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Yalosta Rickford
Operator's Signature

10/2/03
Date

2003 HOUSE INDUSTRY, BUSINESS AND LABOR

HB 1099

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Date

2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1099

House Industry, Business and Labor Committee

☐ Conference Committee

Hearing Date 1/20/03

Tape Number	Side A	Side B	Meter #
1		x	36.8-44.9
Committee Clerk Signature <i>Judith Hammer</i>			

Minutes: **CHAIRMAN KEISER** opened the hearing on HB 1099.

JOHN GRAHAM (JOB SERVICE NORTH DAKOTA): (See attached testimony)

There being no one else appearing to testify either in support or in opposition to HB 1099,

CHAIR KEISER closed the hearing.

REP KLEIN moved a Do Pass.

REP EKSTROM seconded the motion.

Passed 13-0-1. Rep. M. Klein will carry the bill.

FISCAL NOTE
Requested by Legislative Council
01/03/2003

Bill/Resolution No.: HB 1099

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 would repeal current law. If it passes, there will be no fiscal effect. If it does not pass, there could be a significant fiscal impact.

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

Yalosta Rickford
Operator's Signature

10/2/03
Date

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

2003 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1099

House Industry, Business & Labor Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number

Action Taken By Pass

Motion Made By Klein

Seconded By Ekstrom

Representatives	Yes	No	Representatives	Yes	No
Chairman Kelser	/	/	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	/	/			

Absent

Total (Yes) 13 No 0

Absent 1

Floor Assignment Klein

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

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10/2/03
Date

REPORT OF STANDING COMMITTEE (410)
January 21, 2003 1:43 p.m.

Module No: HR-11-0854
Carrier: M. Klein
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE
HB 1099: Industry, Business and Labor Committee (Rep. Keiser, Chairman)
recommends **DO PASS** (13 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING).
HB 1099 was placed on the Eleventh order on the calendar.

(2) DESK, (3) COMM

Page No. 1

HR-11-0854

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2003 SENATE INDUSTRY, BUSINESS AND LABOR

HB 1099

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10/2/03
Date

2003 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 1099

Senate Industry, Business and Labor Committee

☐ Conference Committee

Hearing Date 03-03-03

Tape Number	Side A	Side B	Meter #
1		xxx	840-1350
Committee Clerk Signature <i>Lisa VanBerkom</i>			

Minutes: Chairman Mutch opened the hearing on HB 1099. All Senators were present. HB 1099 relates to the setting of unemployment insurance tax rates.

Testimony in support of HB 1099.

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

There were no questions from the committee.

There was no opposition to HB 1099.

Hearing was closed.

Senator Nething moved a DO PASS. Senator Espegard seconded.

Roll Call Vote: 7 yes. 0 no. 0 absent.

Carrier: Senator Espegard

Date: 3-03-03
Roll Call Vote #: 1

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

Senate 1099 Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number

Action Taken Do Pass

Motion Made By Nothing Seconded By Espegard

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 Espegard

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

REPORT OF STANDING COMMITTEE (410)
March 3, 2003 12:39 p.m.

Module No: SR-37-3728
Carrier: Espegard
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

HB 1099: Industry, Business and Labor Committee (Sen. Mutch, Chairman) recommends
DO PASS (7 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). HB 1099 was placed
on the Fourteenth order on the calendar.

(2) DESK, (3) COMM

Page No. 1

SR-37-3728

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Yalosta Rickford

Date

10/2/03

2003 TESTIMONY

HB 1099

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Halista Rickford

Date

10/2/03

House Bill No. 1099

Testimony of John Graham, Job Service North Dakota

Before the House Committee on Industry, Business, & Labor

January 20, 2003

Chairman Keiser, members of the Committee, my name is John Graham. I manage the Unemployment Insurance program for Job Service North Dakota. I am here to testify in support of House Bill No. 1099. The bill would repeal Chapter 52-06.1 of the Century Code that was enacted [as Senate Bill No. 2337] by the 2001 Legislature.

That Chapter created a Shared Work program which would allow employers to enter into agreements with Job Service to allow them to reduce the work hours of a designated group of employees, with Job Service then paying an unemployment insurance benefit to those workers equivalent in percentage of weekly full benefit to the percentage of reduction in work hours. Thus, if a worker in the designated unit would, if entitled to a full benefit, receive a weekly benefit of \$200, and the Shared Work employer reduced that employee's hours by 20%, that employee would receive a Shared Work benefit of \$40, or 20% of the full weekly benefit. The agreements would have to cover a pre-defined group of the employer's workers and would have to be approved by the collective bargaining agent, if the employer is party to a collective bargaining agreement.

When the legislation was pending during the 2001 Session, Job Service (wrongly) believed that the fiscal impact of the bill was approximately \$100,000, and also (wrongly) believed that the U.S. Department of Labor would provide supplemental funding for the implementation of state law changes to the UI program as they had done in the past. When we studied the requirements of the legislation during the first six week after adjournment of the 2001 Session, we discovered that the fiscal impact of implementing the bill would be over 9 times (\$970,000) as much as our initial estimate. Immediately thereafter (June 2001), we learned that USDOL would not grant our request for supplemental funding, because USDOL was not funding such requests at all during that federal fiscal year, or in the likely future.

When we learned that, we met with officials of Case New Holland in Fargo as they had been one of the principal proponents of the bill during the 2001 Session. Case New Holland agreed that the fiscal outlay to implement the bill was too much, especially in light of the fact that there were aspects of the bill which Case New Holland would have preferred not be in it. In recent e-mail communications with Case New Holland, we learned that the company had no immediate plans to introduce replacement legislation.

We also informed the Governor and legislative leaders of our predicament. [I have attached a copy of one of our letters to legislative leaders, along with the fact sheet which was enclosed with that letter.]

Our plan was to wait until we were requested to implement the bill by a particular business, then visit that business and share with them the negative aspects of the bill and its implementation costs in the hope of dissuading them from requiring implementation. If the business still wanted to implement we planned to attempt to implement manually.

As you can see this was a very unsatisfactory way of dealing with the situation and we held our collective breath in the hope that no business would want to implement before we could get the current version repealed. That has been the case to date.

In this background, Mr. Chairman, we hope you and Committee can see that a "do pass" recommendation is needed, and that the emergency clause is the key part of this legislation. I would be happy to answer any questions from the Committee members. Thank you.



www.jobsnd.com

John Hoeven, Governor • Maren L. Daley, Executive Director

PO Box 5507 • Bismarck, ND 58506-5507

January 7, 2002

The Honorable Bob Stenehjem
North Dakota State Senator
7475 41st Street SE
Bismarck, North Dakota 58504-3200

Dear Senator Stenehjem:

The 2001 Legislature enacted Senate Bill No. 2337 authorizing Job Service to enter into "Shared Work" agreements with certain companies. Job Service has a significant problem regarding the cost to implement this legislation, which has an effective date of July 7, 2002.

I am enclosing a fact sheet about the legislation and our plans with respect to the implementation for your information. If, after reading it, you have any questions or concerns, please contact me at 701-328-2843 ; jgraham@state.nd.us; or the above address. Or you may contact Maren Daley, Executive Director, at 701-328-3030 or mdaley@state.nd.us.

I hope that our plans with respect to implementation of this legislation are acceptable to you.

Sincerely,

John A. Graham
Director
Centralized Services (Unemployment Compensation)
Job Service North Dakota

Enc. - SB2337 fact sheet and implementation plan

C: Maren Daley
Lt. Governor Jack Dalrymple (by e-mail)
William Goetz (by e-mail)

701/328-2825 (Voice) • 800/366-6888 (TTY Users-Relay ND) • 701/328-4000 (FAX)

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10/2/02
Date

Senate Bill No. 2337 (2001)

History of Shared Work Legislation (NDCC Ch. 52-06.1)

The 2001 Legislature enacted Senate Bill No. 2337 authorizing Job Service to enter into agreements with employers of fifty or more employees to pay partial Unemployment Insurance (UI) benefits to employees in defined work units whose hours are reduced to avoid full layoffs.

Fiscal Note Estimate

During testimony on the bill, Job Service indicated that the federal Department of Labor usually provided additional federal funds to states to offset the costs of implementing new state UI legislation. Additionally, the fiscal note accompanying the bill estimated that it would cost \$100,000 to implement the legislation. The legislation had an effective date of July 7, 2002. The legislation also had a sunset clause terminating its provisions on June 30, 2003.

U.S. Department of Labor Denied Funding for Implementation

Following the 2001 Session, Job Service began the implementation process in preparation for submitting a "supplemental budget request" (SBR) to the federal Department of Labor. After numerous weeks of design work, the Agency's Information Technology staff submitted a detailed estimate for actually making the computer changes and additions. At the same time, the Agency received notice from the Department of Labor (DOL) that it would not be funding any SBRs for implementation of State law changes.

No Other Funding Source Available; IT Cost Estimate Significantly Increased

Thus, the revised estimate of between \$670,000 and \$970,000 for implementation of a moderate IT system would not be funded by new money, and the Agency's 2001-2003 budget had no resources which could be freed up to fund this project.

Bill Proponent Would Not Use Existing Shared Work Program

When this situation arose, Agency staff visited with the staff of Case Corporation which had been a principal employer seeking passage of the legislation. When the cost of implementation and certain facets of the enacted legislation were explained to Case's staff, they agreed that the legislation would not be useful to them in its present form. While Case would like to have the ability to use Shared Work benefits, they would not use the bill until it had been amended. Their major concerns focused on the Bill's requirements: (1) that benefits paid be 100% reimbursed by the Employer, and (2) that members of the "shared work unit" had to have six months experience in that unit. Case staff said they would seek to amend the legislation during the 2003 Session.

Shared Work Will Wait Until 2003 Modifications With Alternative Funding or Repeal

With this background, I am writing to inform you, as the legislative leadership, that the Agency will not be advertising or pushing for employers to use the legislation. If we receive inquiries from companies about it, we will inform them of its provisions in the hope that those companies will find it as unattractive as Case Corporation did. If companies still want to implement the law, the Agency will try to do so utilizing as "manual" a process as possible, and will seek to repeal or amend the law in the 2003 Session.

House Bill No. 1099

Introduce Bill

Testimony of John Graham, Job Service North Dakota

Before the Senate Committee on Industry, Business, & Labor

March 3, 2003

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