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10/16/03  
Date

2003 HOUSE GOVERNMENT AND VETERANS AFFAIRS

HCR 3060

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Date

2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HCR 3060

House Government and Veterans Affairs Committee

☐ Conference Committee

Hearing Date 2-27-03

Tape Number	Side A	Side B	Meter #
1	x		9.9-end
1		x	0-33.3
Committee Clerk Signature <i>James Rinke</i>			

Minutes: Chairman Klein: called the hearing to order on HCR 3060. All committee members were present.

Representative Weiler: was present and in favor of HCR 3060. I was contacted back in December by a constituent who had some major concerns about the sudden and steep increase in his business unemployment insurance, and this has been an ongoing issue with many business owners in North Dakota. Rather than taking you through the issues myself there are a couple others here that have dealt with this issue for several sessions and others deal with it on a personal basis as a business owner at this time I will turn it over to them.

Representative Dosch: I come to speak in support of this resolution, what it basically boils down to is Dave brought up some specific problems that are occurring with our employment rate. I think a lot of you have seen this already this Small Business Survival Index and my view on this is preception is reality, and in this report it ranks North Dakota with an unemployment tax rate at 7.11percent which puts us in the worst in the nation and what this survival index is, anyone out

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House Government and Veterans Affairs Committee

Bill/Resolution Number HCR 3060

Hearing Date 2-27-03

there looking to bring their business to North Dakota that want to locate here they take a look at this and see some of the ratings and this is just another thing that preception saying that I guess we don't want to go there, their umemployment rates are terrible. Now I don't believe we have the highest umemployment rates in the nation, the problem is on how we calculate those rates. What we need to do is study this and determine a different way that we can calculate this, right now they are doing it on a percentage of the income, that is used for the tax. We have to change that. Can we do a revenue neutral change on our unemployment rate to bring these rates down as far as the recording is going on we are the highest in the nation.

Representative Berg: I encourage Representative Weiler to address this, we look at Job service there are three areas that should be discussed really on the future, one is the positive balance employers and the negative balance employers, I don't know what has been said about that but the escense of that is the people that have seasonal workers generally have more claims paid out of their account then they put premiums in so they have a negative balance from the start to the present. Positive balance employers generally have fewer claims then the premiums they paid in and from their individual accounts they would have a positive balance. It's O.K. for the positive balance employers to pay a little bit more to help off set the negative balance employers if they were not doing that then we may have to bring people out of state to do those seasonal jobs. Should the negative balance employers cover everything or should the positive balance employers cover part of that, and the other issue is what should the trust fund balance be? And this was a challenge for us back in 1999, because there are theories nationally that say you should have one years claim in a trust fund and so to determine what that is the current statute says that you take the worst year in the last twenty and two of the worst years in the last ten, and

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House Government and Veterans Affairs Committee

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Hearing Date 2-27-03

average them together and then use a factor times that. They have to use those three and that is our trust fund balance. What we done before is we just said forty million well as our work force grows and we have more people forty million is not the right amount, so again that is a floating number based on three of the worst years in the past twenty. I think that ought to be reviewed on an on going basis. The third is the rate system about 80 % of the people are in the lowest rates the rate system is like grading a paper it creates 10 rates with 10% of the people in each rate, so those who have a higher positive balance pay a lower rate, and those who would have a lower positive balance will pay a higher rate and so again that is something that is appropriate for us to look at and examine and question is that appropriate now, does it make sense to have some sort of citizens or business group like we have with Workers Comp. An advisory group would have been good the last four years.

John Graham, Director of Unemployment Insurance Program, Job Service: I'm here to express Job Services support for the study that is called for in this resolution. We also agree that the unemployment insurance tax program which were changed by the 1999 Legislature should be subject to continuing legislative involvement and oversight and looking at how that plan is progressing is certainly an interim effort. I also provided a written statement (SEE ATTACHED TESTIMONY).

Mary Scar, President of E.W. Wylie Corporation: I'm here in support of the HCR 3060 and providing a written statement (SEE ATTACHED TESTIMONY). It doesn't take a rocket scientist to figure out why negative balance accounts aren't paying their fair share. If you lay a person off for 26 weeks at \$300.00 that guy draws \$7,800.00 the maximum he can be charged at 10 1/2% the fund gets tapped almost \$6,000.00. The old insurance where the good takes care of

Ja Costa Richardson  
Operator's Signature

10/16/03  
Date

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House Government and Veterans Affairs Committee

Bill/Resolution Number HCR 3060

Hearing Date 2-27-03

the bad is no longer in existence. If you negotiated insurance rates in the last three years, if you are a user your rates go high or your kicked out of the fund. You have 72 % of your employers upset at Job Service because of the rate increases that we took this year. We need representation. They can spend our money and not have any input from the people that are paying the bills? We need an employer advisory board we need our input. Why should we be begging for this board when it should be there naturally.

Dave Kemnitz, ND, AFL-CIO: appeared in support of HCR 3060.

Renee Pfenning, North Dakota Building and Construction Trades Council: appeared in favor of HCR 3060.

Representative Grande: made a **DO PASS** motion on HCR 3060.

Representative Kasper: **SECOND** the do pass motion.

**YOTE: 11-YES 1-NO 2-ABSENT- (WINRICH, SITTE).**

**Motion carried.**

Representative Kasper: will carry the bill to the floor.

Meeting adjourned.

La Costa Richard  
Operator's Signature

10/16/03  
Date

Roll Call Vote #: Date: 2-27-03

2003 HOUSE STANDING COMMITTEE ROLL CALL VOTE  
SENATE BILL/RESOLUTION NO. HCR 3060

House GOVERNMENT AND VETERANS AFFAIRS Committee

☐ Check here for Conference Committee

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

Action Taken Do Pass

Motion Made By Rep. Grande Seconded By Rep. Kasper

Representatives	Yes	No	Representatives	Yes	No
Chairman M.M. Klein	X		B. Amerman		X
Vice Chairman B.B. Grande	X		L. Potter	X	
W.R. Devlin	X		C. Williams	X	
C.B. Haas	X		L. Winrich	A	A
J. Kasper	X				
L.R. Klemin	X				
L. Meier	X				
M. Sitte	A	A			
W.W. Tieman	X				
R.H. Wikenheiser	X				

Total (Yes) 11 No 1

Absent (2) Rep. Winrich, Rep. Sitte

Floor Assignment Rep. Kasper

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

**REPORT OF STANDING COMMITTEE (410)**  
February 27, 2003 4:10 p.m.

Module No: HR-35-3631  
Carrier: Kasper  
Insert LC: . Title: .

**REPORT OF STANDING COMMITTEE**  
**HCR 3060: Government and Veterans Affairs Committee (Rep. M. Klein, Chairman)**  
recommends **DO PASS** and **BE PLACED ON THE CONSENT CALENDAR** (11 YEAS,  
1 NAY, 2 ABSENT AND NOT VOTING). HCR 3060 was placed on the Tenth order on  
the calendar.

(2) DESK, (3) COMM

Page No. 1

HR-35-3631

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Operator's Signature

*10/16/03*  
Date



2003 SENATE GOVERNMENT AND VETERANS AFFAIRS

HCR 3050

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La Costa Richard  
Operator's Signature

10/16/03  
Date

2003 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HCR 3060

Senate Government and Veterans Affairs Committee

☐ Conference Committee

Hearing Date 03/13/03

Tape Number	Side A	Side B	Meter #
Tape 2	x		0-1800
Committee Clerk Signature <i>[Signature]</i>			

Minutes:

**Senator Karen Krebsbach**, Chairman opens HCR 3060. All senators present.

**Representative Dave Weller**, sponsor of bill, goes through resolution.

**Representative Rick Berg**, Goes through bill . The changes were passed almost unanimously in both the house and the senate. The balance between positive and negative employers, what should the trust fund reserve be. The rate structure has changed. I think this has caused a lot of confusion. These are the 3 things that this should go over.

**Senator Krebsbach** : The last time when we made drastic changes it hadn't gone through a study?

**Rep. Berg**: No

**Senator Krebsbach** : I believe there used to be an advisory board, when was that?

**Rep. Berg**: Mid 90's and I think they didn't know what their job was then. so things never got done.

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*[Signature]*  
Operator's Signature

*10/16/03*  
Date

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Senate Government and Veterans Affairs Committee

Bill/Resolution Number HCR 3060

Hearing Date 03/13/03

**John Graham, Director of Unemployment Insurance Program for Job Service, (testimony attached)**

**Dale Pressler, Owner of Servicemaster:** I have approximately 100 employees and had a 260% increase. I have paid over \$100,000 in premiums and used only \$10,000. Seasonal employees have to be addressed.

**Dave Kemnitz, President NDAFLCIO:** If worker's aren't working there is no premium. ND economic well being. They need some assistance on next job. We would like to make a plea that worker's are represented. So both sides of the equation are represented.

Closed HCR 3060

Senator Wardner motions for a Do Pass

Senator Dever 2nd

6 Yes 0 No

Carrier: Senator Dever

Date: 3/13/03  
Roll Call Vote #: 1

2003 SENATE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. 3060

Senate Government and Veteran Affairs Committee

☐ Check here for Conference Committee

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

Action Taken Do Pass

Motion Made By Wardner Seconded By Dever

Senators	Yes	No	Senators	Yes	No
Senator Karen Krebsbach, Chr.	✓		Senator April Fairfield	✓	
Senator Dick Dever, Vice Chr.	✓		Senator Carolyn Nelson	✓	
Senator Richard Brown	✓				
Senator Rich Wardner	✓				

Total (Yes) 6 No 0

Absent 0

Floor Assignment Dever

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

Richard B. Costa  
Operator's Signature

10/16/03  
Date

REPORT OF STANDING COMMITTEE (410)  
March 14, 2003 12:51 p.m.

Module No: SR-46-4803  
Carrier: Dover  
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE  
HCR 3060: Government and Veterans Affairs Committee (Sen. Krebsbach, Chairman)  
recommends **DO PASS** (6 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING).  
HCR 3060 was placed on the Fourteenth order on the calendar.

(2) DESK, (3) COMM

Page No. 1

SR-46-4803

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10/6/03  
Date

2003 TESTIMONY

HCR 3060

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Richard Costa  
Operator's Signature

10/16/03  
Date

Testimony before the  
House Committee on Government and Veterans Affairs

House Concurrent Resolution No. 3060

Presented by John Graham  
Job Service North Dakota

Chairman Klein, members of the Committee, I am John Graham, the Director of the Unemployment Insurance program for Job Service. I am here to express Job Service's support for the study called for by HCR 3060.

Job Service agrees fully with the Resolution's first "whereas" clause. Job Service, through its workforce development and training activities greatly contributes to a positive business and employment environment.

We also agree that the Unemployment Insurance tax programs were substantially changed by the 1999 Legislature's enactment of a seven-year Trust Fund solvency plan. Studying how that plan is progressing in the coming interim is surely appropriate.

Job Service also believes that it would be appropriate to fully air the pros and cons of having either an Unemployment Insurance advisory board or board of directors involved in the decisionmaking about the Unemployment Insurance program.

The Unemployment Insurance program is a Federal/State partnership with many aspects of the program's philosophy and operations governed by Federal statutes, while other aspects are solely within the discretion of the several States. This partnership works well, but can give rise to complexities. Job Service always welcomes the opportunity to inform others about the program and to learn more itself about the program. This study would create another opportunity for that learning process to be advanced.

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

*John Graham*  
Operator's Signature

*10/16/03*  
Date

**E. W. WYLIE CORPORATION**  
**Unemployment Compensation Information**

HC 3060

Positive reserve balance = \$406,000.00

2002-2003 rate increase=280 %

Negative balance employer information:

Eligible benefits= 26 weeks X \$301.00 = \$7,826.00

Maximum charge = \$18,000.00 X .105 = \$1,890.00

Shortage to fund = \$5,936.00

72% of all employers are positive balance employers. 100% of the increase this year was assessed to the positive balance employers. Negative balance employers received zero increase for the upcoming year.

Job Service North Dakota is similar to where Workers Compensation was six years ago. A huge bureaucracy, funded by business tax dollars not employee tax dollars with a fund in trouble assessing tax increases unfairly to all businesses. Businesses without an input mechanism for the spending of their tax dollars essentially no accountability to the people that pay the bills.

Salvatore Riccardi  
Operator's Signature

10/16/03  
Date



Testimony before the  
Senate Committee on Government and Veterans Affairs

House Concurrent Resolution No. 3060

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