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DESCRIPTION

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10/2/03

2003 HOUSE INDUSTRY, BUSINESS AND LABOR

HB 1150

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10/2/03  
Date

2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1150

House Industry, Business and Labor Committee

☐ Conference Committee

Hearing Date 1/21/03

Tape Number	Side A	Side B	Meter #
1		x	43.6-end
2	x		000-break
3	x		0.0-11.3
3	x		45.6-end
3		x	0.0-6.0
Committee Clerk Signature <i>Heather Hammer</i>			

Minutes: Chairman Keiser opened the hearing on H 1150.

Rep. Matthew Klein introduced the bill and introduced Dave Ystebo, Chairman of the Board of the North Dakota Workers Compensation Board, who requested the IBL Committee's favorable consideration of House Bills 1060, 1065, 1149 & 1150. He then introduced Brent Edison, Executive Director and CEO of ND Workers Compensation Bureau, who presented testimony in support of this legislation. (See attached)

Rep. Thorpe asked if "labor will be taken out of the loop?", to which Edison replied that the procedure has not changed.

Replying to Rep. Boe's question, Edison replied that the statewide labor union (AFL-CIO) will submit three names.

Rep. Zaiser asked about the evaluation process. (AT THIS POINT IN THE HEARING THE TAPE BROKE)

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*Donna Ball*  
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10/2/03  
Date

Page 2  
House Industry, Business and Labor Committee  
Bill/Resolution Number HB 1150  
Hearing Date 1/21/03

The hearing resumed after a fresh tape was placed in the recorder. Rep. Thorpe asked that for the record, he be allowed to reiterate his question and comments regarding lines 1-11, and mainly on line 6 of page 3. "If organized labor would that change in the language on that line be taken out of the loop and I understand his reply to be that no that is not the case, that it would be in the loop. That would be our legislative intent, I hope".

**Chair Kelser:** Sure. There will be no change in the general process in which members were selected and appointed to the board.

**Chuck Peterson,** Former Chairman of the Workers Compensation Board and chairman of Jobbers Moving & Storage, spoke in favor of all four bills presented by WCB for this legislative session. (See attached)

**Dick Johnson,** past board member of WCB, spoke in favor of HB 1150 as presented. His oral testimony addressed the importance of an eleventh member at large. Regarding the state auditor's office and the independent performance audit, during Johnson's term on the board, an internal audit department was established. He believes that particular areas identified by risk assessment should be written in the bid spec for the independent performance audit by the state auditors office. The amended language will cover that and it will assure the legislature that the Bureau is audited successfully.

As no one was present who wished to testify in opposition to HB 1150, the hearing was closed.

**Rep. Klein** presented his amendments for the committee's consideration: Line 1, Page 1, replace "section" with "sections" and remove 65-02-30; Page 3, remove lines 12-26; Page 4, line 3 overstrike "the" and insert "as determined necessary by the state auditor but at least once every other biennium, the biennial independence performance"; Line 4: remove "as determined

*Dennis Hall*  
Operator's Signature

1/21/03  
Date

Page 3  
House Industry, Business and Labor Committee  
Bill/Resolution Number HB 1150  
Hearing Date 1/21/03

necessary by the state auditor in consultation with the board"; on Line 5, overstrike "the"; Line 6, overstrike "the firm also shall conduct a performance evaluation of" then insert "evaluate the effectiveness of safety and loss prevention programs under 65-03-04 and evaluate". He stated that the meat of the amendment is on page 4, he doesn't want the auditor to lose control of what needs to be evaluated. In regard to the proposed amendment by Rep. Klein, Edison stated that the board of Directors support and do not object to the amendment.

Klein moved to adopt the amendments. Rep. Ekstrom seconded the motion. A voice vote carried the motion to adopt the amendments.

Rep. Klein made a motion for a do pass as amended. Rep. Zaiser seconded the motion. Motion carried, 13-0-1.

Prior to opening the hearings scheduled for the afternoon's agenda, Chairman Keiser called for committee work on the bill before it is returned to the floor. A correction to the title adds the following: ;and to provide safety programs. A motion to reconsider the committee's action this morning was made by Rep. Johnson and seconded by Rep. Ekstrom. Rep. Severson moved to make the aforementioned correction to the title. Rep. Johnson seconded the motion. Rep. Froseth called attention the word "and" before the word to on line 4. A voice vote carried the adoption of the amendment. A motion to approve the bill so amended was made by Rep. Nottestad and seconded by Rep. Severson. The roll call vote carried the motion: 12-0-2. Rep. Zaiser will carry this bill on the floor.

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10/21/03  
Date

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

Bill/Resolution No.: HB 1150

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						
Expenditures						
Appropriations						

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

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

**NORTH DAKOTA WORKERS COMPENSATION  
2003 LEGISLATION  
SUMMARY OF ACTUARIAL INFORMATION**

**BILL DESCRIPTION:** NDWC Board of Directors

**BILL NO:** HB 1150

**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 adds an additional at-large member to the Board; makes the Board's medical representative a voting member; shortens Board member terms from 6 years to 4 years; limits terms of office to 3 consecutive 4 year terms; and allows the state auditor, in consultation with the Board, to determine upon which departments an independent performance evaluation is to be conducted.

**FISCAL IMPACT:** Anticipate no impact to rate and reserve levels.

**DATE:** January 6, 2003

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.

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Date

**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.

<b>Name:</b>	John Halvorson	<b>Agency:</b>	NDWC
<b>Phone Number:</b>	328-3760	<b>Date Prepared:</b>	01/08/2003

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Deanna Halvorson  
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1/2/03  
Date

38091.0101  
Title.0200

Prepared by the Legislative Council staff for  
Representative M. Klein  
January 13, 2003

VR  
1/24/03

HOUSE AMENDMENTS TO HOUSE BILL NO. 1150

IRL 1-27-03

Page 1, line 1, replace "section" with "sections"

HOUSE AMENDMENTS TO HB 1150

IRL 1-27-03

Page 3, remove lines 12 through 26

HOUSE AMENDMENTS TO HB 1150

IRL 1-27-03

Page 4, line 3, overstrike "The" and insert immediately thereafter "As determined necessary by the state auditor, but at least once every other biennium, the biennial independent performance"

Page 4, line 4, remove "as determined necessary by the state auditor in consultation with the board"

Page 4, line 5, overstrike ". The"

Page 4, line 6, overstrike "firm also shall conduct a performance evaluation of" and insert immediately thereafter "; evaluate the effectiveness of safety and loss prevention programs under section 65-03-04; and evaluate"

Renumber accordingly



Date: 1/21 (AM)  
Roll Call Vote #: 1

2003 HOUSE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. 1150

House Industry, Business & Labor Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number 38091.0101  
.0200

Action Taken Do Pass As Amended

Motion Made By Klein Seconded By Zaiser

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.Tleman	✓				

Total (Yes) 13 No 0

Absent 1

Floor Assignment Zaiser

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

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Deanna Hall 1/21/03  
Operator's Signature Date

Date: 1/21/03  
Roll Call Vote #: 1 (PM)

2003 HOUSE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. 1150

House Industry, Business & Labor Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number

Action Taken Do Pass As Amended

Motion Made By Nottelstad Seconded By Severson

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. Nottelstad	✓				
Rep. Ruby	✓				
Rep.Tieman	✓				

Total (Yes) 12 No 0

Absent 2

Floor Assignment Zaiser

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

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Operator's Signature [Signature] Date 1/21/03

REPORT OF STANDING COMMITTEE (410)  
January 27, 2003 1:10 p.m.

Module No: HR-15-1118  
Carrier: Zaiser  
Insert LC: 38091.0101 Title: .0200

REPORT OF STANDING COMMITTEE

HB 1150: Industry, Business and Labor Committee (Rep. Kelsor, Chairman) recommends AMENDMENTS AS FOLLOWS and when so amended, recommends DO PASS (12 YEAS, 0 NAYS, 2 ABSENT AND NOT VOTING). HB 1150 was placed on the Sixth order on the calendar.

Page 1, line 1, replace "section" with "sections"

Page 3, remove lines 12 through 26

Page 4, line 3, overstrike "The" and insert immediately thereafter "As determined necessary by the state auditor, but at least once every other biennium, the biennial independent performance"

Page 4, line 4, remove "as determined necessary by the state auditor in consultation with the board"

Page 4, line 5, overstrike ". The"

Page 4, line 6, overstrike "firm also shall conduct a performance evaluation of" and insert immediately thereafter "; evaluate the effectiveness of safety and loss prevention programs under section 65-03-04; and evaluate"

Renumber accordingly

2003 SENATE INDUSTRY, BUSINESS AND LABOR

HB 1150

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*Dorinda Hall*  
Operator's Signature

10/2/03  
Date

2003 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 1150

Senate Industry, Business and Labor Committee

☐ Conference Committee

Hearing Date 03-03-03

Tape Number	Side A	Side B	Meter #
1		xxxx	3100-4390
Committee Clerk Signature <i>Lisa VanBerkom</i>			

Minutes: Chairman Mutch opened the hearing on HB 1150. All Senators were present.

HB 1150 relates to the term of office of members and membership of the workers compensation bureau board of directors.

**Testimony in support of HB 1150**

**Representative Matthew Klein** introduced the bill.

**Brent Edison**, Executive Director and CEO of North Dakota Workers Compensation, spoke in support of the bill. See attached testimony.

**Charles Peterson**, President, Jobbers Moving & Storage, supported the bill. See attached.

**Senator Heitkamp**: Are the boards too big?

**Charles**: I did think that at the beginning, however one more person will not hurt anything.

**Senator Krebsbach**: Is this additional person going to be a recipient of benefits?

**Charles**: They will be recommended by Workers Compensation to the board. The total number of members will now be 11.

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*Doreen H. Ball*  
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10/2/03  
Date

Page 2  
Senate Industry, Business and Labor Committee  
Bill/Resolution Number 1150  
Hearing Date 03-03-03

There was no opposition.

The hearing was closed.

Senator Krebsbach moved a DO PASS.

Senator Klein seconded.

Roll Call Vote: 6 yes. 1 no. 0 absent.

Carrier: Senator Klein.

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Dan Hall  
Operator's Signature

10/2/03  
Date

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

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

Senate 1150 Committee

☐ Check here for Conference Committee

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

Action Taken Do Pass

Motion Made By Krebsbach 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. Espgaard	X				

Total (Yes) 6 No 1

Absent 0

Floor Assignment Klein

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

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Dan Mutch  
Operator's Signature

10/2/03  
Date

**REPORT OF STANDING COMMITTEE (410)**  
March 3, 2003 1:01 p.m.

Module No: SR-37-3733  
Carrier: Klein  
Insert LC: . Title: .

**REPORT OF STANDING COMMITTEE**  
HB 1150, as engrossed: Industry, Business and Labor Committee (Sen. Mutch, Chairman) recommends **DO PASS** (6 YEAS, 1 NAY, 0 ABSENT AND NOT VOTING). Engrossed HB 1150 was placed on the Fourteenth order on the calendar.

(2) DESK, (3) COMM

Page No. 1

SR-37-3733

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*10/2/03*  
Date



2003 TESTIMONY

HB 1150

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Dorena Hallcraft  
Operator's Signature

10/2/03  
Date

**Fifty-eighth Legislative Assembly  
Before the House Industry, Business, and Labor Committee  
David Ystebo, Chairman  
North Dakota Workers Compensation Board of Directors  
January 21, 2003**

Mr. Chairman, Members of the Committee:

My name is Dave Ystebo, and I am Chairman of the North Dakota Workers Compensation Board of Directors. I have had the opportunity to serve as a board member since 1998. As you may well remember, legislation passed in 1997 created a workers compensation board of directors whose members represent employers, employees, and the medical community.

The current board structure has worked well to provide appropriate oversight to ensure NDWC operates efficiently and effectively. We take our obligation to maintain cost-effective operations and a high level of service very seriously.

The board is actively involved in all aspects of Workers Compensation functions, including the planning, preparation and ultimate approval of proposed legislation. The proposed legislation before you received the unanimous approval of the board. On behalf of the board, I request your favorable consideration of House Bill No. 1060, 1065, 1149, and 1150. Brent Edison will follow with a more detailed explanation of each bill.

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10/2/03  
Date

**2003 House Bill No. 1150  
Testimony before the House Industry, Business, and Labor Committee  
Presented by: Brent J. Edison  
Executive Director & CEO  
North Dakota Workers Compensation  
January 21, 2003**

Mr. Chairman, Members of the Committee:

My name is Brent Edison and I am Executive Director and CEO of North Dakota Workers Compensation. I am here today to testify in support of 2003 House Bill No. 1150. This bill proposes to make the medical representative of the workers compensation board of directors a voting member of the board; to add an at large member to the board; to shorten board members' terms of office from six years to four years; and to change the term limits for board members from two consecutive six-year terms to three consecutive four-year terms. In addition, it allows the state auditor, in consultation with the board, to determine upon which departments an independent performance evaluation is to be conducted. The Workers Compensation Board of Directors unanimously supports this bill. I will briefly address the changes proposed in each section of this bill.

**SECTION 1**

**Background**

In 1997, the Legislative Assembly passed 1997 House Bill No. 1440 which created a workers compensation board of directors (65-02.1-03). Pursuant to this legislation, the governor appointed ten members to the board whose terms of office commenced in January 1998. Six members represent employers of various sizes, three members represent employees, and one nonvoting member represents the medical association.

Although the current board structure has worked very well, this bill proposes several enhancements to the existing structure. In May 2002, all board members participated in

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1/21/03  
Date

a strategic planning retreat to chart a course for the future of the organization. One of the ten goals prioritized was to enhance the board structure. Although several options and configurations were considered, the board unanimously determined the following enhancements were necessary.

#### Medical representative a voting member

Currently, section 65-02-03.1 designates the medical representative as a nonvoting member, even though the medical representative is requested to attend all board meetings and has much the same responsibilities as the other nine voting members of the board. The medical community is an integral component of any workers compensation system, and the medical representative contributes valuable insight from the medical sector. As a result, the Board of Directors is committed to making the medical representative a voting member of the board.

#### Additional Member at Large

The addition of a member at large would allow for the recruitment of individuals who possess certain talents and expertise, but who otherwise do not meet the criteria to serve as a board member under existing law. As with the medical representative and the employer representatives, this bill proposes the governor choose the member at large from a list of three candidates submitted by the board.

#### Decrease in Term of Office

The reason for this proposed change is a six-year commitment is simply too long to ask of board members. In addition, the proposed increase from two consecutive terms to three consecutive terms merely keeps the term limit to twelve years (three four-year terms instead of two six-year terms).

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Doreen Hall  
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10/2/03  
Date

Under the current structure, three or four board members' terms expire on December 31st of each even-numbered year. In order to integrate a new board member (member at large) into the current rotation schedule, but also maintain a reasonable rotation schedule, this legislation will result in five or six board members' terms expiring December 31<sup>st</sup> of every even-numbered year.

To further make this transition as easy as possible, the medical representative who took office January 1, 2003, and the member-at-large who will take office on August 1, 2003 will only serve three-year terms. Thereafter, the terms of these board members will be four years. Other than the term of office of the medical representative who took office January 1, 2003, the proposed four-year term will not impact the terms of office of board members appointed prior to the effective date of this Act.

Finally, this bill allows the governor to fill unexpired terms according to the existing procedure established for the appointment of new board members. This language is proposed so a clear procedure is in place should a vacancy arise.

#### SECTIONS 2-4

These changes are proposed to foster efficiency in the biennial performance evaluations required of North Dakota Workers Compensation. Currently, Section 65-02-30 directs the state auditor to select a workers compensation industry expert to complete a biennial performance evaluation of North Dakota Workers Compensations' functions and operations.

Each biennium, various departments are selected for evaluation. However, current law requires the fraud unit and safety programs be evaluated each biennium. The proposed changes in sections two through four of this bill would eliminate the mandatory evaluation of the fraud and safety programs each biennium, and allow the state auditor, in consultation with the board, to determine upon which functions and operations a performance evaluation is most warranted.

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Date

You have an amendment to Section 3 before you. The amendment will require all departments, except the workers compensation fraud unit, to be evaluated at least every other biennium. The fraud unit will continue to be evaluated each biennium. The amendment also removes the proposed language requiring the state auditor consult with the board. We support the amendment.

This concludes my testimony. I would be happy to answer any questions you may have at this time.

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Operator's Signature

10/2/03  
Date

## **Jobbers Moving & Storage Co.**

Bismarck: 1200 Industrial Drive, Bismarck, N.D. 58501 • Tel: (701) 222-1111 (800) 891-1184 • Fax: (701) 255-3176  
Fargo: 6109 53rd Avenue S.W., Fargo, N.D. 58104 • Tel: (701) 356-8080 (800) 523-6203 • Fax: (701) 356-8082  
Minot: 4400 N. Broadway, Minot, N.D. 58703 • Tel: (701) 837-1111 • Fax: (701) 837-7888  
Aberdeen: 13304 382nd Ave., Aberdeen, S.D. 57401 • Tel: (605) 225-4650 • Fax: (605) 225-4651

January 21, 2003

House Industry, Business and Labor Committee

Testimony on House Bill No. 1060  
House Bill No. 1065  
House Bill No. 1149  
House Bill No. 1150

Charles Peterson, Board Chairman, Jobbers Moving & Storage

Mr. Chairman and Member of the Committee:

My name is Chuck Peterson and I am Chairman of Jobbers Moving & Storage Co., Bismarck, ND. I am here today to testify in favor of House Bill No. 1060, House Bill No. 1065, House Bill No. 1149 and House Bill No. 1150. As former Chairman of the Workers Compensation Board of Directors, I can speak firsthand to the tremendous amount of planning, preparation, and analysis put forth in devising proposed legislation for your consideration.

The four bills before you strike a balance between maintaining premium levels and modestly increasing benefit levels. Any businessperson can attest to the difficulties created for employers by the current insurance market. Across the country, many workers compensation insurers are dramatically raising rates and are forced to contemplate benefit decreases. Maintaining premium rates and proposing benefit increases, while at the same time providing a high level of service to its constituency groups, is an accomplishment of which North Dakota Workers Compensation should be proud.

The effectiveness of the current system is the result of the hard work on the part of many, not the least of which is the Legislative Assembly. I urge your continued support and request your approval of House Bill No. 1060, House Bill No. 1065, House Bill No. 1149 and House Bill No. 1150 so that North Dakota Workers Compensation may continue its advancements.

**ALLIED**  
Agent for Allied Van Lines®

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January 21, 2003

House Industry, Business and Labor Committee

Testimony on House Bill No. 1060  
House Bill No. 1065  
House Bill No. 1149  
House Bill No. 1150

Charles Peterson, Board Chairman, Jobbers Moving & Storage

The following businesses/organizations support House Bills 1060, 1065, 1149 and 1150:

Associated General Contractors  
Association of Builders  
Automobile Dealers Association  
Bankers Association  
Bismarck-Mandan Chamber of Commerce  
Greater North Dakota Association  
Healthcare Association  
Hospitality Association  
Implement Dealers Association  
National Federation of Independent Business  
Otter Tail Power Co.  
Petroleum Council  
Qwest Corporation  
Retail/Petroleum Marketers Association  
Xcel Energy

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**2003 Engrossed House Bill No. 1150**  
**Testimony before the Senate Industry, Business, and Labor Committee**  
**Presented by: Brent J. Edison**  
**Executive Director & CEO**  
**North Dakota Workers Compensation**  
**March 3, 2003**

Mr. Chairman, Members of the Committee:

My name is Brent Edison and I am Executive Director and CEO of North Dakota Workers Compensation (NDWC). I am here today to testify in support of Engrossed House Bill No. 1150. This bill proposes to make the medical representative of the workers compensation board of directors a voting member of the board; to add an at large member to the board; to shorten board members' terms of office from six years to four years; to change the term limits for board members from two consecutive six-year terms to three consecutive four-year terms; and will require all NDWC departments, except the special investigations unit, to be evaluated at least once every other biennium. The Workers Compensation Board of Directors unanimously supports this bill as did the House of Representatives (90-0). I will briefly address the changes proposed in each section of this bill.

**SECTION 1**

**Background**

In 1997, the Legislative Assembly passed 1997 House Bill No. 1440 which created a workers compensation board of directors (65-02.1-03). Pursuant to this legislation, the governor appointed ten members to the board whose terms of office commenced in January 1998. Six members represent employers of various sizes, three members represent employees, and one nonvoting member represents the medical association.

Although the current board structure has worked very well, this bill proposes several enhancements to the existing structure. In May 2002, all board members participated in

  
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a strategic planning retreat to chart a course for the future of the organization. One of the ten goals prioritized was to enhance the board structure. Although several options and configurations were considered, the board unanimously determined the following enhancements were necessary.

#### Medical representative a voting member

Currently, section 65-02-03.1 designates the medical representative as a nonvoting member, even though the medical representative is requested to attend all board meetings and has much the same responsibilities as the other nine voting members of the board. The medical community is an integral component of any workers compensation system, and the medical representative contributes valuable insight from the medical sector. As a result, the Board of Directors is committed to making the medical representative a voting member of the board.

#### Additional Member at Large

The addition of a member at large would allow for the recruitment of individuals who possess certain talents and expertise, but who otherwise do not meet the criteria to serve as a board member under existing law. As with the medical representative and the employer representatives, this bill proposes the governor choose the member at large from a list of three candidates submitted by the board.

#### Decrease in Term of Office

The reason for this proposed change is a six-year commitment is simply too long to ask of board members. In addition, the proposed increase from two consecutive terms to three consecutive terms merely keeps the term limit to twelve years (three four-year terms instead of two six-year terms).

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Under the current structure, three or four board members' terms expire on December 31st of each even-numbered year. In order to integrate a new board member (member at large) into the current rotation schedule, but also maintain a reasonable rotation schedule, this legislation will result in five or six board members' terms expiring December 31<sup>st</sup> of every even-numbered year.

To further make this transition as easy as possible, the medical representative who took office January 1, 2003, and the member-at-large who will take office on August 1, 2003 will only serve three-year terms. Thereafter, the terms of these board members will be four years. Other than the term of office of the medical representative who took office January 1, 2003, the proposed four-year term will not impact the terms of office of board members appointed prior to the effective date of this Act. (Section 4).

Finally, this bill allows the governor to fill unexpired terms according to the existing procedure established for the appointment of new board members. This language is proposed so a clear procedure is in place should a vacancy arise.

### **SECTIONS 2 & 3**

These changes are proposed to foster efficiency in the biennial performance evaluations required of North Dakota Workers Compensation. Currently, Section 65-02-30 directs the state auditor to select a workers compensation industry expert to complete a biennial performance evaluation of North Dakota Workers Compensations' functions and operations.

Each biennium, various departments are selected for evaluation. However, current law requires the fraud unit and safety programs be evaluated each biennium. HB 1150 originally proposed to eliminate the mandatory evaluation of the fraud and safety programs each biennium, and to allow the state auditor, in consultation with the board, to determine upon which functions and operations a performance evaluation is most warranted for that biennium.

HB 1150 was amended by the House. Engrossed HB 1150 will require all departments, except the workers compensation fraud unit, to be evaluated at least once every other biennium. The fraud unit will continue to be evaluated each biennium. In addition, the amendments removed the originally proposed language requiring the state auditor to consult with the board. NDWC supports these amendments.

This concludes my testimony. I would be happy to answer any questions you may have at this time.

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March 3, 2003

Senate Industry, Business and Labor Committee

Testimony on House Bill No. 1060  
House Bill No. 1065  
House Bill No. 1149  
House Bill No. 1150

Charles Peterson, President, Jobbers Moving & Storage

The following businesses/organizations support House Bills 1060, 1065, 1149 and 1150:

Associated General Contractors – Curt Peterson  
Association of Builders – Doreen Mehlhoff  
Automobile Dealers Association – Bob Lamp  
Bankers Association – Jim Schlosser  
Bismarck-Mandan Chamber of Commerce – Dave MacIver  
Greater North Dakota Association – Dale O. Anderson  
Healthcare Association – Chip Thomas  
Hospitality Association – Patti Lewis  
Implement Dealers Association – Bob Lamp  
National Federation of Independent Business – Bill Butcher  
Otter Tail Power Co. – Steve Schultz  
Petroleum Council – Ron Ness  
Qwest Corporation – Mel Kambeitz  
Retail/Petroleum Marketers Association – Russ Hanson  
Xcel Energy – Kathy Aas

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*Doreen Mehlhoff*  
Operator's Signature

10/2/03  
Date