

# MICROFILM DIVIDER

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



ROLL NUMBER

DESCRIPTION

1510

2005 HOUSE INDUSTRY, BUSINESS AND LABOR

HB 1510

2005 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1510

**HOUSE INDUSTRY, BUSINESS AND LABOR**

☐ Conference Committee

Hearing Date 1-24-05

Tape Number	Side A	Side B	Meter #
3		x	13.2-end
4	x		0-10.5
4	x		13.5-16.6
Committee Clerk Signature <i>Joey Burke</i>			

Minutes:

**Rep. Keiser:** Called the meeting to order on HB 1510. All committee members were present.

**Representative Potter:** Appeared in support of HB 1510 and also was a sponsor.

In current law farm workers are exempt from coverage in WSI, as well as domestic service, clergy, and so forth. One of the things that I am suggesting is to remove farm workers from being exempt, and have them coverage just as all other workers are covered. In my understanding this law was written maybe 40 years ago, its been amended a number of times. But 40 years ago farming was very different in my mind. I think that we would all agree that compared to 2005 farming was very different back then and it really is a business, a pretty big business in ND. I believe it should be treated like a business and cover their workers with WSI. Farm work is one of the most, if not the most, hazardous employment in the state. Section 2 is all new language on here.

**Dave Kemnitz, President, AFL-CIO:** Appeared in support of HB 1510.

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House Industry, Business and Labor Committee

Bill/Resolution Number HB1510

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**Sandy Clark, ND Farm Bureau:** Appeared in opposition of HB 1510 and provided a written statement (SEE ATTACHED TESTIMONY).

**Wade Mozer, ND Stockmen's Association:** Appeared in opposition of bill. Since the fact that most people in agriculture, a lot of times our lenders keep us out in front of this issue to make sure we do have enough liability insurance and coverage, I'm not aware of this being a huge problem in the state, so I'm not really sure if it needs correcting at this point.

**Anne Greene, Counsel, WSL, ND:** Appeared neutral on HB 1510 and provided a written statement (SEE ATTACHED TESTIMONY).

**Representative Froseth:** I move a DO NOT PASS.

**Representative Vigesaa:** SECOND the DO NOT PASS.

Motion carried. VOTE: 12-YES 1-NO 1-Absent (BOE).

**Representative Froseth will carry the bill on the floor.**

Hearing closed.

## FISCAL NOTE

Requested by Legislative Council  
01/18/2005

Bill/Resolution No.: HB 1510

**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.*

	2003-2005 Biennium		2005-2007 Biennium		2007-2009 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues				\$19,400,000		\$19,982,000
Expenditures		\$150,000		\$19,400,000		\$19,982,000
Appropriations				\$3,104,000		\$3,197,000

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

2003-2005 Biennium			2005-2007 Biennium			2007-2009 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.*

### WORKFORCE SAFETY & INSURANCE 2005 LEGISLATION SUMMARY OF ACTUARIAL INFORMATION

BILL DESCRIPTION: Removal of Agricultural Exemption

BILL NO: HB 1510

SUMMARY OF ACTUARIAL INFORMATION: Workforce Safety & Insurance, 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 mandates workers compensation coverage for agricultural employees and creates a new section relating to the requirement that an employer provide workers' compensation coverage for an employee.

FISCAL IMPACT: A census of agriculture conducted in 2002 by the United States Department of Agriculture revealed 30,619 farms in North Dakota of which 9,208 reported farm labor. The census reported \$141 million in farm wages for 25,767 actual employees for an average of \$5,472 per employee.

Based on the census information, it is anticipated that mandating workers' compensation coverage for agricultural employees will have the following impact:

Workers compensation coverage among agricultural employers/employees will expand significantly. The number of employer accounts covered by WSI will increase by approximately 45%.

We have no way to determine in advance if current base rates for the agricultural class will be appropriate for the newly covered exposures. Loss costs for the newly added employers may be either higher or lower than costs contemplated by current rates. To the extent that differences exist, rates will be adjusted over time.

Total premiums for agricultural operations that currently opt for coverage are approximately \$800,000. Estimated premiums for the agricultural classification under the legislative proposal after adjusting the census information for wage inflation (3% per year) and applying current premium rate levels would be \$10.5 million. Thus, it is anticipated that the net additional premiums necessary to cover the expected losses and administrative costs for the new agricultural exposures would be approximately \$9.7 million per year or \$19.4 million for the biennium.

Administrative costs account for approximately 16% of premiums. Estimated additional administrative costs anticipated with the new exposures would be \$1,552,000 per year (16% of \$9.7 million) or \$3,104,000 for the biennium. A biennial appropriation of \$3,104,000 out of the workers compensation fund would be necessary to fund the additional administrative resources needed to service and maintain the expanded employer account base. This represents approximately a 9.3% increase from our current appropriation request. Increasing WSI's current FTE authority of 223 FTEs by 9.3% would indicate a need of 21 additional FTEs. It is estimated that an additional 15 to 21 FTEs would be necessary to dedicate towards the increased underwriting, claims handling, and safety services associated with the expanded employer account base.

The proposed legislation implies an effective date of August 1, 2005. To enroll potentially 9,000 new accounts by this date, WSI will need to enlist temporary help to assist in gathering the necessary information and applications required to obtain coverage. An additional expenditure out of the workers compensation fund of approximately \$150,000 would be necessary to cover these one-time expenditures (Basis: 30 workers processing 240 applications per day at \$15 per hour over an 8 week time period). These expenditures would be predominantly incurred during the 2003-05 biennium.

DATE: January 23, 2005

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 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.*

see narrative

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.*

see narrative

<b>Name:</b>	John Halvorson	<b>Agency:</b>	WSI
<b>Phone Number:</b>	328-3760	<b>Date Prepared:</b>	01/23/2005

Roll Call Vote #: \_\_\_\_\_ Date: 1-24-05

2005 HOUSE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. HB 1510

House INDUSTRY, BUSINESS AND LABOR Committee \_\_\_\_\_

☐ Check here for Conference Committee

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

Action Taken Do Not Pass

Motion Made By Rep. Froseth Seconded By Rep. Vigesaa

Representatives	Yes	No	Representatives	Yes	No
G. Keiser-Chairman	X		Rep. B. Amerman	X	
N. Johnson-Vice Chairman	X		Rep. T. Boe	A	
Rep. D. Clark	X		Rep. M. Ekstrom		X
Rep. D. Dietrich	X		Rep. E. Thorpe	X	
Rep. M. Dosch	X				
Rep. G. Froseth	X				
Rep. J. Kasper	X				
Rep. D. Nottestad	X				
Rep. D. Ruby	X				
Rep. D. Vigesaa	X				

Total (Yes) 12 No 1

Absent (1) Rep. Boe

Floor Assignment Rep. Froseth

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

**REPORT OF STANDING COMMITTEE (410)**  
January 24, 2005 5:34 p.m.

**Module No: HR-15-0963**  
**Carrier: Froseth**  
**Insert LC: . Title: .**

**REPORT OF STANDING COMMITTEE**

**HB 1510: Industry, Business and Labor Committee (Rep. Kelser, Chairman)**  
recommends **DO NOT PASS** (12 YEAS, 1 NAY, 1 ABSENT AND NOT VOTING).  
HB 1510 was placed on the Eleventh order on the calendar.



**2005 TESTIMONY**

HB 1510

**2005 House Bill No. 1510**  
**Testimony before the House Industry, Business, and Labor Committee**  
**Presented by:**  
**Anne Jorgenson Green, Counsel**  
**Workforce Safety and Insurance**  
**January 24th, 2005**

Mr. Chairman, Members of the Committee:

My name is Anne Jorgenson Green and I am staff counsel with Workforce Safety and Insurance. The Workforce Safety and Insurance Board of Directors takes no position on HB 1510, but is prepared to present informational and statistical material.

Of the fifty states, fourteen currently mandate workers compensation coverage. North Dakota currently exempts agricultural employers from mandatory coverage but allows for employers to cover their workers voluntarily. North Dakota currently insures approximately 320 agricultural operations with optional coverage for their farm workers for a total annual premium of approximately \$800,000. The current rate to insure agricultural workers is \$6.79 per \$100 worth of payroll. Given our current wage cap of \$18,500, the maximum annual premium per worker for workers compensation coverage is \$1,256.15.

The United States Department of Agriculture conducted a census of agriculture in 2002. At that time, the data revealed 30,619 farms in North Dakota. 9,208, or less than one-third, reported farm labor. Those 9,208 farms expended \$140,999,000 in wages. The census reported 25,767 actual employees for an average of \$5472 annually per employee. Based on the census numbers, the annual premium for one employee in 2002 would have been \$335.43 (\$6.13 per \$100 of payroll). Assuming further that coverage for agriculture were mandatory in North Dakota at that time, WSI would have collected an additional \$8,642,905 in premium and administered an additional 9,208 employer accounts.

Thank you for your consideration. I am happy to answer any questions that you have.



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## **North Dakota Farm Bureau**

[www.ndfb.org](http://www.ndfb.org)

### **House Industry, Business & Labor Committee**

*January 24, 2005*

#### **HB 1510 Testimony by North Dakota Farm Bureau**

*presented by Sandy Clark, public policy team*

Good morning, Chairman Keiser and members of the committee. For the record, my name is Sandy Clark and I represent the 27,500 members of the North Dakota Farm Bureau. We appreciate the opportunity to appear before you today on HB 1510.

NDFB opposes HB 1510. Farm Bureau members believe workmen's compensation insurance should remain optional for agriculture and custom agricultural operations. The current law allows farmers and ranchers to purchase the coverage if they so choose. I understand that about 360 farm employers do participate, covering nearly 1400 workers.

Most farm and ranch insurance policies already carry basic employee injury benefits. Higher coverage is also available and farmers can purchase what level of coverage they desire.

We estimate that about 15,000 farmers and ranchers would be subject to workmen's compensation under this bill, costing the agricultural industry millions of dollars in North Dakota. Unfortunately, agriculture is a volatile industry, subject to weather conditions and markets. Agriculture is one of the few industries that cannot pass its costs on to the consumer. This bill would add another burden to an industry that in most years operates on a very narrow margin.

At the same time, Workforce Safety & Insurance would need to hire additional employees to cover the workload, if this bill is adopted.

NDFB would respectfully request that coverage for agriculture remain optional and urges a "do not pass" recommendation on HB 1371. Thank you for your consideration.

*One future. One voice.*