

**2017 HOUSE INDUSTRY, BUSINESS AND LABOR**

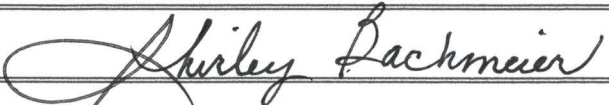
**HCR 3030**

# 2017 HOUSE STANDING COMMITTEE MINUTES

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

HCR 3030  
3/1/2017  
28564

☐ Subcommittee  
☐ Conference Committee



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

A concurrent resolution requesting the Legislative Management to consider studying the growing wealth and income inequality in North Dakota and its impact on families and the economy of the state.

### Minutes:

Attachment 1-2

**Chairman Keiser:** Opened the hearing of HRC 3030.

**Rep. Guggisberg~District 11:** Attachment 1. House Concurrent Resolution 3030 is a study of income and equality. I passed out some information that I got from the American Community Survey about the Share of Aggregate Household Income in our state by Quintile. The bottom gets 20%; 3.8%-3.9%; the top gets 48% of the wealth. I am sure that everyone is aware of where we are at right now with income inequality in our country. Three things that I want to talk about are rhetoric, our political philosophies, and pacifically our tax policies; that is as much as this bill is about. As far as the ideology goes some of us look at this as redistribution to the poor and some of us look at it on to the wealthy. If we could just set these ideologies aside, that would help. People who I hang around with say that you can't run a government like a business. We are trying to make good policy and public goods that the citizens want, that is one side of the equation; the other side of the equation is how we pay for it and how we regulate the commerce in our state. The Lafford curve, is a bell shape curve which means that as you cut taxes, the total tax revenue goes up because there is more commerce in the market. But what we forget about that is there is a top of that. With these two bills we need to find out where each of our major sources contribute to that top. If we were to do something like a earned income tax credit, it would give more money to people who maybe can't afford as much as others at this time. They would spend it & put more money into the economy and there would be a multiplier effect. Maybe some of the income taxes are not giving us that multiplier effect. I would like us to study this and find out if we can operate government like a business and optimize our economy. (630)

**Rep. Laning:** Is your chart North Dakota statistics?

**Rep. Guggisberg:** Yes and I have them by district. We are pretty much right on par with the United States with these numbers.

**Chairman Keiser:** Any further questions for Rep. Guggisberg?

**Rep. Boschee:** As for families and the economy of the state, do you envision the state economy also meaning the services we pay for as a state, county or local government as part of that or would that be something concerning the fact that we are picking up the bill for a lot of folks who may not be able to afford certain things.

**Rep. Guggisberg:** If you think it should be a part of it and if it is not, you can amend it however you want. It is the other half of the equation...are we giving those services optimally right now and if we do other things with the economy and taxes? Can we reduce the cost on the other end? We want to balance that out.

**Rep. Kasper:** I have a couple of questions on the wording of the resolution. Line 5 - (8:00) where it says, "and the middle class is too weak to support consumer spending." Would you share with us what you mean by the middle class being too weak to support consumer spending?

**Rep. Guggisberg:** I didn't look close when this was drafted. I think that language is pretty strong. I agree with you... the words are too weak. When the middle class is doing well, our economy seems to do very well. If our President is right and some of the over sea's jobs come back to our country, that would be the answer. If they can't, our country's economy will be based on demand in our purchasing.

**Rep. Kasper:** If we are asked to pass a resolution that has statements in it that really pretty strong, I would be concerned. Line 12, - (9:47) where it state, "whereas wealth and income equality has a devastating impact on middle income and low income families." How does someone else's wealth and income have a devastating impact on middle and low income people?

**Rep. Guggisberg:** That's not how I read it. Wealth and income inequality has an effect on middle and low income families. The fact that people have wealth doesn't have an effect on other people; it is the distribution of wealth.

**Rep. Kasper:** Line 14, (10:35) says "whereas ND should be committed to reducing inequality and raising incomes." Is ND not committed to not doing that right now?

**Rep. Guggisberg:** I think that HCR 3030 would put in writing that we are committed to it.

**Rep. Kasper:** Line 15 implies that ND is not committed to reducing inequality of income: "By rejecting policies that foster inequality and supporting policies that close the income gap." Is ND supporting policies that foster inequality from your knowledge and perspective?



**Rep. Guggisberg:** You & I are reading this totally differently. I think that we should continue to look for policies that help out the entire economy and this doesn't say anywhere that we are not doing that.

**Rep. Kasper:** It says that few have policies in effect that foster inequality in ND. Are you aware of any policies that we have in effect in ND that are in this

**Rep. Guggisberg:** This resolution is to study it to see if there are any policies that are effecting income and inequality. Here we are saying that we would reject those.

**Rep. Becker:** Do you have data, that shows the disparity in income after assistance? You suggested that earned income tax credit might be a way to go about further redistribution these numbers do not include those benefits. Does not give the actual disparity; technically of income, yes; but available monies, no. Do you have those numbers?

**Rep. Guggisberg:** I don't have those numbers. I can get them for you. This is one way that census reports it.

**Rep. Becker:** How do other people have more money hurt the other? Your response to Rep. Kasper's question that we are talking about where they are at in the earning's world. What this resolution is discussing is purely where you are at relative to people who makes more. It doesn't talk about the standard of living or overall wealth of that clientele. If in fact, the income disparity has increased point out the 7 years your showing tremendous change with the previous administration. If we are looking at this period of time and people's standard of living increase, even though the disparity in income also increased; they actually set if off. Do you have further comment? You indicated that it is not about where people are at relative to people with more money; but as I read it, that's exactly what it's about.

**Rep. Guggisberg:** First of all, it doesn't hurt somebody if someone has wealth. But if the point of this resolution is to study whether or not certain programs are working. They say that states are laboratories of democracy. States are trying experiments and it would behoove us to look into the outcome of these as to whether they have helped or hurt their economy. About the "whereas" of the economy, it is fine with me. The point isn't the 'whereas', The point is that we need to start looking at our tax system and our economy and see where we are at and see if the policies we have done in the past few years and other states and their experiments have helped or hurt the economy.

**Rep. Lefor:** As I look over the study, in my case. right now, we spend 40% of our income and in addition to that, we have regulations that probably take up that cost to another 5% - 10%. To me this looks like is that, and I know that the federal government spends my money wisely by having massive loses of income, massive debt. Are you talking about a redistribution of income in what you are proposing here?

**Rep. Guggisberg:** I'm talking about studying what our economy looks like. If it is out of line, if these numbers are wrong, we study it and we get the answer.

**Rep. Ruby:** The two issues you're that you are really asking about are growing wealth and income inequality. I would guess that the wealth in most cases is generated because of the

income. In most cases you would have to look at the income inequality. How do you propose to fix that? Are you looking for equality of income no matter what profession? Where are you going to get the equality when it is based on education? What do you hope the study would bring out?

**Rep. Guggisberg:** You have great points, but we can look into this. Does it do better, what are other states doing? What are other states experiencing when they have certain policy changes? Does it help with income and equality? If it does help, does it help the economy overall? If middle class and lower class people have more money to spend, does that help the overall economy with sales tax. We have a lot of different ideas on how to solve problems such as child care. If people had a little more money, it would solve a lot of those problems.

**Rep. Louser:** If we remove the "whereas" & add a single tax bracket? When we talk about inequality, I am wondering if you would be agreeable to amending this into a study about a single tax bracket where everyone is treated the same. Would that achieve what you are looking for.

**Rep. Guggisberg:** We can study whatever but I don't think will give answers to inequality.

**Chairman Keiser:** On your hand out, I've never seen data so stable across time. Do you see it differently? The resolution suggests that there is this change occurring and I don't see it. Do you see it differently based on this chart?

**Rep. Guggisberg:** I saw the same thing; it's more a long term trend. You would think all the growth and GDP in our state in the last six years, all of these quintiles would grow more than they did.

**Chairman Keiser:** In terms of the average weekly wage, our state has experienced dramatic change over the same period. The state is so stable.

**Rep. Guggisberg:** A lot of high wage jobs such as Oil Patch, building pipelines and hospitals, did not necessarily go to ND people; lots of out of state license plates filled western North Dakota.

**Chairman Keiser:** Any further questions for Rep. Guggisberg? Anyone else here to testify in favor of HCR 3030?

**Waylon Hedigaard~President of the AFL-CIO:** Attachment 2. (25:18) – (31:30)  
I urge the committee to vote yes on HCR 3030.

**Chairman Keiser:** Is there anyone in support of HCR 3030? Is there anyone here to appear in opposition of HCR 3030? Is there any one to appear in neutral position in HCR 3030? Closes the hearing. What are you

**Rep. Ruby:** I would move a Do Not Pass on HCR 3030.

**Rep. Kasper:** Seconded the motion.



**Chairman Keiser:** Is there further discussion on HCR 3030?

**Rep Ruby:** I know where I started & where I'm at now. I don't think we can fix that.

**Rep. Kasper:** I'm appalled at some of the words in this resolution. It puts ND in a poor light. In ND, our policies are responsible for people's incomes.

**Rep Louser:** There are 8 states with single tax bracket; I would be in support of studying the impact of treating each and every tax payer equally and remove the impact on family.

**Rep Kasper:** I think it would be inappropriate to propose that type of amendment. This resolution had a specific idea and theme and to change this resolution into something else I think would be wrong.

**Rep. Boschee:** I plan to oppose the motion. We have a number on assistance in human services. There is no one tracking whether we are moving them up & out. We just continue to meet the needs of these individuals without trying to better understand; are we working to try and move people out of poverty? Is there a better way to do it?

**Rep. Becker:** I going to support the motion. If the prime sponsor was about evaluating the wisdom of the additional earned tax credit, but this is something that is wholly unable to be studied by an interim committee of the state legislature. Most of the income inequality has to do with federal; that where the brunt of our taxes are, it's where a lot of the policies are in place that maintain inequality. There is mobility. It being already studied extinguishable by think tanks across the nation. I will wholeheartedly support the motion.

**Chairman Keiser:** We have two issues discussed before us. The resolution as written deals with trying to balance incomes and do things with the income side. The only way we change the current structure is to redistribute wealth. We do need to think about what is coming in the future. We are going to live to be centurions, we made adjustments & those are big points. There is a new economy coming and do an assessment of how that will be addressed in policy. I do support the motion and it is a future resolution that will bring up these other issues. Further comment.

**Chairman Keiser:** I will ask the clerk to take the roll on a Do Not Pass on HCR 3030  
The option of a Do Not Pass for HCR 3030 carry.

**Rep Ruby:** I would move a Do Not Pass on HCR 3030.

**Rep. Kasper:** Seconded the motion.

A Roll Call vote was taken. Yea 12      Nay 2      Absent 0

Floor Assignment: Rep. Sukut

Date: March 1, 2017Roll Call Vote #: 1

**2017 HOUSE STANDING COMMITTEE**  
**ROLL CALL VOTES**  
 BILL/RESOLUTION NO. HCR 3080

House \_\_\_\_\_ Industry, Business and Labor \_\_\_\_\_ Committee

☐ SubcommitteeAmendment 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. Ruby Seconded By Rep. Kasper

Representatives	Yes	No	Representatives	Yes	No
Chairman Keiser	X		Rep Laning	X	
Vice Chairman Sukut	X		Rep Lefor	X	
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) 12 No 2Absent 0Floor Assignment Rep. Sukut

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

**REPORT OF STANDING COMMITTEE**

**HCR 3030: Industry, Business and Labor Committee (Rep. Keiser, Chairman)**  
recommends **DO NOT PASS** (12 YEAS, 2 NAYS, 0 ABSENT AND NOT VOTING).  
HCR 3030 was placed on the Eleventh order on the calendar.



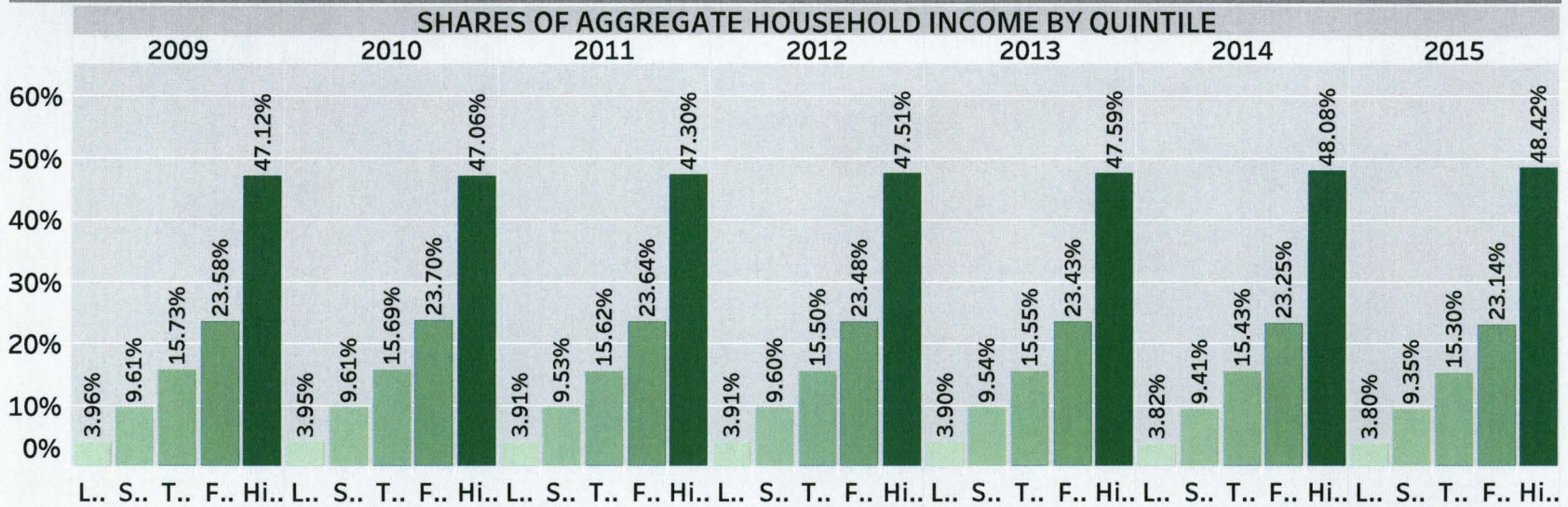
**2017 TESTIMONY**

**HCR 3030**

Mar. 1, 2017 att # 1

HCR 2020

# Share Of Aggregate Income



# Mean Household Income Of Quintiles

Year of D..	Lowest Quintile	Second Quintile	Third Quintile	Fourth Quintile	Highest Quintile	Top 5 Percent
2009	\$11,649	\$28,101	\$45,731	\$68,359	\$136,906	\$236,188
2010	\$12,017	\$29,082	\$47,334	\$71,118	\$141,617	\$244,059
2011	\$12,568	\$30,508	\$49,827	\$75,048	\$150,320	\$259,577
2012	\$13,324	\$32,602	\$52,482	\$79,026	\$160,602	\$280,182
2013	\$13,881	\$33,752	\$54,807	\$82,093	\$167,065	\$291,312
2014	\$14,191	\$34,693	\$56,512	\$84,726	\$175,783	\$310,604
2015	\$14,603	\$35,710	\$58,145	\$87,452	\$183,631	\$327,043

att # 2  
3-1-2017  
HCR 3030

**Testimony for 2017 HCR 3030**  
**Senate Industry, Business and Labor Committee**  
**Presented by Waylon Hedegaard**  
**President of the North Dakota AFL-CIO**  
**March 1<sup>st</sup>.**

Mr. Chairman, Members of the Committee:

My name is Waylon Hedegaard, President of the North Dakota AFL-CIO.

Though some people will differ, income inequality is a growing concern in the United States. It is true that inequality in wealth has always been present. The nature of capitalism demands some be poorer than others, but the level to which this is growing should be a cause of concern for all of us.

After World War II, with the rise in education, the increases in manufacturing, the shortage of labor and the rise of collective bargaining, income gains rose for all levels of society, top, bottom and middle. We became the most prosperous country on earth.

However since the late 1970's, the incomes of the middle class have risen much more slowly, and those on the bottom have barely risen in real terms at all. The current trends in our economy, through globalization and the continuing rise of the digital economy, more people are being left behind currently, and I believe this is only going to get worse.

With the continuing increase in efficiency of the transportation of goods, every worker on the planet, including North Dakotans, is forced to compete with nearly every other worker on the planet. Every giant container ship that is launched lessens the wage bargaining power of the average worker.

This has been happening since the Industrial Revolution.

However, the vast increase in the digital economy also is giving fantastic bargaining power to a select few of our citizens while greatly reducing it



for most of the rest. Software engineers, game designers, entertainers, high level corporate management and others can now demand the lion's share of the economic gains, while the bargaining power of the everyone else decreases year by year.

And this is only going to get worse. Many futurists agree that with the incredible strides in automation, robotics and artificial intelligence, we are on the verge of another industrial revolution, and this is going to have very serious effect on our economy and way of life.

For instance, this legislature is currently looking at a bill laying the groundwork for autonomous vehicles to travel our highways. There's discussion about setting up highway 83 as an autonomous corridor through the state. Ten years ago these ideas were thought to be next to impossible. In another ten, autonomous trucks and cars are going to be everywhere. The United States is looking at the loss 1.7 million transportation jobs in the next decade. These will involve everything from over-the-road trucking to UPS deliveries.

But even without looking at the future, the dissatisfaction with the current economy is out there. President Trump's victory demonstrates this more clearly than anything. His platform of protectionism, no TPP, renegotiating trade deals, tariffs for imports, and protecting American jobs, resonated very strongly with a lot of people here.

We are entering an era that is likely to usher in the largest changes to our economy, culture and society since the 19<sup>th</sup> century. This is going to be a turbulent time. It would be a good thing to go into it with our eyes open.

I urge the committee to vote yes on this HCR 3030. Let's study the effects of the current differences in wealth and what is coming soon.