

# MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION  
SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

1097

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

Operator's Signature

*Salista Rickford*

Date

10/2/03

2003 HOUSE INDUSTRY, BUSINESS AND LABOR

HB 1097

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

Operator's Signature

*Salista Rickford*

Date

*10/2/03*

2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 1097

House Industry, Business and Labor Committee

☐ Conference Committee

Hearing Date 1/20/03

Tape Number	Side A	Side B	Meter #
1		x	14.9-20.5
Committee Clerk Signature <i>Paul H. Hammer</i>			

Minutes: CHAIRMAN KEISER opened the hearing on HB 1097.

JOHN GRAHAM (JOB SERVICE NORTH DAKOTA): Appeared in support of HB 1097

(See attached testimony)

REP. JOHNSON: Can a rate change during the year?

JOHN GRAHAM: Once set, it is there for the year, unless the employer would make a voluntary contribution to buy his rate down, which would then be retroactive.

REP. EKSTROM: Re: the fiscal note attached, how will you make up those dollars?

JOHN GRAHAM: The fiscal note represents an impact to the trust fund. If this bill passes, and the fiscal note comes to pass, there probably would be an increase in taxes, we're not proposing there's any way to make up that loss.

CHAIRMAN KEISER: This addresses the concern of employers about supplementing negatives. This is a compromise approach for the positives to help put them in a better position when they are delinquent. This will help the positive employers.

Page 2

House Industry, Business and Labor Committee

Bill/Resolution Number HB 1097

Hearing Date 1/20/03

**REP. DOSCH:** In order to avoid going to a maximum rate, they can file report on time, don't have to make payment in time, correct?

**JOHN GRAHAM:** Correct. Federal law requires that we calculate an experiential rate for taxpayers. We need that data on time.

There being no one present to testify in opposition to HB 1097, the hearing was closed.

**REP. SEVERSON:** Moved a Do Pass.

**REP. JOHNSON:** Seconded the motion.

Motion passed unanimously, 14-0-0. Rep. N. Johnson will carry the bill.

**FISCAL NOTE**  
Requested by Legislative Council  
01/03/2003

Bill/Resolution No.: HB 1097

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.

	2001-2003 Biennium		2003-2005 Biennium		2005-2007 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues	\$0	\$0	\$0	\$0	\$0	\$0
Expenditures	\$0	\$0	\$0	\$0	\$0	\$0
Appropriations	\$0	\$0	\$0	\$0	\$0	\$0

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

2001-2003 Biennium			2003-2005 Biennium			2005-2007 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

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

This Bill will not have any effect on the Agency's appropriations, or on the level of revenue available to fund Agency operations or general State expenses. It could, however, have a small negative impact on the Unemployment Insurance Trust Fund. Based on recent (calendar year 2002) history, 141 businesses would have their delinquency-based assigned rate lowered from 10.09% of taxable wages to 6.49% of taxable wages. Attachment A represents a projection of the impact to the UI Trust Fund, based on that figure and recent taxable wage histories for that class of employer. The projected impact would be \$178,000 per year in reduced income to the Trust Fund.

Under current law, any delinquent employer who doesn't remedy that delinquency during the last quarter of the calendar year is assigned the "negative employer maximum rate" (10.09%) for the following calendar year. This Bill would change that law to assign the negative employer minimum rate (6.49%) to two classes of employers - delinquent positive rated employers and new positive non-construction employers. The assignment of a lower rate to those two classes of delinquent employers could result in those employers paying less into the Trust Fund during the following calendar year.

Attachment A

HB 1097 fiscal note

Active and Inactive accounts (no Out of Business) with delinquent rates for 2003 (194):

POS NEG

o Rate Code 4 (Eligible/Delinquent)	116	
o Rate Code 6 (Eligible/Neg Reserve/Delinquent)	22	
o Rate Code 7 (Ineligible/Delinquent)	25	30 (all "0" reserve)
o Rate Code 8 (Ineligible/ Neg Reserve/Delinquent)	1	

141 53

Taxable wages for:

Rate Code 4           \$ 4,679,761.35

Rate Code 7 (1/2)       \$ 270,834.97

Total                   \$ 4,950,596.32

Difference between 10.09% and 6.49% = 3.60%

$\$4,950,596.32 \times 3.60\% = \$178,221.47$  (impact on UI Trust Fund)

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.

See the first paragraph under 2. Narrative

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:	John Graham	Agency:	Job Service
Phone Number:	328-2843	Date Prepared:	01/07/2003

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

Operator's Signature

Date

Date: 1/20/03  
Roll Call Vote #: 1

2003 HOUSE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. 1097

House Industry, Business & Labor Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number

Action Taken Do Pass

Motion Made By Severson Seconded By Johnson

Representatives	Yes	No	Representatives	Yes	No
Chairman Keiser	/		Rep.Boe	/	
Rep.Severson, Vice-Chair	/		Rep.Ekstrom	/	
Rep.Dosch	/		Rep.Thorpe	/	
Rep. Froseth	/		Rep. Zaiser	/	
Rep. Johnson	/				
Rep.Kasper	/				
Rep. Klein	/				
Rep. Nottlestad	/				
Rep. Ruby	/				
Rep.Tieman	/				

Total (Yes) 14 No 0

Absent 0

Floor Assignment Johnson

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

**REPORT OF STANDING COMMITTEE (410)**  
January 21, 2003 2:00 p.m.

Module No: HR-11-0883  
Carrier: N. Johnson  
Insert LC: . Title: .

**REPORT OF STANDING COMMITTEE**

**HB 1097: Industry, Business and Labor Committee (Rep. Kelsor, Chairman)**  
**recommends DO PASS (14 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING).**  
**HB 1097 was placed on the Eleventh order on the calendar.**

(2) DESK, (3) COMM

Page No. 1

HR-11-0883

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

*Yalosta Rickford*  
Operator's Signature

*10/2/03*  
Date

2003 SENATE INDUSTRY, BUSINESS AND LABOR

HB 1097

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

Operator's Signature

*Salvatore Rickford*

Date

*10/2/03*

2003 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 1097

Senate Industry, Business and Labor Committee

☐ Conference Committee

Hearing Date 03-03-03

Tape Number	Side A	Side B	Meter #
1	XXXX		5900-end
1		XXX	0-746
Committee Clerk Signature <i>Lisa VanBerkom</i>			

Minutes: Chairman Mutch opened the hearing on HB 1097. All Senators were present.

HB 1097 relates to the setting of unemployment insurance tax rates.

**Testimony in support of HB 1097**

**John Graham**, Manager of the Unemployment Insurance program for Job Service, introduced the bill. See attached testimony.

**Senator Klein:** When are you considered delinquent?

**John:** We send a notice and the deadline is October 31st. In November, if it is not paid, we assess a rate and bill it to them. Usually the rate is applied in December.

**Senator Nething:** The rate is 6.49%. If they file on time does the rate change?

**John:** It is a 2.08 % rate for filing on time.

Hearing is closed.

**Senator Nething** moved a DO PASS. **Senator Klein** seconded.

**Roll Call Vote:** 7 yes. 0 no. 0 absent. Carrier: **Senator Nething**

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

*Yolanda Rickford*  
Operator's Signature

*10/2/03*  
Date

Date: 03-03-03  
Roll Call Vote #:

2003 SENATE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO.

Senate \_\_\_\_\_ 1097 Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken DO PASS

Motion Made By Nothing Seconded By Klein

Senators	Yes	No	Senators	Yes	No
Sen. Mutch, Chairman	X				
Sen. Klein, Vice Chairman	X				
Sen. Krebsbach	X				
Sen. Nething	X				
Sen. Heltkamp	X				
Sen. Every	X				
Sen. Espegard	X				

Total (Yes) 7 No 0

Absent 0

Floor Assignment Nothing

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

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

Yolanda Rickford  
Operator's Signature

10/2/03  
Date

**REPORT OF STANDING COMMITTEE (410)**  
March 3, 2003 12:38 p.m.

Module No: SR-37-3727  
Carrier: Nothing  
Insert LC: . Title: .

**REPORT OF STANDING COMMITTEE**  
HB 1097: Industry, Business and Labor Committee (Sen. Mutch, Chairman) recommends  
**DO PASS** (7 YEARS, 0 NAYS, 0 ABSENT AND NOT VOTING). HB 1097 was placed  
on the Fourteenth order on the calendar.

(2) DESK, (3) COMM

Page No. 1

SR-37-3727

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

*Yolanda Rickford*  
Operator's Signature

*10/2/03*  
Date

2003 TESTIMONY

HB 1097

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

Salista Rickford  
Operator's Signature

10/2/03  
Date

Committee on Industry, Business, and Labor

Testimony on House Bill No. 1097

Presented by John Graham, Job Service North Dakota

January 20, 2003

Thank you, Mr. Chairman, for the opportunity to testify in favor of House Bill No. 1097 which Job Service caused to be prefiled. My name is John Graham and I manage the Unemployment Insurance program for Job Service.

Under current law, an employer that is delinquent in filing wage and tax reports at the point in time (late November of each year) when Job Service calculates tax rates for the coming calendar year has its tax rate set at the maximum negative balance rate, which is currently 10.09% of taxable payroll. This Bill, which would amend NDCC Section 52-04-09, changes that statutorily assigned tax rate for two classes of employers, experience rated positive balance employers and new positive balance non-construction employers. Those employers, but for the delinquent reporting, would have had rates assigned which would have been below the minimum negative balance rate.

Thus, the Bill proposes that there be two rates for delinquent employers, for experience-rated negative balance employers, new negative balance employers, and new construction employers, the rate would remain at the negative balance schedule's maximum rate, currently 10.09%. For the two types of employers listed in the previous paragraph, the delinquent rate would be set at the negative balance minimum rate, currently 6.49%.

The Bill also deletes an obsolete reference to rates to be assigned to highway construction, industry group number 161, employers.

As the fiscal note points out, the Bill is estimated to have an annual negative impact on UI Trust Fund revenues of \$178,000. This is based on multiplying the historical number of delinquent employers of the two types that would have changed rates under this Bill times the difference in the rates assigned pursuant to this bill, times the recent taxable wage histories for those types of employers.

Mr. Chairman, I would be happy to answer the Committee's questions.

Committee on Industry, Business, and Labor

Testimony on House Bill No. 1097

Presented by John Graham, Job Service North Dakota

March 3, 2003

1097

Thank you, Mr. Chairman, for the opportunity to testify in favor of House Bill No. 1097 which Job Service caused to be prefiled. My name is John Graham and I manage the Unemployment Insurance program for Job Service.

Under current law, an employer that is delinquent in filing wage and tax reports at the point in time (late November of each year) when Job Service calculates tax rates for the coming calendar year has its tax rate set at the maximum negative balance rate, which is currently 10.09% of taxable payroll. This Bill, which would amend NDCC Section 52-04-09, changes that statutorily assigned tax rate for two classes of employers, experience rated positive balance employers and new positive balance non-construction employers. Those employers, but for the delinquent reporting, would have had rates assigned which would have been below the minimum negative balance rate.

Thus, the Bill proposes that there be two rates for delinquent employers, for experience-rated negative balance employers, new negative balance employers, and new construction employers, the rate would remain at the negative balance schedule's maximum rate, currently 10.09%. For the two types of employers listed in the previous paragraph, the delinquent rate would be set at the negative balance minimum rate, currently 6.49%.

The Bill also deletes an obsolete reference to rates to be assigned to highway construction, industry group number 161, employers.

As the fiscal note points out, the Bill is estimated to have an annual negative impact on UI Trust Fund revenues of \$178,000. This is based on multiplying the historical number of delinquent employers of the two types that would have changed rates under this Bill times the difference in the rates assigned pursuant to this bill, times the recent taxable wage histories for those types of employers.

Mr. Chairman, I would be happy to answer the Committee's questions.