

MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION

SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

1129

2001 HOUSE INDUSTRY, BUSINESS AND LABOR

HB 1129

2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1129

House Industry, Business and Labor Committee

☐ Conference Committee

Hearing Date 01-24-01

Tape Number	Side A	Side B	Meter #
1	x		5.0 - 15.1
2	x		7.5 - 13.7
Committee Clerk Signature <i>Lisa Voznes</i>			

Minutes: HB 1129

Chairman Berg opened the hearing.

Rep. Droydal gave written testimony on HB 1129. See attached.

Sen. Klein testified in favor of HB 1129. Attached is testimony from Lake Foods Inc.

Tom Woodmansee of ND Grocers Assn. Testified in favor of the bill.

Tammy Dolan testified in favor of HB 1129, see attached written testimony.

Rep. Ekstrom, How many of your employers are not covered?

Tammy Dolan, That would be difficult to estimate. There are 83 employers that have elected coverage in total. Only 19 of those have children that are 17 years or less.

Rep. Froseth, The bill currently states that employers cannot obtain workers comp. for children under the age of 22. Is there a discrepancy here with the ages?

Tammy Dolan, Currently that is right. All children under the age of 22 can be covered. This bill is only effecting those that are less than 17 years old. For that age group that remains, from 18 to 22 years old, we would still use the current premium calculation that is in place.

Rep. Thorpe, If there is an employee of 17 years or younger, what kind of coverage would they have?

Tammy Dolan, They would have the same coverage as any other employee.

Chairman Berg closed the hearing.

Tape 2, side A. No. 7.6

Chairman Berg reopened the hearing.

Rep. Klein, When did this go into effect? Evidently some of the employers didn't know this was happening and all of a sudden they got hit with it.

Julie Leer, We ended up with a situation where we are reviewing the way that the premiums are calculated for a lot of our optional coverage's. It was discovered that the way that we were calculating premiums for children was not consistent with the way the law was written. So we had to amend our practices to accommodate how the law read.

Rep. Pietsch, In section 1 the new language, for purposes of determining a premium, this really says that for an employer, or an employers spouse, over the age of 17 or a self employed person, the real issue there is that they pay at the payroll cap regardless of how much they earn in the business?

Julie Leer, Yes, that's correct.

Rep. Froseth made a motion for a Do Pass.

Rep. Pietsch second the motion.

Page 3

House Industry, Business and Labor Committee

Bill/Resolution Number HB 1129

Hearing Date 01-24-01

Rep. Klein, Why did we determine that 17 was the cutoff with this?

Julie Leer, The payroll cap is set in section 650404.2, in there it says that you will pay premium on the first out payroll up to 70% of the base wage. Once you are over the age of 18 you are considered an adult, 17 and under you are still a dependent.

Roll call vote: 12 yes, 0 no, 3 absent.

The motion carries.

Rep. Plotsch will carry the bill.

FISCAL NOTE
Requested by Legislative Council
12/18/2000

Bill/Resolution No.: HB 1129

Amendment to:

1A. **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.*

	1999-2001 Biennium		2001-2003 Biennium		2003-2005 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures						
Appropriations						

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

1999-2001 Biennium			2001-2003 Biennium			2003-2005 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

2. **Narrative:** *Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.*

***NORTH DAKOTA WORKERS COMPENSATION
2001 LEGISLATION
SUMMARY OF ACTUARIAL INFORMATION***

BILL DESCRIPTION: Workers Compensation Coverage for Children of Employers

BILL NO: HB 1129

SUMMARY OF ACTUARIAL INFORMATION : North Dakota Workers Compensation, together with its actuary, Glenn Evans of Pacific Actuarial Consultants, has reviewed the legislation proposed in this bill in conformance with Section 54-03-25 of the North Dakota Century Code.

The proposed legislation requires the Bureau to use actual wages in calculating premium for children of employers under the age of 18.

FISCAL IMPACT: Anticipate no significant impact to existing rate levels.

DATE: December 22, 2000

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, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.*

Name:	Paul R. Kramer	Agency:	ND Workers Compensation
Phone Number:	328-3856	Date Prepared:	12/22/2000

HB 1129

Date: 01-24-01
Roll Call Vote #: /**2001 HOUSE STANDING COMMITTEE ROLL CALL VOTES**
BILL/RESOLUTION NO. *Click here to type Bill/Resolution No.*House Industry, Business and Labor Committee☐ Subcommittee on _____
or
☐ Conference Committee

Legislative Council Amendment Number _____

Action Taken Do PassMotion Made By Rep Froese/H Seconded By Rep Pietsch

Representatives	Yes	No	Representatives	Yes	No
Chairman- Rick Berg	\		Rep. Jim Kasper	\	
Vice-Chairman George Keiser			Rep. Matthew M. Klein	\	
Rep. Mary Ekstorm	\		Rep. Myron Koppang	\	
Rep. Rod Froelich			Rep. Doug Lemieux	\	
Rep. Glen Froseth	\		Rep. Bill Pietsch	\	
Rep. Roxanne Jensen	\		Rep. Dan Ruby	\	
Rep. Nancy Johnson	\		Rep. Dale C. Severson		
			Rep. Elwood Thorpe	\	

Total (Yes) 12 No 0Absent 3Floor Assignment Rep Pietsch

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

REPORT OF STANDING COMMITTEE (410)
January 25, 2001 8:02 a.m.

Module No: HR-13-1561
Carrier: Pietsch
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

HB 1129: Industry, Business and Labor Committee (Rep. Berg, Chairman) recommends DO PASS (12 YEAS, 0 NAYS, 3 ABSENT AND NOT VOTING). HB 1129 was placed on the Eleventh order on the calendar.

2001 SENATE INDUSTRY, BUSINESS AND LABOR

HB 1129

2001 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1129

Senate Industry, Business and Labor Committee

☐ Conference Committee

Hearing Date February 14, 2001.

Tape Number	Side A	Side B	Meter #
1	x		9.9 to 16.6
Committee Clerk Signature <i>Doris E. Pines</i>			

Minutes:

The meeting was called to order. All committee members present. Hearing was opened on HB 1129 relating to workers' compensation coverage for children of employers.

Representative David Drovdal, District 39. Sponsor. I would hire my children, they were paid and treated like any other employee. Because of interpretation of the law children of employers were treated as co-owners, so would have to pay the established premium plus maximum. Very expensive coverage. We feel children under 18 should be treated like any other employee and not as co-owners.

Senator Klein distributed written testimony submitted by **William G. Liebel**, Lake Foods Inc. in favor of this bill.

Tammy Dolan, VP for Employer and Fiscal Services, Workers Compensation Bureau, in favor. Written testimony attached.

Chuck Peterson, ONDA, in favor. Written testimony attached.

Page 2

Senate Industry, Business and Labor Committee

Bill/Resolution Number HB 1129

Hearing Date February 14, 2001.

No opposing testimony. Hearing closed.

Discussion held. **Senator Krebsbach**: Motion: do pass. **Senator Every**: Second

Roll call vote: 7 yes; 0 no. Motion carried. Floor assignment : **Senator Klein**.

Date: 2/14/01
Roll Call Vote #: 1

2001 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 11.29

Senate Industry, Business and Labor

Committee

☐ Subcommittee on _____
or
☐ Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Pass

Motion Made By Sen. Krebsbach Seconded By Sen. Every

[illegible]

Total (Yes) 7 No 0

Absent 0

Floor Assignment Sen Klevon

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

REPORT OF STANDING COMMITTEE (410)
February 14, 2001 10:47 a.m.

Module No: SR-27-3293
Carrier: Klein
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

HB 1129: Industry, Business and Labor Committee (Sen. Mutch, Chairman) recommends DO PASS (7 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). HB 1129 was placed on the Fourteenth order on the calendar.

2001 TESTIMONY

HB 1129

TESTIMONY
HOUSE BILL 1129 (1-22-01)
REPRESENTATIVE DAVID SKIP DROVDAL

COMMITTEE CHAIRMAN BERG, AND MEMBERS OF THE HOUSE INDUSTRY, BUSINESS AND LABOR COMMITTEE, FOR THE RECORD MY NAME IS DAVID SKIP DROVDAL, REPRESENTATIVE FROM DISTRICT 39 IN WESTERN NORTH DAKOTA, AND I'M HERE ASKING FOR YOUR FAVORABLE CONSIDERATION FOR HOUSE BILL 1129.

SEVERAL YEARS AGO, NORTH DAKOTA WORKERS COMPENSATION BUREAU DETERMINED THAT EMPLOYEES' SPOUSES AND SIBLINGS WOULD BE TREATED AS OPTIONAL. AS A RESULT OF THAT RULING, A PARENT THAT HIRED HIS/HER SPOUSE WOULD HAVE TO PAY COVERAGE AT A RATE OF THE MOST HAZARDOUS WORK DUTY AND AT AN ANNUAL PREMIUM BASED UPON MAXIMUM PAYROLL CAP. THUS, IF AN EMPLOYER WOULD HIRE HIS/HER SIBLING UNDER A SCHOOL-TO-WORK PROGRAM FOR TWO HOURS A DAY FOR FOUR MONTHS, THE PREMIUM TO COVER THAT CHILD WOULD BE OVER \$200.00. IF THAT SAME EMPLOYER HIRED THEIR NEIGHBOR'S CHILD UNDER THE SAME CONDITION, THE PREMIUM FOR THE IDENTICAL COVERAGE WOULD BE DETERMINED ACCORDING TO THE HOURS THAT CHILD WORKED AND THE WORK DUTY THAT THEY PERFORMED. THE RESULT WOULD BE A MUCH LOWER PREMIUM PROBABLE.

HOUSE BILL 1129 SIMPLY STATES THAT EMPLOYER'S CHILDREN UNDER THE AGE OF EIGHTEEN WOULD HAVE THE PREMIUM BASED ON ACTUAL WAGES PAID. I FEEL THIS IS A FAIRNESS ISSUE AND ASK FOR YOUR FAVORABLE CONSIDERATION ON THIS BILL. IF THERE ARE ANY QUESTIONS, I WOULD BE HAPPY TO TRY AND ANSWER THEM.

January 22,2001

Lake Foods Inc. dba
Jack & Jill
104 3rd Ave. NE
Watford City, ND 58854

Dear Sirs:

I am writing you today in regards to the Workmens Compensation bill before you today. This issue came to my attention last year when I received notice that the law had been changed and that now in order for my children to be covered under Workmens Compensation they would have to have the same optional coverage that I as an owner pay for.

I gave this some thought and decided to contact my representative (David Drovda) and see if this couldn't be changed. My brother and I, run a family owned corporation. We grew up in the business and after college came home to eventually

take over the operation. When we were in high school, we were covered by Workmens Compensation based on the payroll we took home. The way the law is written now our children are given two choices -- not be covered at all or pay the optional coverage rate.

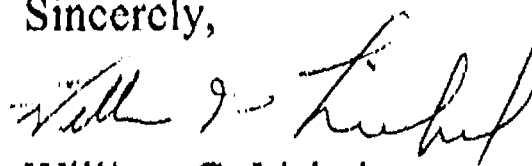
Several things bother me about the present law. It puts me as a father in a position wondering if I should hire my own children. Am I to let someone else give them a job, teach them responsibility, work ethic, and pride in a job well done? School age children shouldn't be penalized. It is not like North Dakotans to put their young people at risk.

We don't mind paying premiums based on payroll earned. We just want all employees covered fairly. If other family owned businesses in North Dakota viewed this like we did, how many school age children were and are presently not covered by Workmens Compensation insurance. Did the bureau actually gain or lose premiums this way. Under the old system all employees

were covered and the bureau received premiums for all non -
ownership employees.

My children don't own any shares in the corporation. They
are not owners. They should not be considered as such. I urge you
to pass this bill to change the law back to the way it used to be.
Don't penalize family owned businesses and their children.

Sincerely,



William G. Liebel
Lake Foods Inc.

House Bill No. 1129

Fifty-Seventh Legislative Assembly
Before the Industry, Business and Labor Committee,
January 24, 2001
Testimony Regarding Workers Compensation
Coverage for Children of Employers

Mr. Chairman, Members of the Committee:

My name is Tammy Dolan, and I am the Vice President for Employer and Fiscal Services at North Dakota Workers Compensation. I am here today to testify in support of House Bill No. 1129 that modifies the premium charged for workers compensation coverage for employers' children. The Workers Compensation Board of Directors unanimously supports this bill.

Employers can currently elect to obtain workers compensation coverage for their children under the age of 22. For covered children, regardless of age, premium is calculated using the payroll cap, which is currently \$16,100. The problem is that children less than 18 years old rarely earn \$16,100 in wages. This results in a disproportionate amount of premium being charged.

At this time, 19 employers have elected to obtain coverage for children 17 years or younger. House Bill No. 1129 modifies the premium calculation method for this age group. Premium will be calculated based on actual wages paid, not on the higher payroll cap amount. This will more accurately reflect lower wages typically paid to younger workers. Premium calculation for covered children 18 years or older will continue to be calculated using the current method. Under either calculation method, the premium will not be based on payroll exceeding the limited payroll established in NDCC 65-04-04.2. NDWC's actuary determined that this change will not have a material impact on rate levels, nor will it affect administrative costs.

Since modifying the statute would also eliminate an inequity that currently exists, NDWC requests your favorable consideration of House Bill No. 1129. If there are any questions, I would be more than happy to try to answer them at this time. Thank you.

2-14-01 STATEMENT BY CHUCK PETERSON, REPRESENTING
GNDA, REGARDING HB 1129 WORKER'S COMPENSATION
LEGISLATION.

Chairman Mutch and members of the Senate Industry, Businesses and Labor Committee. I am Chuck Peterson, a member of GNDA, and a North Dakota businessman. Thank you for the opportunity to provide testimony in support of HB 1129.

The Greater North Dakota Association is the voice of business and the principle advocate of positive change in North Dakota. As a member of GNDA we represent over 1000 business and professional organizations from all areas of North Dakota. GNDA is governed by a 25 member Board of Directors elected by our membership.

I also speak for the Associated General Contractors, the North Dakota Petroleum Council, the North Dakota Retail Petroleum Marketers Association, the North Dakota Motor Carriers Association, the Automobile Dealers and Implement Dealers Association and North Dakota Grocers Association.

We have reviewed the changes contained in this legislation. This legislation will eliminate the confusion that can occur when paying family members.

Please give this bill a yes vote.

House Bill No. 1129

**Fifty-Seventh Legislative Assembly
Before the Senate Industry, Business and Labor Committee,
February 14, 2001
Testimony Regarding Workers Compensation
Coverage for Children of Employers**

Mr. Chairman, Members of the Committee:

My name is Tammy Dolan, and I am the Vice President for Employer and Fiscal Services at North Dakota Workers Compensation. I am here today to testify in support of House Bill No. 1129 that modifies the premium charged for workers compensation coverage for employers' children. The Workers Compensation Board of Directors unanimously supports this bill. The House of Representatives approved this measure by a vote of 93 - 0.

Employers can currently elect to obtain workers compensation coverage for their children under the age of 22. For covered children, regardless of age, premium is calculated using the payroll cap, which is currently \$16,100. The problem is that children less than 18 years old rarely earn \$16,100 in wages. This results in a disproportionate amount of premium being charged. Additionally, premiums charged for other younger workers (not the owner's children) are based on actual wages paid. Employers end up paying more in workers compensation premiums for their own children than they do for other younger employees performing the same work.

At this time, 19 employers have elected to obtain coverage for children 17 years or younger. House Bill No. 1129 modifies the premium calculation method for this age group. Premium will be calculated based on actual wages paid, not on the higher payroll cap amount. This will more accurately reflect the lower wages typically paid to younger workers and will simulate the premiums charged for other similar workers. Premiums for covered children 18 years or older will continue to be calculated using the current method. Under either calculation method, the premium will not be based on payroll exceeding the limited payroll established in NDCC 65-04-04.2. NDWC's actuary determined that this change will not have a material impact on rate levels, nor will it affect administrative costs.

Since modifying the statute would also eliminate an inequity that currently exists, NDWC requests your favorable consideration of House Bill No. 1129. If there are any questions, I would be more than happy to try to answer them at this time. Thank you.