

FISCAL NOTE
Requested by Legislative Council
02/01/2017

Amendment to: HB 1114

- 1 A. **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.*

	2015-2017 Biennium		2017-2019 Biennium		2019-2021 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues				\$355,460		\$355,460
Expenditures						
Appropriations						

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

	2015-2017 Biennium	2017-2019 Biennium	2019-2021 Biennium
Counties			
Cities			
School Districts			
Townships			

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

The proposed legislation would establish the license, late and exam fees.

- 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 North Dakota State Plumbing Board depends on license fees for the majority of its income each fiscal year. We receive no appropriations from the state budget. Licenses fees for Apprentice Plumbers have not been increased since 1987. License fees for Master and Journeyman plumbers have not been increased since 1992. License fees for Sewer and Water individuals have not been increased since 1987.

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.*

The proposed increase to license, exam and late fees are based on the current number of licensees as of 2-1-17, times the difference between the current fee amount and the proposed fee amount. The breakdown is below.

Proposed fee increase amounts:

Plumber License Fees
 Master - 652 x \$60.00 = \$39,120.00
 Journeyman - 600 x \$50.00 = \$30,000.00
 5th Year Apprentice – 137 x \$50.00 = \$6,850.00
 4th Year Apprentice – 69 x \$20.00 = \$1,380.00
 3rd Year Apprentice – 60 x \$20.00 = \$1,200.00
 2nd Year Apprentice – 73 x \$20.00 = \$1,460.00
 1st Year Apprentice – 87 x \$20.00 = \$1,740.00
 Total Increase - \$81,750.00

Sewer and Water License Fees

Sewer and Water Contractor - $412 \times \$100.00 = \$41,200.00$

Sewer and Water Installer – $278 \times \$100.00 = \$27,800.00$

Sewer and Water Apprentice over 3400 – $73 \times \$100 = \$7,300.00$

Sewer and Water Apprentice under 3400 – $119 \times \$100 = \$11,900.00$

Total Increase- \$88,200.00

Plumber Exam and Late Fees

Master Exam – $55 \times \$10.00 = \550.00

Journeyman Exam – $89 \times \$10.00 = \890.00

Master Late – $50 \times \$10.00 = \500.00

Journeyman Late - $90 \times \$10.00 = \900.00

Total Increase- \$2,840.00

Sewer and Water Exam Fees and Late Fees

Sewer and Water Contractor Exam – $20 \times \$45.00 = \900.00

Sewer and Water Installer Exam – $14 \times \$35.00 = \490.00

Sewer and Water Contractor Late – $47 \times \$45.00 = \$2,115.00$

Sewer and Water Installer Late - $41 \times \$35.00 = \$1,435.00$

Total Increase - \$4,940.00

Total yearly anticipated additional Revenue - \$177,730.00

- 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.*

NA

- 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 or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.*

The proposed fee increases would increase the North Dakota State Plumbing Boards license revenue by \$177,730.00 per year.

Name: Brent Beechie

Agency: North Dakota State Plumbing Board

Telephone: 701-328-9977

Date Prepared: 02/01/2017

FISCAL NOTE
Requested by Legislative Council
12/23/2016

Bill/Resolution No.: HB 1114

- 1 A. **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.*

	2015-2017 Biennium		2017-2019 Biennium		2019-2021 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues				\$204,950		\$204,950
Expenditures						
Appropriations						

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

	2015-2017 Biennium	2017-2019 Biennium	2019-2021 Biennium
Counties			
Cities			
School Districts			
Townships			

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

The proposed legislation would establish the fee and fee cap on license, late and exam fees thereby allowing the North Dakota State Plumbing Board to reasonably increase fees through the administrative rules process, if needed.

- 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 North Dakota State Plumbing Board depends on license fees for the majority of its income each fiscal year. We receive no appropriations from the state budget. Licenses fees for Apprentice Plumbers have not been increased since 1987. License fees for Master and Journeyman plumbers have not been increased since 1992. License fees for Sewer and Water individuals have not been increased since 1987.

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.*

The proposed increase to license, exam and late fees are based on the current number of licensees times the difference between the current fee amount and the proposed fee amount. The fees can be increased up to the cap amount through the administrative rules process. The breakdown is as follows:

PROPOSED FEE AMOUNTS

Plumber License Fees
 Master - 796 x \$60.00 = \$47,760.00
 Journeyman - 797 x \$50.00 = \$39,850.00
 5th Year Apprentice – 190 x \$50.00 = \$9,500.00
 4th Year Apprentice – 99 x \$20.00 = \$1,980.00
 3rd Year Apprentice – 125 x \$20.00 = \$2,500.00
 2nd Year Apprentice – 131 x \$20.00 = \$2,620.00
 1st Year Apprentice – 333 x \$20.00 = \$6,660.00

Total Increase - \$110,870.00

Sewer and Water License Fees

Sewer and Water Contractor - 403 x \$100.00 = \$40,300.00

Sewer and Water Installer – 268 x \$100.00 - \$26,800.00

Sewer and Water Apprentice over 3400 – 74 x \$100 = \$7,400.00

Sewer and Water Apprentice under 3400 – 118 x 100 = \$11,800.00

Total Increase- \$86,300.00

Plumber Exam and Late Fees

Master Exam – 55 x \$10.00 - \$550.00

Journeyman Exam – 89 x \$10.00 = \$890.00

Master Late – 50 x \$10.00 - \$500.00

Journeyman Late - 90 x \$10.00 = \$900.00

Total Increase- \$2840.00

Sewer and Water Exam Fees and Late Fees

Sewer and Water Contractor Exam – 20 x \$45.00 = \$900.00

Sewer and Water Installer Exam – 14 x \$35.00 = \$490.00

Sewer and Water Contractor Late – 47 x \$45.00 = \$2,115.00

Sewer and Water Installer Late - 41 x \$35.00 = \$1,435.00

Total Increase - \$4,940.00

Anticipated Additional Revenue - \$204,950.00

PROPOSED FEE CAP AMOUNTS

Plumbers

Master - \$325.00

Journeyman - \$225.00

5th Year Apprentice –\$225.00

4th Year Apprentice –\$110.00

3rd Year Apprentice –\$100.00

2nd Year Apprentice – \$90.00

1st Year Apprentice – \$80.00

Sewer and Water Individuals

Sewer and Water Contractor - \$300.00

Sewer and Water Installer – \$225.00

Sewer and Water Apprentice over 3400 – \$225.00

Sewer and Water Apprentice under 3400 – \$200.00

Plumber Exam and Late Fees

Master Exam – \$65.00

Journeyman Exam – \$55.00

Master Late – \$65.00

Journeyman Late - \$55.00

Sewer and Water Individuals Exam Fees and Late Fees

Sewer and Water Contractor Exam – \$65.00

Sewer and Water Installer Exam – \$55.00

Sewer and Water Contractor Late – \$65.00

Sewer and Water Installer Late - \$55.00

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.*

NA

- 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 or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.*

The proposed fee increases would increase the North Dakota State Plumbing Boards license revenue by \$204,950.00.

Name: Kimberley Tomanek

Agency: North Dakota State Plumbing Board

Telephone: 701-328-9977

Date Prepared: 12/23/2016

2017 HOUSE INDUSTRY, BUSINESS, AND LABOR

HB 1114

2017 HOUSE STANDING COMMITTEE MINUTES

Industry, Business and Labor Committee
Peace Garden Room, State Capitol

HB 1114
1/4/2017
26575

- Subcommittee
 Conference Committee

Eden Letang

Explanation or reason for introduction of bill/resolution:

Fees for plumbers, sewer & water installers.

Minutes:

1 Attachment

Chairman Keiser: Opens the hearing on HB 1114.

Brent Beechie~ND State Plumbing Board: Attachment 1.

3:40

Rep Laning: How does your organization cover the short fall.

Beechie: We do have a reserve, which is depleting.

Rep Lefor: What are your revenue & expenses per year?

Beechie: For 2016-2017, a total of \$522,00 revenue. Expenditures will be \$681,000.

Rep Lefor: What do you spend with the \$681,000.

Beechie: Payroll, retirement, meal, lodging, auto expenses. We are running 4 vehicles.

Rep Dobervich: How do you compare with other states that are charging for licenses for plumbers?

Beechie: We are behind compared to other states.

Rep C Johnson: You are the chief inspector; how is you board selected?

Beechie: Some are appointed by the governor.

Rep C Johnson: Have you had any feedback from your plumbers that are being licensed & what their feelings are towards these increases?

Beechie: Our board meetings are always open. Most of the plumbers out there probably don't even know that we are looking at increasing licenses fees.

Rep Ruby: There are a lot of bills that raise the fee & sets the amount, but having the ability to go much further putting that into statute is something a little different. Are you familiar with other boards that have that kind of leeway?

Beechie: I don't know.

Rep Ruby: I'm wondering, when you advance to that level but yet is still says in statute what will it be? It says that you have the authority, then you almost have to have a bill that would come back to remove the lower level that you are no longer charging. Would the higher level would be temporary until you cover cost & then it would go back to that lower level?

Beechie: The whole bill will be in statute, not just in rule. I don't think it will go up in my lifetime. We had them put it back in the bill, by motion, if our funds are back to where they should be, we can lower that license fee. If the day comes & the way this legislation is written, that we need to go higher, closer to the cap, that can be done by administrative rule.

Rep Bosch: Since most of your costs are associated with "cost of employment" & you are talking about increasing the rate, is the attempt to add additional employees or increase the pay of the individuals that are currently employed or is it catch up?

Beechie: It's the catch up. We are losing money. We see no need for more inspectors.

11:48

Rep Beadle: You have a 25% increase, is all the increase in expenditure, assuming that your revenue stays flat, is it because you hire full time inspectors or you anticipate seeing some costs go up? What caused those costs, the differential, to increase by 25% differentials in your loss & how you will keep that from happening again.

Beechie: We don't hire. We are updating with a website.

Chairman Keiser: What is your current annual budget and reserve?

Beechie: Budget for fiscal year 2016-2017 is 681,001.57. Excessive revenue, over expenditures 158,251.57.

Chairman Keiser: What is the total amount in checking & CD?

Beechie: We have \$300,000 in CD's, \$187,000 in the money market, \$11,000 in checking & \$29,000 in savings.

Chairman Keiser: So you have \$525,000, roughly right now in cash.

Beechie: Yes.

Chairman Keiser: That almost a year's operating budget in reserve.

Chairman Keiser: Anyone else here to testify in support, opposition, neutral position.
Closes the hearing on HB 1114.

2017 HOUSE STANDING COMMITTEE MINUTES

Industry, Business and Labor Committee
Peace Garden Room, State Capitol

HB 1114
1/11/2017
26773

- Subcommittee
 Conference Committee

Eileen DeTang

Explanation or reason for introduction of bill/resolution:

Fees for plumbers, sewer & water installers.

Minutes:

Chairman Keiser: Reopens the hearing of HB 1114.

Rep Becker: How do we feel about page 3, line 2-4, the board may increase the renewal fees. Were we happy with that?

Chairman Keiser: Personally, I was not happy it. We are giving them a lot of authority & I don't know if they justified the \$205,000 increase in revenue. On the other hand, these fees have not been adjusted for many years. We don't adjust it because it hasn't adjusted.

Rep Bosch: I had a question about adding an employee. I wonder now if they need the extra employee?

Chairman Keiser: I did misrepresent their testimony. They did report 2015-2016 a \$126,800 deficit & 2016-2017, \$158,000 but it was primarily associated with the new employees. It's important for these board have the money necessary for regulation & prosecution.

Rep Ruby: On bottom of page 2 & top of page 3, they are raising the two licenses are up by \$25 each. They are raising the premium fine of \$45 on line 12. They came in asking for the increase & they gave themselves up to the maximum. I don't have a problem with the increase, but we could remove the authority to raise it up without coming back to us.

Rep Ruby: Motions to remove language throughout the bill. Dennis, intern, will make the changes & present them to the committee during a work session.

Rep Beadle: Second.

Voice vote, motion carried.

Chairman Keiser: Dennis, take the time, read through it & get the amendment prepared & we will take it up this afternoon. Closes the hearing.

2017 HOUSE STANDING COMMITTEE MINUTES

Industry, Business and Labor Committee
Peace Garden Room, State Capitol

HB 1114
1/18/2017
27095

- Subcommittee
 Conference Committee

Ellen DeLang

Explanation or reason for introduction of bill/resolution:

Fees for plumbers, sewer & water installers.

Minutes:

Attachment 1

Chairman Keiser: Reopens the hearing of HB 1114.

1:30

Rep Jeff Magrum: Attachment 1.

12:24

Rep Lefor: You said that the plumbing board released part of business to the health dept & now they have released the septic system, are you saying that they transferred the regulatory power from themselves to the health dept.

Rep Magrum: Yes, but the plumbing board still licenses the sewer & contractors but provide no inspection.

Rep Lefor: How does that process work where they gave up the regulatory oversight.

Rep Magrum: They gave up the rights for the inspections by the health dept. Sewer & water contractors pay for a separate license to the state plumbing board & they have to go to the local health unit & apply for a permit which is usually a \$100. Then they provide the inspections.

Rep Lefor: All these categories you described, the inspections were previously done by the plumbing board?

Rep Magrum: Yes.

Rep Louser: The plumbing board testified that they had a 6 figure deficit in 2016 & a larger figure projected for 2017. We were told there were no increases since 1987 & some cases

in 1992. By your testimony there has been some substantial increases in licenses fees, where is the discrepancy?

Rep Magrum: My increase to me is huge. For the same right I had in 1985 of \$65, now I'm paying for the same rights, I'm paying over \$800. They didn't increase fees but they took on less work. The board is doing less work & I'm paying more money because there are more entities to pay. It's costing me which I'm passing on to my consumers.

Rep C Johnson: The part of the increase is the one licensing fee to the plumbers, but now you only paying to the state, but also to the counties. Are you providing services to those communities?

Rep Magrum: Yes, that's correct.

Rep Laning: Are all these fees annual.

Rep Magrum: Yes, annual.

Chairman Keiser: Further questions? Closes the hearing.

2017 HOUSE STANDING COMMITTEE MINUTES

Industry, Business and Labor Committee
Peace Garden Room, State Capitol

HB 1114
1/24/2017
27326

- Subcommittee
 Conference Committee

Ellen Letang

Explanation or reason for introduction of bill/resolution:

Fees for plumbers, sewer & water installers.

Minutes:

[Empty box for minutes]

Chairman Keiser: Reopens the hearing of HB 1114.

1:25

Rep Ruby: Rep Magrum talked about the increases but the board hadn't increased in a long time. Their finances didn't look like they're in the best shape. He said that if doing some things to produce, how many times they have to go out & do their inspections, maybe they could reduce some of that. Most of the increase he talked about were the other permits from other subdivisions.

Chairman Keiser: That is correct.

Rep Louser: As I understand it, there another inspector hired during 2008-2015, that may not be necessary anymore. That's is contribution to their deficit.

Chairman Keiser: The reality is that the boards are the official agencies of the state of ND. They are appointed by the governor, they have an assistant, the attorney general as an attorney. They only have two functions, licensing & regulation and we give them the rights. The boards are typically made up of people from within the industry. They have an obligation to prosecute in represent the people of ND in a legal action. We have to be careful to not to make the boards too small. This board is reporting to us, that they are in a deficit position. They can't increase the fees without us, I don't know how we can make them whole without cutting costs. We don't want it to come under the general fund to prosecute.

Rep Kasper: From the perspective of the industry, this board has acted the wrong way; they have farmed out which is why they are in the financial pickle. I'm going to resist this bill.

Rep Bosch: When a board is making wrong decisions, who polices them?

Chairman Keiser: I don't know.

Rep Ruby: It would go to the governor's office.

Chairman Keiser: It is usually stated in the legislation for a board, like a "must inspect each facility each once a year", so that's the law on one hand & if you don't have the man power to do it & live within the law, you are going to have to subcontract that work. This is not easy; they are policing themselves.

Rep Lefor: If we are going on the information that is in front of us, they are deficit spending. Rep Magrum made some comments, that they are given up a lot of the regulatory authority to the health department.

Chairman Keiser: We did that, not the board.

Rep Lefor: I don't feel I have enough information to make a decision. In my mind, they have to come & defend the fee increase.

Chairman Keiser: Of all the bills we have heard, we had the least quality representation at the podium to address our concerns on this bill. We don't have to take action.

Rep Dobervich: There was comments of deficit spending & not acting responsibly, before we would weigh those things into consideration, I would like more information are they disgruntled? I want evidence from someone other than them.

Rep Bosch: I would like the number of inspections over the past 10 years.

Vice Chairman Sukut: I have a couple of concerns. When he was talking, they added on a 4th inspector, now the activity isn't near as much, do they need the inspector? The other thing, they didn't survey their membership about raising the fees.

Rep Lefor: By taking our time to get to the root of this, I think we should invite the plumbers.

Chairman Keiser: Closes the hearing on HB 1114.

2017 HOUSE STANDING COMMITTEE MINUTES

Industry, Business and Labor Committee
Peace Garden Room, State Capitol

HB 1114
1/31/2017
27677

- Subcommittee
 Conference Committee

Committee Clerk Signature

Ellen DeTangy

Explanation or reason for introduction of bill/resolution:

Fees for plumbers, sewer & water installers.

Minutes:

Attachment 1

Chairman Keiser: Reopens the hearing of HB 1114.

:40

Rep C Johnson: Reviews HB 1114. We have a proposed language to take out the language that calls for discretionary increase in the future. We are waiting for a clarification to see if that fixed fee increase is actually acceptable.

Chairman Keiser: There was concern about giving the board the discretion to increase the various fees in the future. One question we had for the board, one reason you are showing a deficit is that you had to hire another inspector & I assume that was some part due to the tremendous growth in the northwestern part our state that has slowed down. Do we still need that individual?

Brent Beechie~ND State Plumbing Board: Attachment 1.

4:30

Rep Kasper: Looks like you surveyed 10 plumbers, how many are in ND?

Beechie: That was the whole plumbing/heating contractor's association & those are the responses he received back.

Rep Kasper: Do you know the membership?

Beechie: No.

5:00

Beechie: Continues with testimony.

6:30

Rep Kasper: You are doing multiple inspections on each jobs?

Beechie: Correct

Rep Kasper: What is the average wait from the request to the inspector doing the job?

Beechie: Preferable, we would like the guys to give at least a 24-hour notice. We don't miss any above ground inspections.

Rep Kasper: It's safe to say it's 24 to 48 hours?

Beechie: Yes, most cases, but it's a hit & miss, depends how far it is.

Rep Bosch: How has the quantity changed from 2010 to 2016?

Beechie: Prior to the oil boom, 800-1,000, the oil boom 1,800, but now it's slowing down.

Rep Bosch: You have the 2016 numbers?

Beechie: I don't have those numbers.

9:40

Beechie: Continues testimony.

12:10

Rep Kasper: What is your current reserve dollar amount?

Beechie: We have 3, \$100,000 CD's & \$200,000 on the market.

Rep Kasper: What is your annual budget?

Beechie: Budget, \$681,000.

Rep Kasper: How much are you collecting from your fees?

Beechie: Projected revenues for next year is \$522,000 for the fiscal year.

Rep Kasper: Without this bill?

Beechie: Correct.

13:00

Beechie: Continues with testimony.

15:30

Rep Ruby: You mentioned the licensing, do you license the sewer & water or does the health district?

Beechie: Yes, that's completely differently. When I say sewer & water installers, those are the people that do sewer & water, not septic tank & drainage.

16:00

Beechie: Continues with testimony.

16:55

Vice Chairman Sukut: How often are you in contact with your membership with communications?

Beechie: Phone calls & there is a question & answer on our web site.

Chairman Keiser: We have HB 1114 before with a proposed amendment, what are the wishes of the committee?

Rep Boschee: Moves a Do Pass as Amended.

Rep Beadle: Second.

Rep Bosch: I'm left with a déjà vu with a conversation that I've had with a manager who had less revenue & less customers but wanted to put an addition on the building. When I hear of less permits & less plumbers by 800 & the fees are going up, there should be conversation about right sizing. I feel this board isn't doing a very good job keeping track of their money. I'm going to vote no.

Rep Kasper: The \$300,000 in CD's & \$200,000 in money markets, that's a half million dollars, \$30,000 in checking. \$530,000 in reserve & the annual budget is \$681,000 & \$523,000, which is a deficit of \$160,000, they have more than 2 years in reserve. That's a nice cushion & they want to increase fees. Why not get more efficient?

Roll call was taken on HB 1114 for a Do Pass as Amended with 5 yes, 8 no, 1 absent, motion failed.

Chairman Keiser: Motion failed, what are your wishes?

Rep Kasper: Moves a Do Not Pass as Amended.

Rep Bosch: Second.

Roll call was taken on HB 1114 for a Do Not Pass as Amended with 10 yes, 3 no, 1 absent & Rep C Johnson is the carrier.

January 31, 2017

1/31/17
Done
CB

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1114

- Page 1, line 14, remove "however, the board may increase"
- Page 1, remove lines 15 and 16
- Page 1, line 17, remove "journeyman plumber's certificate and license"
- Page 1, line 20, remove "however, the board may increase the examination fees by rule to a"
- Page 1, line 21, remove "maximum of sixty-five dollars for a master and fifty-five dollars for a journeyman"
- Page 3, line 2, remove "however, the board may increase the renewal fees by rule to a maximum of"
- Page 3, remove line 3
- Page 3, line 4, remove "two hundred twenty-five dollars for a journeyman plumber's certificate and license"
- Page 3, line 12, remove "however,"
- Page 3, line 13, remove "the board may raise this fee by rule to a maximum of sixty-five dollars"
- Page 3, line 14, remove "however, the board"
- Page 3, line 15, remove "may raise this fee by rule to a maximum of fifty-five dollars"
- Page 3, line 30, remove "however, the board may increase the fees by rule to a maximum of eighty"
- Page 3, remove line 31
- Page 4, line 1, remove "year, and one hundred ten dollars for the fourth year"
- Page 4, line 16, remove "however, the board may increase the"
- Page 4, remove lines 17 and 18
- Page 4, line 19, remove "maximum of two hundred twenty-five dollars"
- Page 5, line 2, remove "however, the board may increase the examination fee for a sewer and water contractor by"
- Page 5, remove line 3
- Page 5, line 4, remove "water installer by rule to a maximum of fifty-five dollars"
- Page 5, line 7, remove "however, the board may increase the re-examination fees by rule to a"
- Page 5, remove line 8
- Page 5, line 9, remove "dollars for a sewer and water installer's re-examination"
- Page 5, line 17, remove "however, the board may increase the fees by"

2/2

Page 5, remove line 18

Page 5, line 19, remove "hundred twenty-five dollars for a sewer and water installer"

Page 5, line 22, remove "; however, the board may increase the fee by rule to a maximum of two"

Page 5, line 23, remove "hundred dollars"

Page 5, line 25, remove "; however, the board may increase the fee by rule to a maximum of two hundred"

Page 5, line 26, remove "twenty-five dollars"

Page 5, line 27, remove the underscored semicolon

Page 5, line 28, remove "however, the board may raise this fee by rule to a maximum of sixty-five dollars"

Page 5, line 29, remove the underscored semicolon

Page 5, line 30, remove "however, the board may raise this fee by rule to a maximum of fifty-five dollars"

Page 6, line 1, remove "; however, the"

Page 6, line 2, remove "board may raise this fee by rule to a maximum of fifty-five dollars"

Renumber accordingly

Date: 1/11/2017

Roll Call Vote #: 1

2017 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. HB 1114

House _____ Industry, Business and Labor _____ Committee

Subcommittee

Amendment LC# or
Description:

17.8055.01001

Recommendation

- Adopt Amendment
- Do Pass Do Not Pass Without Committee Recommendation
- As Amended Rerefer to Appropriations
- Place on Consent Calendar
- Other Actions Reconsider _____

Motion Made By Rep. Ruby Seconded By Rep Beadle

Representatives	Yes	No	Representatives	Yes	No
Chairman Keiser			Rep Laning		
Vice Chairman Sukut			Rep Lefor		
Rep Beadle			Rep Louser		
Rep R Becker			Rep O'Brien		
Rep Bosch			Rep Ruby		
Rep C Johnson			Rep Boschee		
Rep Kasper			Rep Dobervich		

Total (Yes) _____ No _____

Absent _____

Floor
Assignment _____

Voice vote on Amendment. Motion carried.
Motions to remove language throughout the bill. Dennis, intern, will make the changes & present them to the committee during a work session.

Date: Jan 31, 2017

Roll Call Vote #: 1

2017 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. HB 1114

House _____ Industry, Business and Labor _____ Committee

Subcommittee

Amendment LC# or
Description: _____

Recommendation

- Adopt Amendment
- Do Pass Do Not Pass Without Committee Recommendation
- As Amended Rerefer to Appropriations
- Place on Consent Calendar

Other Actions

- Reconsider
- _____

Motion Made By Rep Boschee

Seconded By Rep Beadle

Representatives	Yes	No	Representatives	Yes	No
Chairman Keiser		X	Rep Laning	X	
Vice Chairman Sukut		X	Rep Lefor	Ab	
Rep Beadle	X		Rep Louser		X
Rep R Becker		X	Rep O'Brien		X
Rep Bosch		X	Rep Ruby		X
Rep C Johnson	X		Rep Boschee	X	
Rep Kasper		X	Rep Dobervich	X	

Total (Yes) 5 No 8

Absent 1

Floor Assignment _____

Motion Failed

Date: Jan 31, 2017

Roll Call Vote #: 2

2017 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. HB 1114

House _____ Industry, Business and Labor _____ Committee

Subcommittee

Amendment LC# or Description: _____

Recommendation

- Adopt Amendment
- Do Pass Do Not Pass Without Committee Recommendation
- As Amended Rerefer to Appropriations
- Place on Consent Calendar

Other Actions

- Reconsider _____

Motion Made By Rep Kasper

Seconded By Rep Bosch

Representatives	Yes	No	Representatives	Yes	No
Chairman Keiser	X		Rep Laning	X	
Vice Chairman Sukut	X		Rep Lefor	Ab	
Rep Beadle		X	Rep Louser	X	
Rep R Becker	X		Rep O'Brien	X	
Rep Bosch	X		Rep Ruby	X	
Rep C Johnson	X		Rep Boschee		X
Rep Kasper	X		Rep Dobervich		X

Total (Yes) 10 No 3

Absent 1

Floor Assignment Rep Johnson

REPORT OF STANDING COMMITTEE

HB 1114: Industry, Business and Labor Committee (Rep. Keiser, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO NOT PASS** (10 YEAS, 3 NAYS, 1 ABSENT AND NOT VOTING). HB 1114 was placed on the Sixth order on the calendar.

Page 1, line 14, remove "; however, the board may increase"

Page 1, remove lines 15 and 16

Page 1, line 17, remove "journeyman plumber's certificate and license"

Page 1, line 20, remove "; however, the board may increase the examination fees by rule to a"

Page 1, line 21, remove "maximum of sixty-five dollars for a master and fifty-five dollars for a journeyman"

Page 3, line 2, remove "; however, the board may increase the renewal fees by rule to a maximum of"

Page 3, remove line 3

Page 3, line 4, remove "two hundred twenty-five dollars for a journeyman plumber's certificate and license"

Page 3, line 12, remove "; however,"

Page 3, line 13, remove "the board may raise this fee by rule to a maximum of sixty-five dollars"

Page 3, line 14, remove "; however, the board"

Page 3, line 15, remove "may raise this fee by rule to a maximum of fifty-five dollars"

Page 3, line 30, remove "; however, the board may increase the fees by rule to a maximum of eighty"

Page 3, remove line 31

Page 4, line 1, remove "year, and one hundred ten dollars for the fourth year"

Page 4, line 16, remove "; however, the board may increase the"

Page 4, remove lines 17 and 18

Page 4, line 19, remove "maximum of two hundred twenty-five dollars"

Page 5, line 2, remove "; however, the board may increase the examination fee for a sewer and water contractor by"

Page 5, remove line 3

Page 5, line 4, remove "water installer by rule to a maximum of fifty-five dollars"

Page 5, line 7, remove "; however, the board may increase the re-examination fees by rule to a"

Page 5, remove line 8

Page 5, line 9, remove "dollars for a sewer and water installer's re-examination"

Page 5, line 17, remove "; however, the board may increase the fees by"

Page 5, remove line 18

Page 5, line 19, remove "hundred twenty-five dollars for a sewer and water installer"

Page 5, line 22, remove "; however, the board may increase the fee by rule to a maximum of two"

Page 5, line 23, remove "hundred dollars"

Page 5, line 25, remove "; however, the board may increase the fee by rule to a maximum of two hundred"

Page 5, line 26, remove "twenty-five dollars"

Page 5, line 27, remove the underscored semicolon

Page 5, line 28, remove "however, the board may raise this fee by rule to a maximum of sixty-five dollars"

Page 5, line 29, remove the underscored semicolon

Page 5, line 30, remove "however, the board may raise this fee by rule to a maximum of fifty-five dollars"

Page 6, line 1, remove "; however, the"

Page 6, line 2, remove "board may raise this fee by rule to a maximum of fifty-five dollars"

Re-number accordingly

2017 TESTIMONY

HB 1114

Jan 4, 2017

HB 1114

1

House Bill 1114

The North Dakota State Plumbing Board (NDSPB) would like to raise license fees for sewer and water contractors and plumbers doing work in the State of North Dakota. The proposed bill would also increase exam fees and license renewal late fees. The NDSPB has been operating under a budget deficit for 2 years now. Our budget cycle runs from July 1st to June 30th of each year. As with many other boards, commissions, and agencies, the NDSPB receives no funding from the states general fund. The majority of our revenue comes from License fees and license renewal fees.

In our 2014-2015 budget cycle we had a \$ 35,300 dollar budget deficit. The 2015-2016 budget cycle showed a \$ 126,800 dollar budget deficit. Our estimated budget for fiscal year 2016-2017 shows

A \$ 158,000 dollar budget deficit. The 5 members of the NDSPB have been very frugal over the years, and only now after more than 2 years of budget deficits have they given me approval

To request a license fee increase. The sewer and water license fees have never been increased since their licensing law went into effect in 1987 (30 years). Apprentice plumber license fees have also not been raised in 30 years, and journeyman and master plumbers license fees have not been raised since 1992 (25 years).

The projected revenue increases, which have been added up for you on the fiscal note, was formulated using the amount of current plumbers and sewer and water contractors we presently have now. A lot of contractors are from out of state, and we anticipate a sizable amount of those contractors will not be renewing their licensure as the work load has decreased in North Dakota, especially in western North Dakota. This bill would also give the 5 members of the NDSPB the authority to lower the license, exam, and late fees by motion as they see fit.

Brent Beechie
Chief Inspector
North Dakota State Plumbing Board
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Representative Jeffery J. Magrum
District 28
P.O. Box 467
Hazelton, ND 58544-0467

01/18/17

HI Chairman Keiser and committee members. I apologize for not being aware of this bill till very recently. I am a Master Plumber licensed under the state of N.D.. I was the youngest Master plumber in the state in 1988 being 23 years old at the time .before that I attended college at Whapeton NDSSS and went through the apprenticeship ,and passed the journeyman plbg.test at 22 years of age.

I have invested my entire adult life in being on the front lines of the health care industry so to speak as plumbers have a very important role in protecting the health of our state and nation.

I am opposed to hb1114 as last session my license fee was increased by \$150. The plbg board released part of our business to the health dept. forcing us full service plumbing contractors to purchase another permit to do the same work that we were doing

1

HB1114

Jan 18, 2017

pg 1

before. That was a 91% increase in one year.

I will explain. When I became a plumber we had a full service licence. We were able to do sewer and water lines, septic systems, indoor plumbing and sewer vacuum services. Now they have released the septic systems to the health dept. city sewer and water to the cities and now septic vacuuming to the health dept. I disagree that the plbg. Board has not had an increase because they have taken on a diminishing role and have never lowered our license fee. They have recently increased our permit fees. The plbg board also receives fees when someone takes a plbg. or sewer and water test. My company now works in many different areas and in each city and local public health unit we have an extra fee that we never had when I started. I may be off a little bit as I don't have access to the exact fees at the moment so I will list them as I can recall. N.D. state plbg board 165\$. Central Valley Health 125\$, Custer Health 100\$, Mandan city 100\$, Bismarck City 100\$, Burleigh County 100\$ and as stated before N.D. health dept. 150\$. The total would roughly be this does not include any extra bond requirements. So as you can see we have had many license fee increases to do the same work. The total increase is roughly 840\$- the 65\$ we started out with for the same rights. The total increase in licensing fees would be approximately 1250%. A 4% inflator increase x 30 years would be roughly 80\$ if one would add that to the fee of 65\$ we would be at 145\$. I agree with the fee they are getting now.

Chairman Keiser and committee members I respectfully ask for a do not pass on hb1114.

Jan 31, 2017

HB 1114

There have been five more questions that have been brought to my attention by the committee members of Industry, Business, and Labor. I would like to address these questions and any other questions the committee may have for me.

- 1) Question: The NDSPB has less responsibility as a result of the Health Department assuming some inspections and duties. Does this result in savings for the NDSPB?

Answer: The State Health Department does not do any inspections or assume any duties for the NDSPB. I believe this comment may have come up regarding the District Health Units and private sewage disposal systems (HB 1331). The State Health Department is committed to helping the District Health Units with public sized disposal systems.

- 2) Question: Did the NDSPB survey the membership about the fee increase?

Answer: The NDSPB asked the (NDPHMC), North Dakota Association of Plumbing, Heating & Mechanical Contractors to survey their entire membership. It was done for us by Dave Romine- Executive Vice President of the (NDPHMC), and the results are a positive response, (see handout).

- 3) Question: With the decrease in western ND construction, does the NDSPB need four full time inspectors?

Answer: We feel our inspector situation is adequate enough to assure good statewide coverage for plumbing inspections. Typically we try to do three inspections on every job, an underground plumbing inspection, an above-ground plumbing and water line inspection, and a final inspection after all fixtures and appliances are installed. Our inspector for SE North Dakota also inspects all of West Fargo, which is a full-time job in itself. Then we have our Minot inspector who covers most of the northern tier in North Dakota. Our inspector out of Beulah covers western North Dakota (everything south of Lake Sakakawea and west of the Missouri River. I would actually consider myself as a part time inspector even though I have a sizable area to inspect also. With my office duties and responsibilities I am able to get out on inspections an average of two to three days a week. I cover far NE North Dakota down through Devil's Lake and central North Dakota and down to the South Dakota border. In summary, when you consider that our eastern inspector is almost full-time in West Fargo, and with my schedule and duties, it is almost as though we only have 2 and ½ inspectors. The NDSPB will also be taking over all of the City of Jamestown plumbing inspections starting March 1, 2017.

- 4) Question: There was testimony with complaints that the NDSPB keeps charging fees and "taking away rights" of plumbers. Has there been any formal complaints about the Board and if so what are you doing to improve that situation.

Answer: There have been no formal complaints about the board since I started in 2008, and none before then that I know of. I spoke with Representative Magrum after his testimony on HB 1113 (Criminal history background checks) where he stated that the NDSPB is "picking on plumbers, and wants to put more regulations on plumbers, and we don't want the NDSPB to be too over-regulatory". I explained to him that the Board's intent was not to do background checks on all new applicants and all existing licensees, but to do checks on individuals who mark

on their application or renewal form that they had been convicted of a felony, and to possibly do background checks on individuals that we would receive complaints on, depending on the complaint. That actually seemed to make pretty good sense to Representative Magrum, and I now wish I would have talked to him about it sooner.

- 5) Question: Why is the Board deficit spending? A list of the causes of deficit spending would be helpful.

Answer: We now have the inspectors to properly cover plumbing inspections for the citizens and businesses in the State of North Dakota, which was explained in item #3. Of course that comes at a cost. The NDSPB is an autonomy, we receive no funds from the general fund. We have all the expenses of running any other kind of business. We do our own payroll, rent office space, hire employees as needed, travel expenses, vehicle replacement and repairs, office equipment, supplies, insurance etc. We are now almost complete with launching a web-site and online content management system so our licensees can apply, renew, request inspections and order code books online and so on. The NDSPB has been spending some of our reserves to keep up with our expenses. I personally would have liked to be doing a license fee increase two years ago, but our board preferred we draw down reserves until they felt it was absolutely necessary to increase fees.

Here are other items I would like to tell you

- 1) First year apprentices (pro-rated)
- 2) Salaries (follow state mandates)
- 3) Enforcement (need for inspectors)
- 4) Audit (Brady Martz) every other year
- 5) Current licensees (817 less than on fiscal note)
- 6) License fees have not been increased in 25 and 30 years, but the cost expenses have increased (payroll salaries and benefits, taxes, rent, supplies, printing, postage, insurances, vehicles, fuel, lodging, etc.)

Brent Beechie

From: David Romine [dromine@hatandsons.com]
Sent: Friday, January 27, 2017 3:48 PM
To: Brent Beechie
Subject: HB 1114 Amended
Attachments: House Bill No. 1114.pdf

CAUTION: This email originated from an outside source. Do not click links or open attachments unless you know they are safe.

Brent,

I sent out the Amended HB1114 as attached to my entire file of Contractors, Plumbers and Wholesalers. The number of responses that I received back were low, but the response was positive. No one specifically said no!

Jim Fristad	Lunseth P & H	Grand Forks	Positive
Phil Kraemer	Lunseth P & H	Grand Forks	Positive
Michael Marback	Advanced Mechanical	Bismarck	Mixed – Likes it better with the Amendment (Set Fees)
Kevin Riley	Robert Gibb and Sons	Fargo	Mixed – Board is not state funded & should do what is necessary
Travis Greff	HA Thompson & Sons	Bismarck	Positive
Wayne Shipley	Accent Plumbing	Fargo	Positive
Travis Mowbray	Mowbray & Son	Minot	Positive
Dave Romine	HA Thompson & Sons	Bismarck	Positive
Other Jones	City Air Mechanical	Bismarck	Positive (Plumbing Board Member)
Alan Eman	Minot P & H	Minot	Positive (Plumbing Board Member)

Dave Romine
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