

Testimony by Scott K. Olin
On behalf of
Dickinson Ready Mix Co.
to the
Senate Industry, Business and Labor Committee
Hearing on Senate Bill 2203
February 9, 2021

Good morning Mr. Chairman and Committee members. My name is Scott Olin, and I am the President and General Manager of Dickinson Ready Mix Co., a concrete and concrete products supplier with plants located throughout southwestern North Dakota. Thank you for the opportunity to provide my input on SB 2203. I urge your opposition to SB 2203 which proposes a surcharge on negative balance employers for employees who receive unemployment insurance benefits.

My opposition to this bill is based on two specific questions: is it necessary to change the UI Program; and is this the best timing to impose a surcharge on businesses in the state.

Regarding the first question, negative balance employers in ND are mostly those who are forced to seasonally lay off employees because of North Dakota's harsh winter climate. Negative balance employers have no control over the impact on their operations from the ND climate, but they have to deal with it. The Unemployment Insurance tax rate structure already compensates for the higher benefit to premium ratio for negative balance, seasonal employers. Negative balance rates in North Dakota are already amongst the highest in the nation ranging between 6.09% - 9.69% which translates to a maximum annual per employee payment of \$3,731. Positive balance tax rates are amongst the lowest in the nation, and well below the national average at .08% to 1.13% with an annual per employee payment as low as \$31 per employee. I think it is fair to say Negative balance employers pay their fair share.

The target balance for the North Dakota Unemployment Insurance Reserve is currently \$240 million and the balance is around \$260 million so there is not a shortfall in the reserve that needs to be covered. Further, at times when the level of funds has dropped precipitously, the reserve has recovered in a relatively short time, which I think indicates the program in place now is working.

Also, an interim legislative committee studied the current UI rate structure for two years and voted against making any changes to the current structure. When you look at all these points collectively, I don't believe there are any indications that it is necessary to make changes to the UI Program at this time.

Regarding the second question, my company has weathered many ups and downs in the construction industry in this state for 71 years, as have other companies. The last few years have been particularly challenging because of the short construction season and uncertainty in the agricultural market which impacts our business, coupled with a shortage of qualified drivers/workers in construction the last few years, the downturn in the energy industry and the impacts of COVID 19. The result of all that is companies in construction, as well as other industries in the state, that are just hanging on so I don't feel that this would be the best time to implement a UI surcharge on North Dakota employers.

My company is a negative balance employer, but we have worked to improve our Reserve Ratio and our UI Tax Rate. We are currently still a negative balance employer but our negative

reserve for all years has decreased to under \$50,000 and our reserve for the last 6 years and our benefits to premium ratio are now positive. I feel that the proposed surcharge would penalize our company for taking steps to reduce our negative balance because as our premium rates and our premium base decline, my company will be more susceptible to the imposition of the surcharge. With the smaller premium base, laying off only a few employees would result in DRM reaching the threshold for imposition of the surcharge. I don't believe the legislative intent is to penalize those companies that decrease their negative balance.

Please vote NO on SB 2203

Thank You

Respectfully,

Scott K. Olin

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