conduct the research over those two years, monies for mailings and some minimal software would be needed.

Senator Sorvaag: Asked if he was talking about temporary employees.

Michael: Said the monies would allow them to save some of their three year money from other programs. They would attempt to do this with existing staff.

Chairman Klein: Said you have the trained staff that has already been working with companies but it will cost you \$100,000?

Michael: Said that is correct, they have the expertise but it is a resource issue.

Senator Unruh: Asked if he knew if this would be repeatable in the future. She said it sounded like they have a lot of things that would get setup this first time around and would they need money to repeat this survey in the future.

Michael: Said the money they have is for the setup in the first two years but they could certainly revisit what resources would be necessary in the future. Especially because as it is written, it has a sunset clause. The wish would be for it to be repeatable and they could come back with some negotiations on what resource level would be necessary moving forward. The base would be built but there would be some ongoing maintenance.

Senator Sinner: Asked where these resources would come from, the general fund or the budget for the empower group. He said it seems to him that it is almost 100% energy related and that the money should come from an energy related source.

Michael: Said he wasn't present at the meetings where the monies were going to be allocated. There was a bill last session that had this money in and that was not successful. During an interim session it did come back up and it came in this form with this funding source. The data would be used indeed to give that energy related answer we are looking for but where it is most appropriate to come from, he can't speak to that.

Chairman Klein: Commented that they are looking at the policy and whether it is necessary.

Maren Daley, Executive Director of Job Service of North Dakota: Said to clarify on the source of the funds, when this was initially brought up last session in the bill it was tied to the allocation of tax dollars. It is not solely for the benefit of the energy industry. It is for the benefit of these communities.

Chairman Klein: Closed the hearing.

# 2013 SENATE STANDING COMMITTEE MINUTES

## Senate Industry, Business and Labor Committee Roosevelt Park Room, State Capitol

SB 2028  
January 23, 2013  
Job Number 17561

☐ Conference Committee

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|---------------------------|
| Committee Clerk Signature |
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### Explanation or reason for introduction of bill/resolution:

Appropriation to Job Service of North Dakota for the purpose of upgrading collection and use of employment data

### Minutes:

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|---------------------|
| Discussion and Vote |
|---------------------|

Chairman Klein: Went over what the bills application was and said he is still searching on how the hundred thousand dollars will provide something helpful to the state of North Dakota, beyond what they currently have and within the statistics they currently gather.

Senator Andrist: Said he has a hard time believing that the bureau can't come up with the necessary funds to study these classifications.

Chairman Klein: Said he may have been troubled when Michael Ziesch suggested that they have all the staff necessary and will just shuffle them around and will take monies from this area and move it to the areas where it is being shorted.

Senator Murphy: Said he would note that in Michael Ziesch's testimony it is indicated that the short coming under the current system occurs because they have to follow standards and methodologies prescribed by the Bureau of Labor Statistics. He asked the committee if this means that they don't need more people but they can use the money to change methodologies or expand their data base and if that is what has them hung up.

Chairman Klein: Said in his opinion the \$100,000 has him hung up on that particular issue. He said he had been asking people in the industry where this came from and they didn't understand or see the need either.

Senator Laffen: Said he has the same concern and commented that he doesn't see the need for the money if they have the staff to do it.

Discussion Continued (3:38 - 8:00)

Bryan Klipfel, Director of Workforce Safety and Insurance: He was asked the question on how they as a staff gather information on who is doing what jobs for the purpose of employment or unemployment data? He said that they have different rate classifications

because they would have oil field trucking and take a look at it that way. There rate fees would be according to the amount of dollars paid on each one of those rate classifications but they have that separate.

Chairman Klein: Said it is oil field trucking and isn't broken down any further than that because if you are a truck driver it doesn't matter what you are hauling in the oil field.

Bryan: Said that was correct.

Chairman Klein: Asked if they wanted to move on this or hold it.

Senator Andrist: Motioned for a Do Not Pass.

Senator Sorvaag: Seconded the motion.

Roll Call Vote: Yes - 5 No - 2 Absent - 0

Floor Assignment: Senator Andrist

Date: 1/23/2013  
Roll Call Vote #: 1

2013 SENATE STANDING COMMITTEE  
ROLL CALL VOTES  
BILL/RESOLUTION NO. 2028

Senate Industry, Business and Labor 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 Senator Andrist Seconded By Senator Sorvaag

| Senators         | Yes | No | Senator        | Yes | No |
|------------------|-----|----|----------------|-----|----|
| Chairman Klein   | ✓   |    | Senator Murphy |     | ✓  |
| V. Chair. Laffen | ✓   |    | Senator Sinner |     | ✓  |
| Senator Andrist  | ✓   |    |                |     |    |
| Senator Unruh    | ✓   |    |                |     |    |
| Senator Sorvaag  | ✓   |    |                |     |    |
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Total (Yes) 5 No 2

Absent 0

Floor Assignment Senator Andrist

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

**REPORT OF STANDING COMMITTEE**

**SB 2028: Industry, Business and Labor Committee (Sen. Klein, Chairman)** recommends  
**DO NOT PASS** (5 YEAS, 2 NAYS, 0 ABSENT AND NOT VOTING). SB 2028 was  
placed on the Eleventh order on the calendar.



**2013 TESTIMONY**

**SB 2028**

**DEPARTMENT OF COMMERCE TESTIMONY ON SENATE BILL 2028**  
**JANUARY 15, 2013, 10:15 A.M.**  
**SENATE INDUSTRY, BUSINESS & LABOR COMMITTEE**  
**ROOSEVELT PARK ROOM**  
**SENATOR JERRY KLEIN, CHAIRMAN**

**ALAN ANDERSON – COMMISSIONER, ND DEPARTMENT OF COMMERCE**

Good morning, Mr. Chairman and members of the committee, my name is Alan Anderson and I serve as the Commissioner for the North Dakota Department of Commerce. As Commerce Commissioner I also have the pleasure of serving as the chairman of the EmPower North Dakota Commission.

The EmPower North Dakota Commission was established by the 2007 legislative assembly and made permanent by the 2009 legislative assembly. Its members are appointed by the Governor. It is an industry lead effort that allows all of our energy industries, both renewable and traditional, to have a voice into the state's energy policy.

On behalf of the EmPower ND Commission, I am here today to speak in favor of Senate Bill 2027. This is a bill that was recommended by the Commission and approved by the interim Energy Development and Transmission committee. A complete list of bills recommended and supported by the Commission is below:

- Senate Bill No. 2027 – Renewable Energy Development Fund & Value-Added Opportunities Study.
- Senate Bill No. 2028 – Employment Data Appropriation.
- Senate Bill No. 2029 – Oil and Gas Research Fund & Value-Added Opportunities Study.
- House Bill No. 1029 – Housing Incentive Fund and Tax Credit.

Senate Bill 2028 provides a \$100,000 appropriation to Job Service North Dakota to enhance their ability to collect data regarding employment related to the oil & gas industry. Job Service ND utilizes Bureau of Labor Statistics standards for determining employment statistics related to the oil & gas industry. This appropriation would allow Job Service ND to collect additional information in order to identify jobs that are related to oil & gas activities, but are not currently tracked as oil & gas industry jobs. This could include people in the transportation sector that haul materials and products for the industry.

Having this data available would help to identify workforce needs tied to oil & gas development. It could also potentially be used to more accurately determine employment levels for purposes of allocating gross production tax revenues to cities in NDCC § 57-51-15.

Senate Bill 2028  
Testimony of Michael Ziesch  
Job Service North Dakota  
Before the  
Senate Committee On  
Industry, Business, and Labor  
Senator Klein, Chair  
January 15, 2013

**Oil & Gas and Related Research**

Chairman Klein and members of the committee, I am Michael Ziesch a Manager in the Labor Market Information (LMI) Center of Job Service North Dakota (JSND). I am here today offering an overview of upgraded collection and use of employment data, specifically related to oil & gas and related enterprises in the state, which would be possible with additional resources afforded by this appropriation.

Current legislation states that Job Service will provide data related to a geography's percentage of private employment engaged in the mining industry. These data are then used to allocate oil production tax resources to local entities.

This approach captures the influence of employment from companies coded in oil & gas exploration and direct support activities, as they are subsets of the mining industry. However, it has known limitations as it does not include activity of companies coded in other industries that may also be engaged in oil & gas development. The shortcoming under current system occurs because we must follow standards and methodologies prescribed by the Bureau of Labor Statistics, for whom we administer the employment and wage collection system for the state. Our desire to measure related activity is outside the scope of that system, which is why additional research is necessary.

Mr. Chairman and members of the Industry, Business & Labor Committee, I respectfully request your favorable consideration of Senate Bill 2028. That concludes my testimony and I am happy to entertain any questions.

Industry examples we would want to differentiate include:

- Transportation
  - Oil & Gas Related-water, oil, material, equipment, hot shot
  - Non Oil & Gas Related-dry van goods, grain/livestock, groceries
- Construction
  - Oil & Gas Related-pads, service roads, industrial and commercial buildings for oil companies
  - Non Oil & Gas Related-single family homes, remodeling
- Manufacturing
  - Oil & Gas Related-refineries, storage tanks,
  - Non Oil & Gas Related-food & beverages, agricultural equipment
- Wholesale Trade
  - Oil & Gas Related-chemicals, equipment, supplies
  - Non Oil & Gas Related-farm products, pharmaceuticals,
- Further Examples-Professional & technical Services; Leasing of Equipment; Other Services

The resources included in this legislation would allow our agency to conduct research to determine the size of this related component. Companies involved in Oil & Gas and related employment could be flagged and identified as such. This would allow a much more comprehensive calculation to be available.

The research would be conducted in phases. Administrative data of the approximately 30,000 existing worksites would be reviewed to identify those that are in scope and help to lessen respondent burden. Where more information is needed follow-up would be conducted by our LMI staff. As well, new employers would be monitored on a flow basis to determine whether they are engaged in related work.

If we began the research in summer of 2013 we would have an initial set of employment data available by July 1<sup>st</sup> 2014 to interim committees of the legislature for formula evaluation by the 2015 session.

Our LMI analysts are experienced and have expertise in similar research. We have access to appropriate tools and systems to conduct this study in a cost effective and timely manner. The results would be comprehensive and, if desired by future legislative sessions, repeatable because we would only need to monitor entrants, exiters, and companies who may change their business activity over time.

I would be happy to answer any questions you may have.