#### FISCAL NOTE Requested by Legislative Council 01/12/2017

#### Amendment to: SB 2199

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						
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).

SB 2199 creates a limited exemption from state or local licensing, registration, and certain tax obligations to out-ofstate businesses that are asked to perform disaster or emergency remediation work in the state.

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 bill provides that out-of-state businesses and their out-of-state employees are not subject to any state or local licensing, registration, and certain tax obligations if they are in North Dakota for the sole purpose of repairing or replacing critical infrastructure during a disaster response period associated with a state-declared disaster or emergency. Critical infrastructure means real and personal property used in natural gas, electrical, and telecommunication transmission or distribution systems that are vital to public health and safety and economic and physical security of the state. Unless specifically exempted during the disaster response period, the exemption does not apply to transaction taxes and fees, such as fuel taxes, hotel taxes, car rental taxes, or sales or use taxes on materials or services consumed or used in the state.

If enacted, SB 2199 would potentially have a negative fiscal effect at both state and local levels. The exemption from state and local taxes and fees is broad, covering state income taxes, state and local sales and use taxes, state unemployment taxes, state workers' compensation premiums, and other types of state and local taxes and fees. The exemption would result in the loss of revenues from taxes and fees that would have otherwise been due. There may be some positive fiscal impacts as well if businesses choose to do business in the state because of the existence of this legislation. It is not possible to estimate the amount of the potential decrease (or increase) in revenues given the nature of the bill's purpose and the many unknown variables that would factor into a fiscal impact calculation.

#### 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.

- 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.
- 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.

Name: Kathryn L. Strombeck Agency: Office of Tax Commissioner Telephone: 701.328.3402 Date Prepared: 01/16/2017

#### FISCAL NOTE Requested by Legislative Council 01/12/2017

Bill/Resolution No.: SB 2199

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							
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).

SB 2199 creates a limited exemption from state or local licensing, registration, and certain tax obligations to out-ofstate businesses that are asked to perform disaster or emergency remediation work in the state.

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 bill provides that out-of-state businesses and their out-of-state employees are not subject to any state or local licensing, registration, and certain tax obligations if they are in North Dakota for the sole purpose of repairing or replacing critical infrastructure during a disaster response period associated with a state-declared disaster or emergency. Critical infrastructure means real and personal property used in natural gas, electrical, and telecommunication transmission or distribution systems that are vital to public health and safety and economic and physical security of the state. Unless specifically exempted during the disaster response period, the exemption does not apply to transaction taxes and fees, such as fuel taxes, hotel taxes, car rental taxes, or sales or use taxes on materials or services consumed or used in the state.

If enacted, SB 2199 would potentially have a negative fiscal effect at both state and local levels. The exemption from state and local taxes and fees is broad, covering state income taxes, state and local sales and use taxes, state unemployment taxes, state workers' compensation premiums, and other types of state and local taxes and fees. The exemption would result in the loss of revenues from taxes and fees that would have otherwise been due. There may be some positive fiscal impacts as well if businesses choose to do business in the state because of the existence of this legislation. It is not possible to estimate the amount of the potential decrease (or increase) in revenues given the nature of the bill's purpose and the many unknown variables that would factor into a fiscal impact calculation.

#### 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.

- 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.
- 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.

Name: Kathryn L. Strombeck Agency: Office of Tax Commissioner Telephone: 701.328.3402 Date Prepared: 01/16/2017

#### **2017 SENATE FINANCE AND TAXATION**

SB 2199

## 2017 SENATE STANDING COMMITTEE MINUTES

**Finance and Taxation Committee** Lewis and Clark Room, State Capitol

> Senate Bill 2199 1/17/2017 Job #: 26992

□ Subcommittee □ Conference Committee

Committee Clerk Signature

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to create and enact chapter 37-17.5 of the North Dakota Century Code, relating to facilitating entry of an out-of-state business to perform disaster or emergency remediation work in this state on critical electrical and telecommunication transmission infrastructure and to provide a limited exemption for that purpose from state and local taxes and fees, licensing, and other requirements during the time in this state employed in disaster or emergency remediation work.

#### Minutes:

3 attachments

Vice Chairman Bekkedahl: Opened the hearing on SB 2199.

Senator Cook, District 34: Disaster relief bill. Ice storm, power poles down all over the state, companies bring in a lot of workers from out of state. Employed by the same company, they get the work done and they go home. Intent of this bill is to make that as seamless and easy as possible so they're conforming with WSI, registration, and most importantly that they're not subject to North Dakota taxes while here, subject to their own state's taxes. Lots of people contacted and worked with on this bill and they're here to testify and explain the bill.

Vice Chairman Bekkedahl: Questions for Senator Cook?

Andy Peterson, Greater North Dakota Chamber (2:10-7:00): presented testimony #1 in support of SB 2199.

Chairman Cook: Questions?

**Senator Laffen:** I don't see anything in here about if a project that required engineering, would require registration or a stamp now, it still would require that of the temporary people coming in.

Andy Peterson: We did address that within the bill and others will talk more directly to that point.

Senate Finance and Taxation Committee SB 2199 1/17/2017 Page 2

**Chairman Cook:** Questions? Further testimony? The disaster is a large thunderstorm that goes through Bismarck/Mandan, takes up roofs, breaks windows, does a lot of damage such as that. Do you see a lot of workers coming in to fix, contractors from all over?

Andy Peterson: No they are not. This is for critical infrastructure, not for those kinds of things.

Chairman Cook: Thank you, I wanted to make sure that was clear.

Cheryl Riley, President, Northern Plains States, AT&T (9:00-13:15): presented testimony #2 in support of SB 2199.

**Chairman Cook:** An issue that isn't understood, previously had a bill dealing with mobile workforce. All states levy income tax on out of state worker on day 1 that they work in our state. All states except Utah do this. We passed legislation giving the out of state worker 20 days, providing the same state does that. To date, nobody has. If we go to an NCSL conference in another state. You owe income tax in that state if the state imposes an income tax, and the state of North Dakota is to withhold. It doesn't happen because other states don't care. Somebody like AT&T, you find yourself subjected to audits that come after you aggressively, to what degree you are withholding and your employees are paying in other state income taxes, is that correct?

**Cheryl Riley:** Yes, that is correct. Scenarios like this, where we have people and equipment coming in and out of multiple states, as we obviously have disasters going on in many states at the same time, it creates a major road block. Our goal is to get in and get the infrastructure back up as quickly as possible. We don't want to be here any longer than we need to be, want it up and running. The bill does address that definite time period anyway.

**Chairman Cook:** Trust me, when my telephone doesn't work right. I'm glad to see you in high gear getting the lines up and ready. Prior to these 25 states, chances are the expert teams were in 15 different states during the course of a year, they probably had to file state income tax in 15 states.

**Cheryl Riley:** That is correct and that is a very big burden on the employee, having to go to your tax preparer and having to do 15 different state income tax returns. It's rough on an employee.

**Chairman Cook:** So if there's a problem we're trying to solve with this legislation, that is the heart of the problem. Further testimony and support?

**Greg Wilz, Deputy Director, Department of Emergency Services and Homeland Security of North Dakota:** We support the bill, but have small issue to remedy. In another bill with 3 or 4 other bills tied to this main bill, which is the definitions chapter of 37-17. The other bills are providing better language to allow us to be more in support of cyber type of events that can create at some level a catastrophic type of event in North Dakota. I do not have a prepared amendment, I'm more than willing to do so, but this is House Bill 1106 (Testimony #3) and the first thing the bill does is put into definition, should it be approved through both sides, a definition of critical infrastructure. The definition that currently occurs in

Senate Finance and Taxation Committee SB 2199 1/17/2017 Page 3



SB 2199 is too narrow from our prospective. The federal government has identified sixteen critical infrastructure sectors, only a handful are being covered in SB 2199. I need all sixteen beyond transmission and power. I need food, medical, finance. I need the ability to bring in resources for those people too. Good legislation, need consideration to amend the definition of infrastructure, that works for the agency and 3 or 4 other bills that you will see before you.

The other small change I have is on page 2 of the current bill, line 25 – place should be replaced with state. Bringing in certified licensed electricians, they aren't licensed by the business they work at, they are certified by some board that's generally governed by state law. That could be problematic.

Chairman Cook: Further testimony and support SB 2199?

**Don Larson, MDU Resources Group, Inc:** Echo testimony previously given and ask for your support of this bill.

Kathy Aas, Xcel Energy, Inc.: We are also in support of this bill.

**Danette Welsh, Oneok, Inc.:** We also stand in support of the bill, and like the amendment offered by Mr. Wilz.

Chairman Cook: That solves your little issue?

Danette Welsh: I think that it does, we'll take a closer look, but I think that it does.

**Chairman Cook:** Anyone else? Testimony opposed to SB 2199? Neutral testimony? Agency testimony?

Closed the hearing on SB 2199.

## 2017 SENATE STANDING COMMITTEE MINUTES

Finance and Taxation Committee

Lewis and Clark Room, State Capitol

Senate Bill 2199 2/1/2017 Job #: 27697

□ Subcommittee □ Conference Committee

Committee Clerk Signature

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to create and enact chapter 37-17.5 of the North Dakota Century Code, relating to facilitating entry of an out-of-state business to perform disaster or emergency remediation work in this state on critical electrical and telecommunication transmission infrastructure and to provide a limited exemption for that purpose from state and local taxes and fees, licensing, and other requirements during the time in this state employed in disaster or emergency remediation work.



Attachment #1, #2

Committee work on SB 2199

Minutes:

Chairman Cook: Handed out attachment #1 and discussed the proposed amendments.

Senator Laffen moved to pass the amendment. (Attachment #1)

Vice Chairman Bekkedahl seconded the motion.

**Chairman Cook:** Greg referenced a definition of critical infrastructure. He referenced a definition listed in HB 1106, it's a definition for critical industry sectors. Handed out attachment #2.

Voice vote was taken on the adoption of amendments.

Motion passed.

Vice Chairman Bekkedahl moved a do pass as amended on SB 2199.

#### Senator Meyer seconded.

Committee discussion on if something similar exists in the current Century Code and other states who have implemented similar laws.

Roll call vote was taken: 6 yeas, 0 nays, 0 absent. Motion passed.

Senator Cook will carry the bill.

17.0549.02001 Title.03000 Adopted by the Finance and Taxation Committee February 1, 2017

## PROPOSED AMENDMENTS TO SENATE BILL NO. 2199

Page 1, line 3, after "critical" insert "natural gas," Page 1, line 3, after "electrical" insert a comma Page 2, line 25, replace "<u>place</u>" with "<u>state</u>" Renumber accordingly

				Date Roll Call Vote #	2-1	1-17
		ROLL C	ALL V	g committee Dtes 2199		
Senate	Fir	nance a	nd Taxa	ation	_ Com	nittee
		🗆 Sul	ocommi	ttee		
Amendment LC# or	Description:	-		7.0549,02002		
Recommendation: Other Actions:	Adopt Amendra Do Pass D As Amended Place on Cons Reconsider	Do Not		<ul> <li>□ Without Committee Rec</li> <li>□ Rerefer to Appropriation</li> </ul>		lation
Motion Made By _	Laffen		Se	conded By <u>Belleda</u>	hl	
Sen	ators	Yes	No	Senators	Yes	No
Chairman Dwigh Vice Chair Brad Senator Lonnie J Senator Jessica U Senator Scott Me	Bekkedahl J. Laffen Jnruh eyer			Senator Jim Dotzenrod		
Total (Yes) _ Absent				Sld-		
ADSEIII						

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

				ł	Date: Roll Call Vote #: C	2-1-	17
		ROLL C	CALL V	G COMMITTEI	9		
Senate	Fi	nance a	and Tax	ation		Com	mittee
Amendment LC# or	Description: ),		bcomm 9.0		Title, 030	00	
Recommendation: Adopt Amendment Do Pass Do Not Pass Without Committee Recommendation As Amended Rerefer to Appropriations Place on Consent Calendar Other Actions: Reconsider							ation
Motion Made By Be Kledahl Seconded By Meyer							
Sena	ators	Yes	No	Sena	ators	Yes	No
Chairman Dwigh		L		Senator Jim D	otzenrod	V	
Vice Chair Brad I	Bekkedahl						
Senator Lonnie J.	-						

Total	(Yes)	le	_ No _	Ð
Absent		Ð		
Floor Ass	signment	Cook		

4

L

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

Senator Jessica Unruh

Senator Scott Meyer

#### REPORT OF STANDING COMMITTEE

SB 2199: Finance and Taxation Committee (Sen. Cook, Chairman) recommends AMENDMENTS AS FOLLOWS and when so amended, recommends DO PASS (6 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2199 was placed on the Sixth order on the calendar.

Page 1, line 3, after "critical" insert "natural gas,"

Page 1, line 3, after "electrical" insert a comma

Page 2, line 25, replace "place" with "state"

Renumber accordingly

#### **2017 HOUSE FINANCE AND TAXATION**

SB 2199

### 2017 HOUSE STANDING COMMITTEE MINUTES

**Finance and Taxation Committee** 

Fort Totten Room, State Capitol

SB 2199 3/14/2017 29144

SubcommitteeConference Committee

## Committee Clerk Signature Mary &

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

A bill relating to facilitating entry of an out-of-state business to perform disaster or emergency remediation work in this state on critical natural gas, electrical, and telecommunication transmission infrastructure and to provide a limited exemption for that purpose from state and local taxes and fees, licensing, and other requirements during the time in this state employed in disaster or emergency remediation work.

#### Minutes:

Attachments 1-4

ruckon

Chairman Headland: Opened hearing on SB 2199.

**Senator Cook:** Introduced bill. This bill deals with critical infrastructure and, more importantly, critical infrastructure during a natural disaster. When the last ice storm hit southwestern North Dakota there were thousands of power lines and telephone poles down and they all had to get put back up quickly. These companies bring in workers that are employed by the company from other states. We don't realize that behind the scenes there are considerable hoops the out of state workers have to go through whether it's income tax they have to pay for the state of North Dakota or unemployment workers comp. This bill simply streamlines it and makes it look like they never left their own state. It gets them in here and out as soon as possible. Our state would be the 25<sup>th</sup> state that is doing this. It's common sense.

Chairman Headland: Is there testimony in support?

**Andy Peterson, Greater North Dakota Chamber:** Distributed written testimony in support. See attachment #1. Ended testimony at 4:11.

Chairman Headland: Are there other businesses as well?

Andy Peterson: Yes.

Chairman Headland: Could you provide that list to us?

**Andy Peterson:** Yes. Mr. Peterson continued on with his testimony. Ended testimony at 8:22.

**Chairman Headland:** North Dakota isn't prone to a lot of natural disasters but when we had them in the past and had out of state companies come in, do they generally come in and get a premium for the work they do here or are they just working at regular rates? How does that work?

**Andy Peterson:** I could guess but there are others behind me who could answer that question more directly.

Representative Ertelt: Could you elaborate on cutting red tape but not cutting corners?

**Andy Peterson:** When a company comes in to aid in disaster relief, at times those companies have to form business registrations and so forth. This bill would smooth a way for them to enter into the state on a very limited time without having to go through some of those processes. The employees would not have to file taxes in our state; there's a reciprocity agreement.

Chairman Headland: Do you know the first state to pass this legislation?

Andy Peterson: No, I do not.

Chairman Headland: Are we the 25<sup>th</sup>?

Andy Peterson: There have been 25 other states.

Chairman Headland: Is there further support?

**Cheryl Riley, President of AT&T:** Distributed written testimony in support. See attachment #2. Ended testimony at 15:18. Ms. Riley also distributed a proposed amendment. See attachment #3.

**Chairman Headland:** Could you explain subsection 3 of the business employee status during and after? You talked about apportioning income and the apportionment factors that are attributable to the performance from the out of state company. Are you bringing in your own people from other states for this disaster response?

**Cheryl Riley:** That's correct. We have a set of very specialized, highly trained technicians who come in and go out of states to do this kind of work. We have our own folks here anyway but these folks know how to get in and use the equipment that we have. They are absolutely AT&T employees that are being brought in.

**Chairman Headland:** Is this going to allow your company, in some regard, avoid corporate taxes?

**Cheryl Riley:** No, we want those folks coming in to operate like they have never left their home state. Any taxes that the corporations are already paying in North Dakota are not

affected by this bill at all. It's bringing the additional workforce in for that limited amount of time with a limited number of employees. We're not trying to get out of paying anything that we already currently pay, we're just trying not create a nexus for that event that is happening which is so limiting in nature. Some employees were filing several tax returns for several states and it was very difficult on the employee. This is for critical infrastructure; we're not expanding this to what we would do that isn't critical. This is something that lives depend on because if you can't call 911 that's an obvious major problem.

**Chairman Headland:** Wouldn't you have already established nexus because you're already operating in the state?

**Cheryl Riley:** That's correct but for those employees coming in from another state this is aimed towards that. We're trying not to penalize those specialized employees coming in. Some of the licensing issues would apply more toward the company but for this purpose it's aimed mostly for those employees coming in and out of the state.

**Chairman Headland:** It's not clear to me because it states all activity of an out of state business that's conducted in the state must be disregarded. I think the intent might be something but I'm not clear to what it is. Maybe I'm reading too much into it.

Greg Wilz, Deputy Director of the Department of Emergency Services and Director of the Homeland Security Division: Distributed written testimony in support with a proposed amendment. See attachment #4. Ended testimony at 24:18.

**Chairman Headland:** It would broaden it and expose us to the fact that we may receive less revenue. It broadens it way beyond telecommunications, electricity, and natural gas.

**Greg Wilz:** Yes, and that's what we're asking you to do because there are good reasons. This isn't something that happens often but if it did it can be catastrophic very quickly. What if tomorrow we weren't able to go down to the bank, draw out some money, then go buy some food? How would we react as a people? How would we react as a community in North Dakota? We have some of those assets in the state but in a limited capacity. The reality is, wouldn't we want to have Wells Fargo bring in their folks and get this up and running in a few days and get things back to normal? That's what we're really after here.

**Chairman Headland:** Would the disaster down in the camps, DAPL, be expanded now in your definition?

**Greg Wilz:** No, they would not. These are things that have been nationally identified since 2003. They are not in government or public sector; these are things that are often times in private sector. As a nation we have become so dependent on their level of being up and ready to go all the time whether it's your telephone for dialing 911, if it's your banking computer system, or the Grant Marsh bridge system and if we lost that the havoc that would create. When it's 30 below zero and people homes are freezing up within 24 hours, we don't have the assets on the large scale to be able to come in and remedy that quickly.

**Representative Mitskog:** How many events have occurred in recent years that could be applicable to the scenarios you mentioned?

**Greg Wilz:** In 2013 there was an ice storm that decimated a lot of the southwestern part of the state and about three years ago the natural gas line wasn't declared because it actually came up but we were in jeopardy of losing pretty much all of the natural gas feeds into a lot of the Red River Basin. There hasn't been that many. This is one of those tools that will stay in the box but when we need it we really need it quickly.

**Representative Mitskog:** In your opinion, is this an obstacle for bringing out of state workers in to respond to these potential emergencies?

**Greg Wilz:** Yes, it's a hurdle. It mostly impacts the workers coming in. My job is to make sure we get the resources into the state as quickly as possible wherever they have to come from. We are still recovering from the 2011 flood because at that point in time we were in the middle of an oil boom and you couldn't get the resources you needed.

**Representative Hogan:** It appears various stakeholders spent a lot of time in the expanded definition in this bill. Have you done similar work with all the healthcare providers and all the people that would be implicated so we know what we would be doing? I'm concerned about unintended consequences if you don't have that same level of engagement. If you're concerned about the definition being confusing between critical and infrastructures we could just clarify that these are different definitions for different reasons because that happens in law often?

**Greg Wilz:** Yes, I would be open to clarifying one against the other. I have been consulted prior to the senate hearing and I testified informally so I wasn't able to provide a full amendment.

**Representative Hogan:** I'm concerned with broadening it out so much if we haven't worked it through.

**Representative Trottier:** Obviously, this looks like it is for out of state responders. How do North Dakota responders fit into our neighboring states or those most likely to be affected?

**Greg Wilz:** The folks that represent industry behind me can tell you. If Montana had the ice storm our RECs would mobilize their people and equipment and move over there. In an emergency management system there are a couple of formal ways in which we could do that; Emergency Management Assistance Compact, if Montana had a need and these folks were not able to do it that's a process that could kick in, but that's a whole other can of worms for private industry because it's a state to state compact. When we support other states through EMAC they have to be state employees then we send them as a state package over there. We really want to work industry to industry here and make it easy for them to do so and I think that's what this bill does.

**Representative Trottier:** But do the neighboring states have the same impact on the tax that we're proposing here?

Greg Wilz: I'm not sure which of the 25 states have approved similar legislation.

**Representative Howe:** In looking at the list on your amendment, can you give me an example on when the governor would declare a major disaster emergency that involves infrastructure that would apply to this?

**Greg Wilz:** I can give you many examples. God forbid, I would hate to see the day we see hoof and mouth disease come into the state and decimate hundreds of thousands or a million head of cattle. That would be an agricultural disaster. Foreign animal diseases are of great concern to us in the emergency management world. We could possibly bring in another company's resources in a case like that.

**Representative Howe:** Do you think this is something the federal government would do anyway?

**Greg Wilz:** Yes they would. Do you remember about a year ago when we had the avian influenza and the turkey farms in the state of North Dakota were impacted along with a couple of the larger chicken producers? We didn't have enough resources. The Federal Government was strapped with the five states they had to respond too. We ended up mobilizing rural fire departments with foaming devices to go in and put down the birds. The Federal Government can't do it all.

Chairman Headland: Is there further testimony in support?

**Kathy Oz, Excel Energy:** We also support SB 2199. We utilize it. We deploy our crews when we have a natural disaster as we did in 2011.

**Representative Ertelt:** Could you give us a better idea of how that negatively impacts your ability because you operate in the state already? I assume in your normal business operations that you have employees who go from state to state already?

Kathy Oz: Yes, we do.

**Representative Ertelt:** What additional problem is there in handling that in the same manner as it just happens to be during a period of a disaster? What additional complications does that pose for you as a business?

**Kathy Oz:** I'm not sure, it's probably more on the tax side of it. In 2011 I was boots on the ground so the crews came in, we dispatched them, they did their work, and they'd come in and out throughout the time.

**Representative Mitskog:** Do you think this is a hindrance or an obstacle for bringing in out of state workers? If this bill wouldn't go forward, would this be an obstacle or would we have any delays in emergency response bringing in out of state workers?

**Kathy Oz:** It makes it easier on the employees. In North Dakota, since we have three locations, we have enough employees to start the process to bring in out of state employees because you can only work then for so long.

Chairman Headland: Is there further testimony in support?

Don Larsen, MDU Resources Group: We are here in support of the bill.

Chairman Headland: Further testimony in support?

Kent Blickensderfer, Century Link: We also support the bill in its current state.

Chairman Headland: Further questions? Is there further testimony in support?

Carlee McLeod, president of Utilities Shareholders: We support the bill.

Chairman Headland: Is there anyone who wants to add to the discussion in support?

**Michael Gunch, North Dakota Society of Professional Engineers:** There are two components to the amendment; one is for the registration of professional engineers in the state of North Dakota that is referenced in century code. The second section is an industry exemption for professionals who are brought in by the organizations from the industry for those repairs. We are neutral on the bill but we support the amendment.

Chairman Headland: Is there further testimony in support?

Candy Robinson, Executive Director for North Dakota Board of Registration for Engineers and Land Surveyors: We stand in a neutral position on this bill. The amendment addresses any concerns the board had so we support the amendment.

**Chairman Headland:** Is there further support? Is there any opposition? Dee, could you respond to my question I had earlier?

**Dee Wald, General Counsel for the North Dakota Tax Commissioner's Office:** On page 3 subsection 3, a multi-state business has to apportion its income to North Dakota based on three factors; property they have in the state, payroll they have in the state, and sales they have in the state. It's a fraction so the numerator is everything you have in North Dakota and the denominator is everything you have everywhere else. Say you have some property you have to bring into the state for repairing of infrastructure, for just this purpose you would leave that property out of the North Dakota property factor. Likewise, it's a little bit of income they are going to earn during the disaster response period that will also be excluded from North Dakota income, from the numerator. They will still be subject to tax. All it will do is have a small impact on their three factor apportionment formula.

**Chairman Headland:** Are there any other questions for Dee? We'll close the hearing on SB 2199.

### 2017 HOUSE STANDING COMMITTEE MINUTES

**Finance and Taxation Committee** 

Fort Totten Room, State Capitol

SB 2199 3/15/2017 29225

SubcommitteeConference Committee

Committee Clerk Signature Mary Brucker

Explanation or reason for introduction of bill/resolution:

A bill relating to facilitating entry of an out-of-state business to perform disaster or emergency remediation work in this state on critical natural gas, electrical, and telecommunication transmission infrastructure and to provide a limited exemption for that purpose from state and local taxes and fees, licensing, and other requirements during the time in this state employed in disaster or emergency remediation work.

#### Minutes:

No attachments

**Chairman Headland:** We were provided with a couple of amendment proposals during the hearing. One of them we probably need to address, but the other one I don't think we should.

Vice Chairman Dockter: I didn't like the amendments from Mr. Wilz who testified from emergency management. MADE A MOTION TO ADOPT THE AMENDMENT FROM THE ENGINEER

#### Representative Mitskog: SECONDED

**Chairman Headland:** This was the amendment offered by AT&T. Discussion on the proposed amendment?

**Representative Olson:** Why is this even needed? I don't know what the justification for it is. This bill came over from the Senate just fine. We're going to add this to it on the basis of just one person who presented it. I'm curious what the absolute necessity of the amendment is and what it accomplishes.

Chairman Headland: It really wasn't very clearly indicated.

**Representative Toman:** I think what they meant is if they had to bring in an out of state engineer that wasn't licensed here just for that emergency, they didn't want to have them get licensed for infrastructure.

**Representative Ertelt:** It has to do with licensing. At the same time that's kind of what we're talking about for all these businesses too, that they don't have to come in and get licensed

to operate. I don't have strong feelings on this one way or another but I wonder if there would be some liability given to the engineer because they are handled a little different when they handle licenses. If they aren't licensed to operate in the state but yet they sign off on some structure or something I don't know who would ultimately be liable. I don't know if the state would be liable because they allowed them to do that.

**Representative B. Koppelman:** This section is only related to natural gas, telecommunications, and electrical. I think there are a number of different licensing in the state that we think is important for nearly everything else; contractor's license, electrical or plumber's license, etc. I have the same question, if the purpose here is really to expedite the remediation of such a disaster and we're willing to forgo all the sections of law that would normally require a state license and now they don't have to, then I would be opposed to this amendment. If it's good for one trade industry, then it's good for another or we should have them have to be licensed in all. I'm going to resist the amendment because I think it raises further questions with all those other licensing boards.

**Representative Olson:** The key line here is "accept as such out of state businesses and employees are already exempted" by century code 43-19.1-29 and I think this is something we need to look at. It looks like the exemption clause they are referring to would require that any engineers coming in to do this type of emergency relief would have to apply to the board, pay a fee, and be approved specifically. I don't know if that would be an expeditious process. If they're responding to an emergency what level of burden is that going to put on them to go through that section of code for the exemption?

**Representative Toman:** I don't know that expediting that they would have to, any engineer is going to because they're liable for their stamped plans until the day they die, not AT&T or any other company. If they are brought into question they are going to be brought into court because it's their plan so they're going to apply for that license anyway.

**Representative Trottier:** Can anyone foresee the need for an out of state engineer to come in funding any of these projects because everybody involved in this will have their own engineers, would they not?

**Representative Hogan:** I was thinking about the really big disaster in Grand Forks. There were so many pieces of that in the short term. That's the biggest single disaster where I think something might have happened.

**Representative Olson:** Maybe the amendment is okay because probably the only time an out of state engineer would be brought in is when there's something major in which case they could follow the exemption clause in 43-19.1-29 and make that application to the board, pay the fee, and get the temporary approval for an amount of time. It's probably an extreme circumstance when you need to bring in an out of state engineer so it might be okay.

**Representative B. Koppelman:** In 43.19.1-02, if you want to practice engineering in the state you need to apply to the board, be approved, follow all the rules, and pay a fee. The exemption isn't what we should focus on here because the exemption is only reciprocity language. They're saying that if you come from a state that doesn't have reciprocity with us, even in an emergency, you still have to go through the normal process to get a license.

They're saying their profession is so important to safety that we cannot forgo or expedite the ability to get licensed under their group but everywhere else we can. The bill is focused on if you have a license in another state then you're fine. If that's true, this amendment is not good. This amendment then is adding in the reciprocity clause, the fee, or the rules. I think this is bad turf protection here.

**Chairman Headland:** It comes to question that they had the same ability to come to the Senate and present this amendment. They had the same reasons for doing it. I tend to agree with you now that I think about it.

#### Vice Chairman Dockter: WITHDREW MOTION TO ADOPT THE AMENDMENT

#### Representative Mitskog: SECONDED

Chairman Headland: Motion is withdrawn.

#### Vice Chairman Dockter: MADE A MOTION FOR A DO PASS

#### Representative Olson: SECONDED

Chairman Headland: Is there any discussion?

**Representative Steiner:** I'm going to support the bill. I think it is a possibility that we will end up with two definitions of critical infrastructure. One says critical infrastructure sector, so hopefully they can separate out the two similar phrases. We passed something that talked about sectors. They are different; one is a federal definition and this is our definition of an emergency. Hopefully, there isn't any confusion of what critical infrastructure is.

**Representative Olson:** It says "as used in this chapter" so the clarification exists that critical infrastructure as defined here only applies to this chapter.

**Representative Ertelt:** I tried to get some answer from AT&T about the real need for this bill. It seems for the size of a company like AT&T who already operates in the state and the only companies involved with the drafting of this bill were quite large firms, that they already have this ability to operate here in the state with employees who otherwise reside outside the state. I wasn't convinced with the need or to see how it would be a huge benefit for them.

**Representative Schobinger:** Would this be something like Alabama Power who had sent in employees, would they work for Excel Energy during the time of the disaster but still be considered Alabama Power employees? If so, how would that income be treated in their home state; does that count as income or is that just free money since they don't have to file here?

Chairman Headland: They would receive the benefits in Alabama.

**Representative B. Koppelman:** I believe the only way you could exempt income from being taxed in your home state is if you've filed a return in a different state.

**Representative Olson:** On page 3 subsection 3, it talks about the apportionment factors for the income. There are already established rules for apportioning your income. It just means that income tax would be whatever their home jurisdiction would be for whatever work they do here, it wouldn't count towards North Dakota.

Chairman Headland: Is there anything else?

ROLL CALL VOTE: 13 YES 1 NO 0 ABSENT

**MOTION CARRIED** 

Representative Olson will carry this bill.

			Date: <u>3-(5</u> - Roll Call Vote #	-17	-	
2017 HOUSE STANDING COMMITTEE ROLL CALL VOTES BILL/RESOLUTION NO <u> </u>						
House Finance and Taxation				_ Com	nittee	
	🗆 Su	bcomm	ittee			
Amendment LC# or Description:			·			
Do Pass As Amended	Do Pass Do Not Pass Without Committee Recommendation     As Amended Rerefer to Appropriations     Place on Consent Calendar					
Motion Made By <u>Rep. Dock</u>	Ster	Se	conded By <u>kep. Ol</u>	SON		
Representatives	Yes	No	Representatives	Yes	No	
Chairman Headland	V		Representative Hogan			
Vice Chairman Dockter	$\checkmark$	1	Representative Mitskog			
Representative Ertelt	-/-	V				
Representative Grueneich	$\vee$					
Representative Hatlestad						
Representative Howe	-V/					
Representative Koppelman Representative Olson	-V/-					
Representative Schobinger	Y					
Representative Steiner	X					
Representative Toman	J/					
Representative Trottier	J					
Total (Yes) 13		No	1			
Absent						
Floor AssignmentRep	015	50 M				
the vote is on an amandment briefly	indiante	intont				

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

#### REPORT OF STANDING COMMITTEE

SB 2199, as engrossed: Finance and Taxation Committee (Rep. Headland, Chairman) recommends DO PASS (13 YEAS, 1 NAYS, 0 ABSENT AND NOT VOTING). Engrossed SB 2199 was placed on the Fourteenth order on the calendar.

#### 2017 TESTIMONY

SB 2199

B 2199





Testimony of Andy Peterson Greater North Dakota Chamber SB 2199 Tax Committee Dwight Cook - Chair Senate Finance & Tax

Mr. Chairman and members of the committee, my name is Andy Peterson and I am here today representing the Greater ND Chamber GNDC), local chambers of commerce, and other business associations throughout North Dakota with whom we work collaboratively. Some members of the media describe the GNDC as the most prominent business organization in North Dakota. As a group we stand in support of SB 2199 and urge a do pass from the committee on this bill.

These is the kind of bill that excites me because the heavy work of hammering out the details has been done prior to the commencement of the session. **Century Link, AT&T, Verizon, Xcel Energy, MDU Resources Group, Inc., Ottertail Power Company, Utility Shareholders of North Dakota, and the North Dakota Petroleum Council** are some of the groups who came to the table and worked through the details to make this a very good bill. The Chamber is honored to have worked with each and every one of these partners. In addition to our partners in business, I'd also like to thank WSI, the Secretary of State's Office, the Tax Department, and many others.

So why is this legislation so important that so many diverse businesses and governmental bodies have engaged on it? We all know how important communications technology is to business today. Advances in technology have ushered in whole new ways of doing business faster and more efficiently. These advances, as we all know, have spawned new businesses and opened up our North Dakota companies to the world.

But dependence on technology can come with risk. The frequency and severity of weatherrelated events seem to be increasing and reliance on a complex network of technology and supply chains is expanding. Both trends leave businesses susceptible to a variety of existing and emerging risks. Managing these risks is key to the survival of any organization.

In the event of a disaster, we need policy that will help business recover their operations as quickly as possible. It is in these times that infrastructure companies bring in additional resources and personnel from out of state for temporary relief. Currently, infrastructure companies, whose out-of-state employees come to assist North Dakota during a declared state of emergency, are subject to the same taxes and regulations as in-state workers with established residence.



PO Box 2639 P: 701-222-0929 Bismarck, ND 58502 F: 701-222-1611

www.ndchamber.com

52199



Requiring out-of-state employees to spend additional time and money filing multiple tax returns can discourage them from quickly entering disaster areas to aid in relief. Permitting and business registration requirements may also discourage in state businesses from deploying expert out-of-state resources.

Disaster response legislation will encourage infrastructure companies to quickly deploy employees and resources - based on the needs of the state and its residents during an emergency without being delayed by additional regulatory barriers or costs. It's also the right thing to do for these people. Why burden them with personal expenses and red tape when they are here to help us?

As previously stated when disaster strikes, we need to eliminate barriers that hinder response. This bill helps cut red tape, but not corners when responding to a natural disaster in North Dakota. That is key to any effective recovery. The ability to bring resources into the state from across the country with the goal of restoring critical infrastructure as quickly and efficiently as possible is vital to business, to government, and those who call North Dakota home.

In the case of an emergency, these infrastructure companies bring in generators, create temporary cell sites, help our first responders communicate more effectively, and ultimately get the communications, electrical, and power lines operational once again. It helps businesses and people return to normal more quickly. In some cases it may even help save lives and prevent further accidents.

I believe, and we believe that Senate Bill 2199 creates the public-private partnership necessary for effective disaster response that is good for every citizen of North Dakota.



PO Box 2639 P: 701-222-0929 Bismarck, ND 58502 F: 701-222-1611

# **DISASTER RESPONSE LEGISLATION**

Ensuring that North Dakota citizens have access to critical services during a declared disaster or state of emergency is an important part of the recovery process. In many situations, it is necessary for infrastructure companies to bring in additional resources and personnel from out of state for temporary relief.

Currently, infrastructure companies whose out-of-state employees come to assist North Dakota during a declared state of emergency are subject to the same taxes and regulations as in-state workers with established residence. Requiring out-of-state employees to spend additional time and money filing multiple tax returns discourages them from quickly entering disaster areas to aid in relief. Permitting and business registration requirements may also discourage businesses from deploying expert out-of-state resources.

Disaster response legislation will encourage infrastructure companies to quickly deploy employees and resources based on the needs of the state and its residents during an emergency - without being delayed by additional regulatory barriers or costs.

#### This legislation will:

- Complement the state's existing programs for consumer assistance in times of disasters.
- Help accelerate restoration efforts to get the state's business and citizens on the road to recovery as quickly as possible.
- Encourage out-of-state employees to volunteer during a Declared State of Disaster and encourage infrastructure companies to quickly deploy relief teams and other resources in response.
- Save the State of North Dakota the administrative time and expense of processing unnecessary paperwork and issuing refunds.
- Create a Disaster Period beginning within 10 days of the date the emergency is declared, extending up to 60 days after the emergency declaration to facilitate completion of all repair and restoration work.

#### **This legislation will NOT:**

- Exempt out-of-state companies and personnel from continuing to pay transaction taxes (fuel taxes, sales tax, hotel tax, etc.) on purchases while in the state.
- Exempt any business or individual that remains in the state beyond the Disaster Period from taxes and regulatory filings.
- Exempt any business or person currently filing tax returns in the state while working during the Disaster Period.
- Cover individual enterprises and individuals whose primary business is to enter the state to solicit repair work (roofing contractors, builders, etc.).
- Give immunity to out-of-state companies who damage property.

## Disaster response legislation will help North Dakota citizens and businesses recover quickly when disaster strikes.

#### **UPPORTERS INCLUDE:**

- Greater North Dakota Chamber of Commerce
- Century Link

- AT&T
- Verizon
- Xcel Energy
- MDU Resources Group, Inc.
- Ottertail Power Company
- Utility Shareholders of North Dakota
- North Dakota Petroleum Council

117/17

8B 2199 Testimony #2

Cheryl Riley President, External Affairs Northern Plain States

AT&T Services, Inc. 1807 Capitol Avenue Suite 101D Cheyenne, WY 82001

T: 307-635-1256 M: 307-365-1379 CR6557@att.com www.att.com

Senate Bill 2199 Senate Tax and Finance Committee January 17, 2017

Cheryl Riley, President Northern Plains States, AT&T

AT&T strongly supports Senate Bill 2199 which would facilitate businesses performing disaster or emergency remediation work in North Dakota.

AT&T provides vital communications services across the country and has a long history of responding to emergency situations. AT&T understands that a functioning communications network is a vital component to any declared disaster and is dedicated to providing high quality and reliable service in times of crisis.

The ability to bring resources into North Dakota from across the country to restore communications as quickly and efficiently as possible is vital to government, business and the local community. Residents need to be able to contact first responders as well as family and friends during a time of an emergency situation. Government agencies need to be able to communicate to coordinate response to the declared emergency. Businesses need to get back to normal as soon as possible and a functioning communications network is key to that recovery.

AT&T has designated teams of highly trained technicians who are brought in to respond to these natural disaster situations to get our network functioning again as soon as possible. Our network employees who coordinate these disaster responses came to us with a problem. Currently, utility companies whose out-of-state employees come to assist North Dakota during a declared state of emergency are subject to the same taxes and regulations as in-state workers with established residence. This requires out-of-state employees to spend additional time and money filing multiple tax returns.

This legislation does not reflect any specific North Dakota issues rather it creates a seamless situation where our disaster teams can go in and out of multiple states to respond to these emergency situations without adding personal confusion and red tape. AT&T and other companies brought the issue before NCSL and worked with the business community and government to develop model legislation. And that is why we have an extensive list of North Dakota companies and industries that support SB 2199.

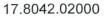
AT&T is committed to responding to natural disasters and other emergency situations and fully supports SB 2199 as this legislation will aid our industry and employees, as well as other critical industries, in our efforts to restore critical infrastructure following a natural disaster or emergency situation in North Dakota. Thank you for your consideration of this legislation.

Cheryl Riley AT&T President External Affairs, Northern Plains States



86 2199

Testimony # 3



#### FIRST ENGROSSMENT



11/2017

Sixty-fifth Legislative Assembly of North Dakota

**ENGROSSED HOUSE BILL NO. 1106** 

Introduced by

Political Subdivisions Committee

(At the request of the Adjutant General)

- 1 A BILL for an Act to amend and reenact section 37-17.1-04 of the North Dakota Century Code,
- 2 relating to definitions of disasters and emergencies.

#### 3 BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

4 **SECTION 1. AMENDMENT.** Section 37-17.1-04 of the North Dakota Century Code is 5 amended and reenacted as follows:

#### 6 **37-17.1-04. Definitions.**

7 As used in this chapter:

- 8 1. <u>"Critical industry sectors" means any of the critical infrastructure sectors identified by</u>
   9 <u>the United States government whose assets, systems, and networks, whether physical</u>
- 10 <u>or virtual, are considered so vital to the United States and the state that the sectors'</u>
- 11 incapacitation or destruction would have a debilitating effect on security, economic
- 12 <u>security, public health or safety, or any combination thereof.</u>
- 13 2. "Disaster" means the occurrence of widespread or severe damage, injury, or loss of 14 life or property resulting from any natural or manmade cause, including fire, flood, 15 earthquake, severe high and low temperatures, tornado storm, wave action, chemical 16 spill, or other water or air contamination, epidemic, blight, drought, infestation, 17 explosion, riot, or hostile military or paramilitary action, or cyber attack which is 18 determined by the governor to require state or state and federal assistance or actions 19 to supplement the recovery efforts of local governments in alleviating the damage, 20 loss, hardship, or suffering caused thereby.
- 21 2.3. "Disaster or emergency worker" means any person performing disaster or emergency
   22 responsibilities or duties at any place in this state subject to the order or control of, or
   23 pursuant to a request of, the state government or any political subdivision.

2-1-17

B 2199

Attachment #1 pg1

#### DRAFT PROPOSED AMENDMENTS TO SENATE BILL NO. 2199 (Prepared by Legislative Intern Brady Pelton at the request of the Senator Cook)

Page 1, line 3, after "critical" insert "natural gas,"

Page 1, line 3, insert a comma immediately after "electrical"

Page 2, line 25, replace "place" with "state"

Renumber accordingly

## 2-1-17

SB2199

Attachment #2

SB 2199 - Proposal to change definition of "Critical Infrastructure"

During testimony on SB 2199, DES suggested defining critical infrastructure the same as the definition proposed in HB 1106.

HB 1106 piggybacks off the federal definition of "critical industry sectors." HB 1106, page 1, lines 8-12. According to the Department of Homeland Security, there are 16 critical infrastructure sectors. Those sectors are:

- Chemical: basic and specialty chemicals, ag chemicals, pharmaceuticals, consumer 1. products
- Commercial Facilities: broadcast media, gaming, lodging, outdoor events, public 2. assembly, real estate, retail, sports leagues.
- Communications: (closely linked to no. 8, 9, 13, and 15) 3.
- Critical Manufacturing: metals, machinery, electrical equipment, earth moving, 4. construction, railroads
- Dams Sector: water retention and control 5.
- Defense Industrial Base: design delivery, and maintenance of military weapons systems 6.
- Emergency Services Sector: law enforcement, fire, medical public works 7.
- Energy Sector: (currently in SB 2192) 8
- **Financial Services** 9.
- Food and Agriculture 10.
- Government Facilities: schools, universities, trade schools 11.
- Healthcare and Public Health 12.
- 13. Information Technoloty
- Nuclear Reactors, Materials, and Waste 14.
- **Transportation Systems** 15.
- Water and Wastewater Systems 16.

Further illustriations of the industry sectors can be found at https://www.dhs.gov/criticalinfrastructure-sectors.







Testimony of Andy Peterson Greater North Dakota Chamber SB 2199 Honorable Craig Headland - Chair House Finance & Tax Committee

Mr. Chairman and members of the committee, my name is Andy Peterson and I am here today representing the Greater ND Chamber (GNDC), local chambers of commerce, and other business associations throughout North Dakota with whom we work collaboratively. Some members of the media describe the GNDC as the most prominent business organization in North Dakota. As a group we stand in support of SB 2199 and urge a do pass from the committee on this bill.

These is the kind of bill that excites me because the heavy work of hammering out the details has been done prior to the commencement of the session. Century Link, AT&T, Verizon, Xcel Energy, MDU Resources Group, Inc., Ottertail Power Company, Utility Shareholders of North Dakota, and the North Dakota Petroleum Council are some of the groups who came to the table and worked through the details to make this a very good bill. The Chamber is honored to have worked with each and every one of these partners. In addition to our partners in business, I'd also like to thank WSI, the Secretary of State's Office, the Tax Department, and many others.

So why is this legislation so important that so many diverse businesses and governmental bodies have engaged on it? We all know how important communications technology is to business today. Advances in technology have ushered in whole new ways of doing business faster and more efficiently. These advances, as we all know, have spawned new businesses and opened up our North Dakota companies to the world.

But dependence on technology can come with risk. The frequency and severity of weatherrelated events seem to be increasing and reliance on a complex network of technology and supply chains is expanding. Both trends leave businesses susceptible to a variety of existing and emerging risks. Managing these risks is key to the survival of any organization.

In the event of a disaster, we need policy that will help business recover their operations as quickly as possible. It is in these times that infrastructure companies bring in additional resources and personnel from out of state for temporary relief. Currently, infrastructure companies, whose out-of-state employees come to assist North Dakota during a declared state of emergency, are subject to the same taxes and regulations as in-state workers with established residence.

PO Box 2639 P: 701-222-0929 Bismarck, ND 58502 F: 701-222-1611

www.ndchamber.com



Requiring out-of-state employees to spend additional time and money filing multiple tax returns can discourage them from quickly entering disaster areas to aid in relief. Permitting and business registration requirements may also discourage in state businesses from deploying expert out-of-state resources.

Disaster response legislation will encourage infrastructure companies to quickly deploy employees and resources - based on the needs of the state and its residents during an emergency - without being delayed by additional regulatory barriers or costs. It's also the right thing to do for these people. Why burden them with personal expenses and red tape when they are here to help us?

As previously stated when disaster strikes, we need to eliminate barriers that hinder response. This bill helps cut red tape, but not corners when responding to a natural disaster in North Dakota. That is key to any effective recovery. The ability to bring resources into the state from across the country with the goal of restoring critical infrastructure as quickly and efficiently as possible is vital to business, to government, and those who call North Dakota home.

In the case of an emergency, these infrastructure companies bring in generators, create temporary cell sites, help our first responders communicate more effectively, and ultimately get the communications, electrical, and power lines operational once again. It helps businesses and people return to normal more quickly. In some cases it may even help save lives and prevent further accidents.

I believe, and we believe that Senate Bill 2199 creates the public-private partnership necessary for effective disaster response that is good for every citizen of North Dakota.



PO Box 2639 P: 701-222-0929 Bismarck, ND 58502 F: 701-222-1611 A CALL AND THE SALES OF THE SALES

# **DISASTER RESPONSE LEGISLATION**

Ensuring that North Dakota citizens have access to critical services during a declared disaster or state of emergency is an important part of the recovery process. In many situations, it is necessary for infrastructure companies to bring in additional resources and personnel from out of state for temporary relief.

Currently, infrastructure companies whose out-of-state employees come to assist North Dakota during a declared state of emergency are subject to the same taxes and regulations as in-state workers with established residence. Requiring out-of-state employees to spend additional time and money filing multiple tax returns discourages them from quickly entering disaster areas to aid in relief. Permitting and business registration requirements may also discourage businesses from deploying expert out-of-state resources.

Disaster response legislation will encourage infrastructure companies to quickly deploy employees and resources based on the needs of the state and its residents during an emergency - without being delayed by additional regulatory barriers or costs.

#### This legislation will:

- Complement the state's existing programs for consumer assistance in times of disasters.
- Help accelerate restoration efforts to get the state's business and citizens on the road to recovery as quickly as possible.
- Encourage out-of-state employees to volunteer during a Declared State of Disaster and encourage infrastructure companies to quickly deploy relief teams and other resources in response.
- Save the State of North Dakota the administrative time and expense of processing unnecessary paperwork and issuing refunds.
- Create a Disaster Period beginning within 10 days of the date the emergency is declared, extending up to 60 days after the emergency declaration to facilitate completion of all repair and restoration work.

#### **This legislation will NOT:**

- Exempt out-of-state companies and personnel from continuing to pay transaction taxes (fuel taxes, sales tax, hotel tax, etc.) on purchases while in the state.
- Exempt any business or individual that remains in the state beyond the Disaster Period from taxes and regulatory filings.
- Exempt any business or person currently filing tax returns in the state while working during the Disaster Period.
- Cover individual enterprises and individuals whose primary business is to enter the state to solicit repair work (roofing contractors, builders, etc.).
- Give immunity to out-of-state companies who damage property.

## Disaster response legislation will help North Dakota citizens and businesses recover quickly when disaster strikes.

## **SUPPORTERS INCLUDE:**

- Greater North Dakota
   Chamber of Commerce
- Century Link

- AT&T
- Verizon
- Xcel Energy
- MDU Resources Group, Inc.
- Ottertail Power Company
- Utility Shareholders of North Dakota



Cheryl Riley President, External Affairs Northern Plains States AT&T Services, Inc. 1807 Capitol Ave Room 101D Cheyenne, WY 82001 T: 307.635.1256 M: 307.365.1379 CR6557@att.com www.att.com

#### Senate Bill 2199 House Tax and Finance Committee March 14, 2017

AT&T strongly supports Senate Bill 2199 which would facilitate businesses performing disaster or emergency remediation work in North Dakota.

AT&T provides vital communications services across the country and has a long history of responding to emergency situations. AT&T understands that a functioning communications network is a vital component to any declared disaster and is dedicated to providing high quality and reliable service in times of crisis.

The ability to bring resources into North Dakota from across the country to restore communications as quickly and efficiently as possible is vital to government, business and the local community. Residents need to be able to contact first responders as well as family and friends during a time of an emergency situation. Government agencies need to be able to communicate to coordinate response to the declared emergency. Businesses need to get back to normal as soon as possible and a functioning communications network is key to that recovery.

AT&T has designated teams of highly trained technicians who are brought in to respond to these natural disaster situations to get our network functioning again as soon as possible. Our network employees who coordinate these disaster responses came to us with a problem. Currently, utility companies whose out-of-state employees come to assist North Dakota during a declared state of emergency are subject to the same taxes and regulations as in-state workers with established residence. This requires out-of-state employees to spend additional time and money filing multiple tax returns.

This legislation does not reflect any specific North Dakota issues rather it creates a seamless situation where our disaster teams can go in and out of multiple states to respond to these emergency situations without adding personal confusion and red tape. AT&T and other companies brought the issue before NCSL and worked with the business community and government to develop model legislation. And that is why we have an extensive list of North Dakota companies and industries that support SB 2199.

AT&T is committed to responding to natural disasters and other emergency situations and fully supports SB 2199 as this legislation will aid our industry and employees, as well as other critical industries, in our efforts to restore critical infrastructure following a natural disaster or emergency situation in North Dakota.

Thank you for your consideration of this legislation.

**Cheryl Riley** 

AT&T President External Affairs, Northern Plains States

#3 SB2199 3-14-17

#### PROPOSED AMENDMENT TO ENGROSSED SENATE BILL NO. 2199

Page 2, line 25, after "<u>employment</u>" add <u>"; provided, however, that this chapter shall not</u> exempt an out-of-state business or out-of-state employee from this state's licensing or registration requirements applicable to a professional engineer as defined in NDCC 43-19.1-02, except as such out-of-state businesses and employees are already exempted by NDCC 43-19.1-<u>29.</u>"

**Renumber Accordingly** 

EXPLANATION: An engineer working on natural disaster relief work in North Dakota still needs to be licensed by the North Dakota board, unless that engineer fits into one of the exemptions currently in law (e.g. if an engineering works for MDU or a subsidiary of MDU).

#### TESTIMONY – SB 2199 HOUSE FINANCE AND TAXATION COMMITTEE MARCH 14, 2017 BY GREG WILZ DEPUTY DIRECTOR, DEPARTMENT OF EMERGENCY SERVICES

#4p.1 582199 3-14-17

Mr. Chairman and members of the committee, my name is Greg Wilz. I am Deputy Director of the Department of Emergency Services (DES), and Director of the Homeland Security Division.

The tenants of this bill are sound and should advance recovery of critical infrastructure when a large scale disaster catastrophically impacts the state and its resources are unable to respond or repair in a timely manner. However, I am asking for your consideration of an amendment that provides more inclusiveness regarding the categories of critical infrastructure than the current version of Senate Bill 2199. The language cited below includes a number of specific term definitions that actually restrict or narrows the meaning of "Critical Infrastructure".

1. "Critical infrastructure" means real and personal natural gas, electrical, and telecommunication transmission property so vital to the state that the incapacity or destruction of that natural gas, electrical transmission or distribution system, or telecommunications transmission system would have a debilitating impact on public health or safety and the economic and physical security of the state or region.

This session, House Bill 1106 passed the House and Senate and was signed by the Governor. As part of the updates based upon changing federal law, the broader definition of "Critical Industry Sectors" within NDCC Chapter 37-17 was incorporated to reflect the national listing of critical infrastructure for which out-of-state resources can be utilized to rebuild North Dakota.

1. "Critical industry sectors" means any of the critical infrastructure sectors identified by the United States government whose assets, systems, and networks, whether physical or virtual, are considered so vital to the United States and the state that the sectors' incapacitation or destruction would have a debilitating effect on security, economic security, public health or safety, or any combination thereof.

Below is a list of the 16 different types of critical Infrastructure identified nationally and used by the North Dakota Division of Homeland Security in preparedness and response planning.

Chemical	Financial Services
Commercial Facilities	Food and Agriculture
Communications	Government Facilities
Critical Manufacturing	Healthcare and Public Health
Dams	Information Technology
Defense Industrial Base	Nuclear Reactors, Materials, and Waste
Emergency Services	Transportation Systems
Energy	Water and Wastewater Systems

I urge your support of this bill with amendment and will answer questions members may have.

#4<sub>Р</sub>2 SB2199 3-14-17

#### PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2199

Page 1, remove line 12 through 16

Page 1, line 17, replace 2. with 1.

Page 1, line 22, replace 3. with 2.

Page 2, line 1, replace  $\underline{4}$ . with  $\underline{3}$ .

Page 2, line 4, replace 5. with 4.

Page 2, line 9, replace 6. with 5.

Page 2, line 11, replace 7. with 6.

Page 2, line 13, replace 8. with 7.

Page 2, line 15, replace 9. with 8.

Renumber accordingly