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Dennis Halliwell
Operator's Signature

10/3/03
Date

2003 HOUSE INDUSTRY, BUSINESS AND LABOR

HB 1370

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Deanna Hall
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10/3/03
Date

2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 1370

House Industry, Business and Labor Committee

☐ Conference Committee

Hearing Date January 28, 2003

Tape Number	Side A	Side B	Meter #
3		X	1,027-4276
Committee Clerk Signature <i>Elizabeth R. Fier</i>			

Minutes: **CHAIR KEISER**: Opened hearing on HB 1370.

REP. RUBY: Discussed intent of bill.

MARY SKAR (E.W. Wylie): Provided spreadsheet. Discussed how the Small Business Survival Index rates ND terribly because of a cap that no one understands. ND is rated 36th. This is an economic disadvantage. The least ND could do is be consistent with other states around us. He supports a revenue neutral gross payroll.

DALE ANDERSON (Pres., GNDA): Concerned about the gross payroll provision.

REP. RUBY: Is there any benefit of this being set up on a graduated phase-in period of three years? Anderson thought this was an interesting possibility. Basing workers' comp on a payroll basis represents different ways. Rep. Ruby asked if he has considered the possibility of the effect of positive experience rating. Would it allow the experience rating to have a more significant benefit on the employers? Anderson said that they could discuss it and get back before the committee takes action.

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Page 2
House Industry, Business and Labor Committee
Bill/Resolution Number 1370
Hearing Date 1-28-03

REP. ZAISER: Would this make ND look better? Anderson said that it is a consideration.

REP. KASPER asked what the objections are. Anderson said they are concerned with making a change at this level and that rates can go up down the road. Rep. Kasper reminded the committee that the fund has to be solvent on its own merits. If the fund depletes, rates would have to go up anyway without. Anderson said this is a possibility they will consider.

DAVE KEMNITZ (ND AFL-CIO): Short-term businesses would pay much less. This could take full-time jobs away. This takes away the incentive to keeping people on the payroll.

REP. KASPER: Would it be legal if there was a graduated phase-in and then full-time.

Kemnitz said that workers' comp is related to injury and whether or not your business is more injury prone.

RON NESS (ND Petroleum Council): This is just a tax shift. Although this is revenue neutral to the state, another employer will have to pick up the tab. We cannot compare to other states because we have a monopolistic state fund. This concept was brought up two years ago and all of this needs to be evaluated between the businesses and the WCB (Worker' Comp Bureau).

MICHAEL WOLF (ND Assoc. of Counties): Neutral with testimony.

JOHN HALVORSON (ND WCB): Neutral with testimony.

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2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 1370

House Industry, Business and Labor Committee

☐ Conference Committee

Hearing Date February 10, 2003

Tape Number	Side A	Side B	Meter #
1		X	3555-4500
Committee Clerk Signature <i>Elizabeth R. Feier</i>			

Minutes: **Chair Kelser:** Opened discussion on 1370

Rep. Ruby: Willing to do a 3 yr. phase-in. Would discuss with Workers' Comp. Benefits outweigh the problems.

Rep. Froseth: He has visited with employers in his area and this would cost them an extra \$150,000/yr.. Detrimental to those who offer full-time employment with good pay.

Rep. Johnson: Believes this penalizes those for having high-paid, stable employees.

Rep. Ruby: This equalizes the amount being paid. Some are unfairly charged now. The counties are neutral because some win and some lose. Some have seen a shift as high as \$400,000 in one year because of a shift of employees at the wrong time. He would rather pay a higher percentage that is consistent than have a huge shift in one year.

Rep. Severson: Opposes because of the need to maintain long-term employees.

Rep. Kelser: This is an important policy question. Are we business friendly? This is a substantial change. Does not feel this should pass, but this should be a Legislative Council study.

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Page 2

House Industry, Business and Labor Committee

Bill/Resolution Number 1370

Hearing Date February, 10, 2003

This is revenue neutral, but still cost shifting. Perhaps a different formula would work. We cannot want good paying jobs and then tax them for paying the employees more.

Rep. Ruby: Would not oppose an amendment to turn it into a study. If you look at it, someone will always win or lose.

Rep. Ekstrom: Recommended to have positive and negative balance tables to make the findings obvious.

Rep. Severson: Said he would talk to LC.

Chair Kelser: Closed discussion on HB 1370

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10/3/03
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2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 1370

House Industry, Business and Labor Committee

☐ Conference Committee

Hearing Date February 11, 2003

Tape Number	Side A	Side B	Meter #
1	X		250-687
Committee Clerk Signature <i>Elizabeth R. Fein</i>			

Minutes: **Chair Kelser:** Opened discussion on HB 1370

Rep. Severson: Brought forth an amendment to turn bill into a study resolution.

Rep. Klein moved to pass the amendment on HB 1370. Rep. Severson seconded.

Rep. Ruby: Does not want this issue to die in a study. Would like to see if a phase-in would work.

Rep. Severson: Does not believe there is enough time to study during the session.

Voice vote on amendment. Amendment carries.

Rep. Severson moved a DP as amended. Rep. Nottestad seconded.

Vote: 13 Yes 0 No 1 Absent and not voting Carrier: Severson

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Deanna Holmquist
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10/3/03
Date

FISCAL NOTE
Requested by Legislative Council
02/13/2003

Amendment to: HB 1370

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: Gross Payroll Study

BILL NO: Engrossed HB 1370

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 engrossed bill allows Legislative Council to consider studying the feasibility and desirability of calculating workers' compensation premium based on an employee's gross annual wage.

FISCAL IMPACT: No significant fiscal impact on NDWC is anticipated.

DATE: February 14, 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.*

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

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Deanna Hall Smith
Operator's Signature

10/3/03
Date

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 Halvorson	Agency:	NDWC
Phone Number:	328-3760	Date Prepared:	02/14/2003

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Demetrius Halvorson
Operator's Signature

10/3/03
Date

FISCAL NOTE
Requested by Legislative Council
01/17/2003

Bill/Resolution No.: HB 1370

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: Gross Payroll

BILL NO: HB 1370

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 bill will increase the payroll cap used for establishing workers' compensation rates in North Dakota from 70% of the State's average weekly wage (AWW) to 400% of the AWW. The change will bring North Dakota's payroll base more in line with those used in most other jurisdictions.

FISCAL IMPACT: The proposed legislation should have no material effect on rate or reserve levels. NDWC will derive rates for 2003-04 with the goal of introducing the change on a revenue neutral basis for the State as a whole. However, charged premium for individual employers will change.

Manual rates for each class will be adjusted so that the proposed rates at the new payroll cap will generate approximately the same total premium for each class as rates derived under the current cap. Thus, the required manual rate offset will vary by class in line with actual recent payroll information.

DATE: January 22, 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

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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 Halvorson	Agency:	NDWC
Phone Number:	328-3760	Date Prepared:	01/23/2003

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Deanna Halvorson
Operator's Signature

10/3/03
Date

30541.0101
Title.0200

Prepared by the Legislative Council staff for
Representative Severson
February 10, 2003

VR
2/11/03

HOUSE AMENDMENTS TO HOUSE BILL NO. 1370 IBL 2-12-03

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to provide for a legislative council study of workers' compensation premium calculations."

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. WORKERS' COMPENSATION PREMIUM CALCULATIONS - LEGISLATIVE COUNCIL STUDY. During the 2003-04 interim, the legislative council shall consider studying the feasibility and desirability of calculating the workers' compensation premium based on an employee's gross annual wage. If the study is selected by the legislative council, the legislative council shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the fifty-ninth legislative assembly."

Renumber accordingly

Page No. 1

30541.0101

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10/3/03
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Date: 2/10/03
Roll Call Vote #: 1

2003 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1370

House INDUSTRY BUSINESS & LABOR Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken DP as amended

Motion Made By Klein Severson Seconded By Severson Nottestad

Representatives	Yes	No	Representatives	Yes	No
Chairman Keiser	✓		Boe	✓	
Vice-Chair Severson	✓		Ekstrom	✓	
Dosch	✓		Thorpe	✓	
Froseth	✓		Zaiser	Absent	
Johnson	✓				
Kasper	✓				
Klein	✓				
Nottestad	✓				
Ruby	✓				
Tieman	✓				

Total (Yes) 13 No 0

Absent 1

Floor Assignment Severson

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

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Dorinda Hall Smith
Operator's Signature

10/3/03
Date

REPORT OF STANDING COMMITTEE (410)
February 12, 2003 8:37 a.m.

Module No: HR-27-2362
Carrier: Severson
Insert LC: 30541.0101 Title: .0200

REPORT OF STANDING COMMITTEE

HB 1370: Industry, Business and Labor Committee (Rep. Keiser, Chairman)
recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends
DO PASS (13 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). HB 1370 was placed
on the Sixth order on the calendar.

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to provide for a
legislative council study of workers' compensation premium calculations.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

**SECTION 1. WORKERS' COMPENSATION PREMIUM CALCULATIONS -
LEGISLATIVE COUNCIL STUDY.** During the 2003-04 Interim, the legislative council
shall consider studying the feasibility and desirability of calculating the workers'
compensation premium based on an employee's gross annual wage. If the study is
selected by the legislative council, the legislative council shall report its findings and
recommendations, together with any legislation required to implement the
recommendations, to the fifty-ninth legislative assembly."

Renumber accordingly

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2003 SENATE INDUSTRY, BUSINESS AND LABOR

HB 1370

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2003 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 1370

Senate Industry, Business and Labor Committee

☐ Conference Committee

Hearing Date 03-18-03

Tape Number	Side A	Side B	Meter #
1		xxx	2930-5604
Committee Clerk Signature <i>Lisa Van Berkem</i>			

Minutes: Chairman Mutch opened the hearing on HB 1370. Senator Espegard was absent.

HB 1370 relates to worker's compensation premium calculations.

Testimony in support of HB 1370

Representative Ruby introduced the bill. This bill has been changed to a study resolution. I support that change. The last session, I approached people at worker's compensation and asked about the cap we have on worker's compensation premium. If you have an employee and you reach the cap and then they leave and you start paying again on a new employee. We need to base it on gross payroll.

There were no questions from the committee.

Testimony in opposition to HB 1370

Gary Nelson, Iron Workers Union, spoke in opposition to the bill. He stated that this will penalize employers who pay a decent wage.

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Page 2
Senate Industry, Business and Labor Committee
Bill/Resolution Number 1370
Hearing Date 03-18-03

Ron Ness, North Dakota Petroleum Council, spoke in opposition as well. The removal of the payroll cap will penalize employers who pay high wages. You can't remove a payroll cap without a monopolistic fund.

Dave Kemnitz, AFL-CIO, stated that they see it as an adverse effect on full time work.

Anne Jorgenson Green, attorney with ND Worker's Compensation, was neutral.

They have clients on both sides of the issue.

Senator Klein: What haven't we studied yet?

Anne: My understanding that it has been studied internally.

Tom Tupa, National Electrical Contractors Assoc., stated opposition for the record.

Bob Lamp, Auto and Implement Dealers, stated opposition for the record.

The hearing was closed.

Senator Heitkamp moved a DO NOT PASS. Senator Every seconded.

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

Carrier: Senator Heitkamp

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Date: 3-18-03
Roll Call Vote #: 1

2003 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1370

Senate _____ Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Not Pass

Motion Made By Heitkamp Seconded By Every

Senators	Yes	No	Senators	Yes	No
Sen. Mutch, Chairman	X				
Sen. Klein, Vice Chairman	X				
Sen. Krebsbach	X				
Sen. Nething	X				
Sen. Heitkamp	X				
Sen. Every	X				
Sen. Espgaard	A				

Total (Yes) 6 No 0

Absent 1

Floor Assignment Heitkamp

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

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10/3/03
Date

REPORT OF STANDING COMMITTEE (410)
March 18, 2003 11:40 a.m.

Module No: SR-48-5019
Carrier: Heitkamp
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE
HB 1370, as engrossed: Industry, Business and Labor Committee (Sen. Mutch, Chairman) recommends **DO NOT PASS** (6 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). Engrossed HB 1370 was placed on the Fourteenth order on the calendar.

(2) DESK, (3) COMM

Page No. 1

SR-48-5019

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2003 TESTIMONY

HB 1370

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10/3/03
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Marr Skar - E.W. Nylie
of Fargo

Bill 1370

Gross Payroll Comparison

2003 Estimated Social Security Wages	\$2,373,000
Converted Rate on Gross Payroll	X .0529
Total Standard Premium	\$125,561.70
2003 Estimated W/C Wage at Cap	\$1,900,000
Capped Rate	X .0968
Total Capped Standard Premium	\$183,920.00
Savings from Gross P/R	<u>\$58,358.30</u>

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10/3/03
Date

**2003 House Bill No. 1370
Fifty-eighth Legislative Assembly of North Dakota
Testimony before the House Industry, Business, and Labor Committee
Presented By: John Halvorson
Vice President of Underwriting & R&D
North Dakota Workers Compensation
January 28, 2003**

Mr. Chairman, Members of the Committee:

My name is John Halvorson, I am Vice President of Underwriting and Research & Development at North Dakota Workers Compensation (NDWC). I am here today to provide comments to House Bill No. 1370. This bill will increase the payroll cap used for establishing workers' compensation premiums in North Dakota from 70% of the State's average annual wage to 400% of the State's average annual wage.

During the 2001 Legislative Assembly, in response to a performance audit recommendation, NDWC and its Board of Directors proposed a similar bill. That measure was soundly defeated. NDWC and its Board of Directors decided not to introduce a bill again this session. NDWC is taking a neutral position on 2003 House Bill No. 1370, as we recognize we have employer constituents on both sides of the issue.

With that said, the main implications of the proposed bill are as follows:

- 1) The proposed bill should have no impact on statewide premiums. NDWC would derive rates with the goal of introducing the change on a revenue neutral basis for the State as a whole.

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John Halvorson
Operator's Signature

10/3/03
Date

- 2) Manual Premiums by rate classification should not be impacted. Manual rates for each rate classification will be adjusted so that the proposed rates at the new payroll cap will generate approximately the same total premium for each class as rates derived under the current cap. Thus, the intent would be to collect the same amount of premium by class. NDWC performed these conversions to our existing class structure, which can be found in Exhibit A.
- 3) Charged premiums by employer will vary. Employers that pay higher than average wages within a classification will see higher manual premiums. Employers that pay lower than average wages within a classification will see lower manual premiums. Although these dislocations will be offset to some extent by the experience-rating plan, premium shifting at the employer level will occur.
- 4) Lastly, the change would bring North Dakota's payroll base more in line with the system used in most other jurisdictions. Comparing rates with other jurisdictions would be simplified.

That concludes my testimony. At this time, I would be happy to answer any questions you may have.

Deanna Hallmark
Operator's Signature

10/3/03
Date

Exhibit A

North Dakota Workers Compensation

Converted Manual Rates - Limited to 400% of SAAW
Coverage Incepting in 2002-03

Rate Class Description	Rate Code	2002-03 70% SAAW \$17,400 Manual Rate	Implied Conversion	2002-03 400% SAAW \$99,200 Manual Rate
Florists - Nurseries - Gardening	0003	2.33	0.83	1.93
Tree Planting - Trimming - Harvest.	0004	7.30	0.73	5.33
Aplaries	0005	3.92	0.76	2.97
Farming and Ranching	0006	6.13	0.69	4.23
Row Crop Non-Mach. Farm Labor	0007	2.20	0.65	1.42
Poisoning & Spraying	0010	4.24	0.71	3.03
Hatcheries and Egg Production	0034	1.18	0.92	1.09
Commercial Farm Mach. Operations	0050	2.84	0.82	2.33
Irrigation	0251	3.42	0.70	2.39
Coal Mining	1005	3.02	0.29	0.88
Oil or Gas Operations	1320	5.35	0.42	2.22
Briquette and Clay Products Mfg.	1463	7.27	0.58	4.19
Stonecutters	1802	5.19	0.81	4.20
Bakeries	2000	4.91	0.74	3.61
Food Processing	2014	4.91	0.62	3.04
Sugar Mfg. and Refining	2030	3.92	0.51	2.00
Food Preparation - Nonretail	2041	2.80	0.84	2.36
Creameries and Dairy Products Mfg.	2084	4.85	0.61	2.97
Packing Plants & Slaughter Houses	2094	10.91	0.76	8.25
Beverage Manufacturing	2163	3.98	0.64	2.54
Cleaners and Laundries	2583	3.64	0.78	2.84
Shoe Repair	2680	1.35	0.81	1.10
Leather and Canvas Goods Mfg.	2681	4.58	0.79	3.60
Logging and Sawmill Operations	2705	11.72	0.93	10.95
Woodworking Mfg.	2803	4.90	0.71	3.50
Upholstering	2860	3.90	0.79	3.07
Mfg. of Light Metal - Nonmetal	3124	3.32	0.63	2.09
Welding and Blacksmithing	3360	6.88	0.62	4.26
Foundries - Implement and/or Equip.	3504	5.30	0.54	2.87
Boiler and Tank Manufacturing	3620	9.62	0.59	5.70
Auto Repair - Body Shops - Mech.	3630	4.22	0.62	2.61
Computer/Electronic/Assembly	3685	1.74	0.61	1.06
Motor Coach-Carriage Assembly	3866	3.76	0.53	1.98
Brick - Pipe - Concrete Products Mfg.	4036	5.66	0.68	3.84
Pottery and Ceramics Mfg.	4081	1.03	0.93	0.96
Glass Merchants	4130	6.02	0.63	3.79
Jewelry &/or Optical Goods Mfg.	4150	0.44	0.72	0.32
Printing and Publishing	4310	1.28	0.61	0.78
Photographers	4365	1.31	0.77	1.00
Fertilizer & Chemical Dealers	4583	3.85	0.62	2.40
Laboratory Work and Medicine Mfg.	4601	0.85	0.50	0.42
Dental Laboratories	4692	0.91	0.65	0.59
Oil Refining - Synthetic Fuels Mfg.	4740	2.44	0.28	0.69
Masonry Work	5025	8.48	0.69	5.85

Page 1 of 4

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Operator's Signature

Date

10/3/03

Exhibit A

North Dakota Workers Compensation

Converted Manual Rates - Limited to 400% of SAAW
Coverage Incepting in 2002-03

Rate Class Description	Rate Code	2002-03 70% SAAW \$17,400 Manual Rate	Implied Conversion	2002-03 400% SAAW \$99,200 Manual Rate
Iron or Steel Construction	5040	20.12	0.68	13.68
Ornamental Work	5100	3.29	0.61	1.99
Boiler and Elevator Installation & Svc.	5110	4.87	0.62	3.03
Plumbing, Heating, Sheet Metal	5183	5.35	0.60	3.21
Electrical - Wiring - Svc. & Repair	5190	4.00	0.58	2.33
Concrete Work	5205	5.81	0.78	4.50
Plastering-Stucco-Drywall	5345	9.04	0.73	6.61
Building Construction	5410	9.60	0.70	6.76
Painting and Paper Hanging	5474	6.30	0.75	4.70
Carpet Laying and/or Linoleum	5502	5.64	0.75	4.25
Roofing-Hot Tar Method & Sandblast	5545	21.53	0.82	17.61
Consulting Engineers	5603	1.54	0.41	0.63
Street and Road Construction	6042	6.05	0.67	4.06
Water Well Drilling Operations	6200	7.92	0.63	4.98
Oil and Gas Well Development	6202	12.57	0.59	7.38
Oil and Gas Development - Drilling	6203	14.26	0.58	8.30
Oil & Gas Well Sply. Or Equip. Dirs.	6204	1.98	0.46	0.91
Oil Well Trucking	6205	11.48	0.50	5.78
Oil Well Servicing	6206	11.35	0.47	5.38
Oil and Gas Instrument Logging	6208	3.72	0.55	2.06
Junk and Scrap Metal Dealers	6209	12.00	0.72	8.60
Bldg. Moving - Demolition - Salvage	6210	14.48	0.72	10.35
Excavating and Digging	6221	5.39	0.73	3.93
Dredging	6223	17.22	0.93	16.04
Caisson Work	6253	55.82	0.59	32.79
Sewer-Water-Gas-Pipeline Const.	6301	10.07	0.62	6.27
Fence Construction	6400	6.79	0.85	5.76
Trucking and Hauling	7215	9.68	0.55	5.29
Explosive Ammunition Handlers	7217	7.06	0.71	4.99
Chauffeurs-School Bus - Ambulance	7380	2.43	0.84	2.04
Ice Handling	7384	4.09	0.82	3.35
Aircraft Ground Crew Operations	7403	2.31	0.58	1.34
Aircraft Flying Operation	7405	5.44	0.57	3.08
Specialized Aircraft Operations	7420	19.13	0.56	10.78
Gas Works	7500	1.83	0.38	0.69
Water Works	7520	2.35	0.56	1.32
Electric Light & Power Const. - REA	7529	4.26	0.71	3.03
Electric Light & Power Companies	7531	2.74	0.34	0.92
Elec. Lgt./Power Const./Invest. Own.	7533	3.37	0.36	1.23
Electric Light/Power Const. - Special	7534	8.70	0.68	5.87
Electronic Equip. - Install. & Repair	7535	1.83	0.44	0.81
Telegraph & Telephone Operations	7600	2.54	0.40	1.03
Telephone and Cable Line Const.	7601	5.43	0.47	2.56
Radio and Television	7602	0.47	0.58	0.27
Cable Install. - Service & Repair	7603	4.54	0.63	2.84

Page 2 of 4

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Deanna Hallmark
Operator's Signature

10/3/03
Date

Exhibit A

North Dakota Workers Compensation

Converted Manual Rates - Limited to 400% of SAAW
Coverage Incepting in 2002-03

Rate Class Description	Rate Code	2002-03 70% SAAW \$17,400 Manual Rate	Implied Conversion	2002-03 400% SAAW \$99,200 Manual Rate
Switching & Switchboard Repairing	7605	0.33	0.34	0.11
Fire Departments - Paid Employees	7700	5.90	0.43	2.55
Law Enforcement	7720	3.28	0.56	1.85
Stores - Retail	8000	1.13	0.77	0.87
Full-Line Department Stores	8001	1.63	0.78	1.28
Meat Markets	8003	4.82	0.74	3.55
Stores - Hardware and Appliance	8010	1.06	0.62	0.66
Furniture and Floor Covering Dealers	8015	2.96	0.66	1.96
Wholesale Warehouse	8016	2.80	0.57	1.61
Commission & Produce Merchants	8022	5.88	0.67	3.92
Hide & Leather Dealers - Tanners	8100	2.33	0.84	1.97
Lumber Yard Employees	8207	2.81	0.63	1.77
Coal, Iron, or Steel Merchants	8221	6.63	0.66	4.34
Livestock Dealers and Operations	8284	7.07	0.76	5.36
Cold Storage Warehouse	8291	4.85	0.70	3.39
General Warehouse & Storage	8292	4.09	0.67	2.75
Grain Elevators	8304	4.72	0.54	2.55
Oil & Gas Distributing-Bulk-Dealers	8350	3.76	0.53	1.98
Automotive Dealers & Svc. Stations	8380	3.04	0.57	1.72
Geologists and Scouts	8605	1.73	0.27	0.46
Traveling Reps	8747	0.89	0.42	0.38
Clerical Office Employees	8805	0.31	0.59	0.18
Banks-S & L Assocs.- Credit Unions	8808	0.26	0.55	0.14
Veterinary Surgeons & Hospitals	8831	1.73	0.73	1.26
Domestics	9002	3.31	0.85	2.82
Building Custodians & Janitorial Svc.	9007	4.27	0.79	3.37
Hospitals	9040	1.90	0.57	1.07
Nursing Homes	9041	2.78	0.76	2.11
Medical Clinic-Physicians-Dentists	9042	0.78	0.48	0.38
Hotels and Motels	9050	2.34	0.85	1.98
Community Outreach & Support Prog.	9061	1.44	0.73	1.05
Schools - Libraries - Institutions	9062	0.49	0.55	0.27
Restaurants and Lounges	9071	1.77	0.86	1.53
Camp Operations	9078	1.98	0.86	1.70
Athletic Clubs or Entertainment Fac.	9090	1.48	0.82	1.22
Religious Organizations & Churches	9104	0.50	0.68	0.34
Carnivals - Circus - Race Tracks	9180	16.41	0.87	14.25
Professional Athletics	9181	12.28	0.85	10.44
Park Boards and Amusement	9182	1.66	0.79	1.30
Cemetery Operations	9220	3.17	0.75	2.39
Sanitation Operations	9403	6.32	0.62	3.94
Sign Manufacturing	9544	4.98	0.66	3.29
Barbers and Beauticians	9580	0.74	0.81	0.60
Motion Picture and Video Production	9615	0.66	0.72	0.47
Funeral Homes	9620	2.16	0.51	1.11

Page 3 of 4

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Operator's Signature

Date

10/3/03

North Dakota Workers Compensation

Exhibit A

Converted Manual Rates - Limited to 400% of SAAW
Coverage Incepting in 2002-03

Rate Class Description	Rate Code	2002-03 70% SAAW \$17,400 Manual Rate	Implied Conversion	2002-03 400% SAAW \$99,200 Manual Rate
Townships - All Employees	9757	0.63	0.65	0.41

Page 4 of 4

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Deanna Hallmark
Operator's Signature

10/3/03
Date

2003 HOUSE BILLS 1302, 1304, 1317, 1370 & 1455

**Fifty-eighth Legislative Assembly
Before the House Industry Business and Labor Committee
Evan Mandigo, Member
North Dakota Workers Compensation Board of Directors
January 28, 2003**

Mr. Chairman, Members of the Committee:

My name is Evan Mandigo. I am a member of the Board of Directors of North Dakota Workers Compensation. It has been my pleasure to serve on the Board since 1998.

As each legislative session approaches, the Board, along with the staff of NDWC, carefully considers the legislative package ultimately presented to the Legislative Assembly. The process is thorough, analyzing all aspects of NDWC's operations. We believe the proposed legislation presented to this Committee last week represents the legislation that will allow us to improve and provide a system that ensures adequate benefits to our employees at a reasonable cost to employers.

During the legislative session, the Board meets frequently to discuss and evaluate other proposed legislation. The Board has carefully evaluated the legislation before you today and unanimously opposes House Bill No.'s 1302, 1304, 1317, and 1455. We are taking a neutral position on House Bill 1370.

The Executive Staff of NDWC will address the specific concerns we have with the bills we oppose, and provide further information to you regarding House Bill No. 1370. On behalf of the Board of Directors, I respectfully request this Committee recommend a "do not pass" on House Bill No.'s 1302, 1304, 1317, and 1455.

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Deanna Hall
Operator's Signature

10/3/03
Date

TESTIMONY TO THE
INDUSTRY, BUSINESS, & LABOR COMMITTEE
Prepared January 28, 2003 by the
North Dakota Association of Counties
Michael W. Wolf, County Employer Group Manager

CONCERNING HOUSE BILL NO. 1370

Mr. Chairman, members of the committee. Good afternoon, my name is Michael Wolf. I am the Manager of the County Employer Group (CEG) for the North Dakota Association of Counties (NDACo). Thank you for allowing me the opportunity to appear before you today. I am here today testifying as being neutral to HB1370 as it relates to gross payroll premium calculation.

The County Employer Group is currently the second largest employer group in North Dakota. By going from a taxable payroll premium calculation to a gross payroll calculation, we estimate a minimal overall savings. Our area of interest is that while we won't see much of a change in our overall gross premium, we will definitely see a shift in premium allocation in each county. Under a gross payroll system, large employers and employers who pay higher salaries will pick up more of the premium burden. The same holds true for larger counties and those counties paying higher salaries. These counties would see an increase in their gross premium.

If two different counties have two highway department workers who are doing the same work and work 40 hours per week and one county pays an annual salary of

PAGE 2

\$24,000 and the other county pays their employee \$30,000, the county that pays \$30,000 would pay an additional \$165.30 in workers compensation premium even though the risk is the same for both counties. Under the current taxable system, both counties would pay the same premium. This same example holds true in the private sector as well. We feel the premium should be based more on the exposure and not necessarily on gross earnings since gross earnings don't always identify the overall risk.

While we understand the theory behind gross payroll reporting, I appreciate you allowing us the opportunity to address these issues on how gross payroll reporting could adversely affect an employer.

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Deanna Hallworth
Operator's Signature

10/3/03
Date

**2003 Engrossed House Bill No. 1370
Fifty-eighth Legislative Assembly of North Dakota
Testimony before the Senate Industry, Business, and Labor Committee
Anne Jorgenson Green
North Dakota Workers Compensation
March 18th, 2003**

Mr. Chairman, Members of the Committee:

My name is Anne Jorgenson Green. I am Counsel to the Policyholder Services Department of North Dakota Workers Compensation (NDWC).

During the 2001 Legislative Assembly, in response to a performance audit recommendation, NDWC and its Board of Directors proposed a similar bill to HB 1370 in its original form. That measure was soundly defeated. HB 1370 has been condensed to a study bill permitting Legislative Council to study the feasibility of changing to a gross payroll system. NDWC maintains a neutral position on Engrossed House Bill 1370, as we recognize we have employer constituents on both sides of this issue.

Thank you for your time. I am happy to answer any questions you may have.

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Dorena Hall Smith
Operator's Signature

10/3/03
Date

North Dakota Workers Compensation

Converted Manual Rates - Limited to 400% of SAAW Coverage Incepting In 2002-03

Rate Class Description	Rate Code	2002-03 70% SAAW \$17,400	Implied Conversion	2002-03 400% SAAW \$99,200
		Manual Rate		Manual Rate
Florists - Nurseries - Gardening	0003	2.33	0.83	1.93
Tree Planting - Trimming - Harvest.	0004	7.30	0.73	5.33
Aplaries	0005	3.92	0.76	2.97
Farming and Ranching	0006	6.13	0.69	4.23
Row Crop Non-Mach. Farm Labor	0007	2.20	0.65	1.42
Poisoning & Spraying	0010	4.24	0.71	3.03
Hatcheries and Egg Production	0034	1.18	0.92	1.09
Commercial Farm Mach. Operations	0050	2.84	0.82	2.33
Irrigation	0251	3.42	0.70	2.39
Coal Mining	1005	3.02	0.29	0.88
Oil or Gas Operations	1320	5.35	0.42	2.22
Briquette and Clay Products Mfg.	1463	7.27	0.58	4.19
Stonecutters	1802	5.19	0.81	4.20
Bakeries	2000	4.91	0.74	3.61
Food Processing	2014	4.91	0.62	3.04
Sugar Mfg. and Refining	2030	3.92	0.51	2.00
Food Preparation - Nonretail	2041	2.80	0.84	2.36
Creameries and Dairy Products Mfg.	2064	4.85	0.61	2.97
Packing Plants & Slaughter Houses	2094	10.91	0.76	8.25
Beverage Manufacturing	2163	3.98	0.64	2.54
Cleaners and Laundries	2583	3.64	0.78	2.84
Shoe Repair	2660	1.35	0.81	1.10
Leather and Canvas Goods Mfg.	2681	4.56	0.79	3.60
Logging and Sawmill Operations	2705	11.72	0.93	10.95
Woodworking Mfg.	2803	4.90	0.71	3.50
Upholstering	2860	3.90	0.79	3.07
Mfg. of Light Metal - Nonmetal	3124	3.32	0.63	2.09
Welding and Blacksmithing	3360	6.88	0.62	4.26
Foundries - Implement and/or Equip.	3504	5.30	0.54	2.87
Boiler and Tank Manufacturing	3620	9.62	0.59	5.70
Auto Repair - Body Shops - Mech.	3630	4.22	0.62	2.61
Computer/Electronic/Assembly	3685	1.74	0.61	1.06
Motor Coach-Carriage Assembly	3866	3.76	0.53	1.98
Brick - Pipe - Concrete Products Mfg.	4036	5.66	0.68	3.84
Pottery and Ceramics Mfg.	4061	1.03	0.93	0.96
Glass Merchants	4130	6.02	0.63	3.79
Jewelry &/or Optical Goods Mfg.	4150	0.44	0.72	0.32
Printing and Publishing	4310	1.28	0.61	0.78
Photographers	4365	1.31	0.77	1.00
Fertilizer & Chemical Dealers	4583	3.85	0.62	2.40
Laboratory Work and Medicine Mfg.	4601	0.85	0.50	0.42
Dental Laboratories	4692	0.91	0.65	0.59
Oil Refining - Synthetic Fuels Mfg.	4740	2.44	0.28	0.69
Masonry Work	5025	8.48	0.69	5.85
Iron or Steel Construction	5040	20.12	0.68	13.68
Ornamental Work	5100	3.29	0.61	1.99
Boiler and Elevator Installation & Svc.	5110	4.87	0.62	3.03

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Donna M. Hall
Operator's Signature

10/3/03
Date

North Dakota Workers Compensation

Converted Manual Rates - Limited to 400% of SAAW Coverage Incepting In 2002-03

Rate Class Description	Rate Code	2002-03 70% SAAW \$17,400	Implied Conversion	2002-03 400% SAAW \$99,200
		Manual Rate		Manual Rate
Plumbing, Heating, Sheet Metal	5183	5.35	0.60	3.21
Electrical - Wiring - Svc. & Repair	5190	4.00	0.58	2.33
Concrete Work	5205	5.81	0.78	4.50
Plastering-Stucco-Drywall	5345	9.04	0.73	6.61
Building Construction	5410	9.60	0.70	6.76
Painting and Paper Hanging	5474	6.30	0.75	4.70
Carpet Laying and/or Linoleum	5502	5.64	0.75	4.25
Roofing-Hot Tar Method & Sandblast	5545	21.53	0.82	17.61
Consulting Engineers	5603	1.54	0.41	0.63
Street and Road Construction	6042	6.05	0.67	4.06
Water Well Drilling Operations	6200	7.92	0.63	4.98
Oil and Gas Well Development	6202	12.57	0.59	7.38
Oil and Gas Development - Drilling	6203	14.26	0.58	8.30
Oil & Gas Well Sply. Or Equip. Dirs.	6204	1.98	0.46	0.91
Oil Well Trucking	6205	11.48	0.50	5.78
Oil Well Servicing	6206	11.35	0.47	5.38
Oil and Gas Instrument Logging	6208	3.72	0.55	2.06
Junk and Scrap Metal Dealers	6209	12.00	0.72	8.60
Bldg. Moving - Demolition - Salvage	6210	14.48	0.72	10.35
Excavating and Digging	6221	5.39	0.73	3.93
Dredging	6223	17.22	0.93	16.04
Caisson Work	6253	55.82	0.59	32.79
Sewer-Water-Gas-Pipeline Const.	6301	10.07	0.62	6.27
Fence Construction	6400	6.79	0.85	5.76
Trucking and Hauling	7215	9.68	0.55	5.29
Explosive Ammunition Handlers	7217	7.06	0.71	4.99
Chauffeurs-School Bus - Ambulance	7380	2.43	0.84	2.04
Ice Handling	7384	4.09	0.82	3.35
Aircraft Ground Crew Operations	7403	2.31	0.58	1.34
Aircraft Flying Operation	7405	5.44	0.57	3.08
Specialized Aircraft Operations	7420	19.13	0.56	10.78
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Water Works	7520	2.35	0.56	1.32
Electric Light & Power Const. - REA	7529	4.26	0.71	3.03
Electric Light & Power Companies	7531	2.74	0.34	0.92
Elec. Ligt./Power Const./Invest. Own.	7533	3.37	0.36	1.23
Electric Light/Power Const. - Special	7534	8.70	0.68	5.87
Electronic Equip. - Install. & Repair	7535	1.83	0.44	0.81
Telegraph & Telephone Operations	7600	2.54	0.40	1.03
Telephone and Cable Line Const.	7601	5.43	0.47	2.56
Radio and Television	7602	0.47	0.58	0.27
Cable Install. - Service & Repair	7603	4.54	0.63	2.84
Switching & Switchboard Repairing	7605	0.33	0.34	0.11
Fire Departments - Paid Employees	7700	5.90	0.43	2.55
Law Enforcement	7720	3.28	0.56	1.85
Stores - Retail	8000	1.13	0.77	0.87
Full-Line Department Stores	8001	1.63	0.78	1.28
Meat Markets	8003	4.82	0.74	3.55

Page 2 of 3

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Deanna Holmquist
Operator's Signature

10/3/03
Date

North Dakota Workers Compensation

Converted Manual Rates - Limited to 400% of SAAW Coverage Incepting In 2002-03

Rate Class Description	Rate Code	2002-03 70% SAAW \$17,400	Implied Conversion	2002-03 400% SAAW \$99,200
		Manual Rate		Manual Rate
Stores - Hardware and Appliance	8010	1.06	0.62	0.66
Furniture and Floor Covering Dealers	8015	2.98	0.66	1.96
Wholesale Warehouse	8016	2.80	0.57	1.61
Commission & Produce Merchants	8022	5.88	0.67	3.92
Hide & Leather Dealers - Tanners	8100	2.33	0.84	1.97
Lumber Yard Employees	8207	2.81	0.63	1.77
Coal, Iron, or Steel Merchants	8221	6.63	0.66	4.34
Livestock Dealers and Operations	8284	7.07	0.76	5.36
Cold Storage Warehouse	8291	4.85	0.70	3.39
General Warehouse & Storage	8292	4.09	0.67	2.75
Grain Elevators	8304	4.72	0.54	2.55
Oil & Gas Distributing-Bulk-Dealers	8350	3.76	0.53	1.98
Automotive Dealers & Svc. Stations	8380	3.04	0.57	1.72
Geologists and Scouts	8605	1.73	0.27	0.46
Traveling Reps	8747	0.89	0.42	0.38
Clerical Office Employees	8805	0.31	0.59	0.18
Banks-S & L Assocs.- Credit Unions	8808	0.26	0.55	0.14
Veterinary Surgeons & Hospitals	8831	1.73	0.73	1.26
Domestics	9002	3.31	0.85	2.82
Building Custodians & Janitorial Svc.	9007	4.27	0.79	3.37
Hospitals	9040	1.90	0.57	1.07
Nursing Homes	9041	2.78	0.76	2.11
Medical Clinic-Physicians-Dentists	9042	0.78	0.48	0.38
Hotels and Motels	9050	2.34	0.85	1.98
Community Outreach & Support Prg.	9061	1.44	0.73	1.05
Schools - Libraries - Institutions	9062	0.49	0.55	0.27
Restaurants and Lounges	9071	1.77	0.86	1.53
Camp Operations	9078	1.98	0.86	1.70
Athletic Clubs or Entertainment Fac.	9090	1.48	0.82	1.22
Religious Organizations & Churches	9104	0.50	0.68	0.34
Carnivals - Circus - Race Tracks	9180	16.41	0.87	14.25
Professional Athletics	9181	12.28	0.85	10.44
Park Boards and Amusement	9182	1.66	0.79	1.30
Cemetery Operations	9220	3.17	0.75	2.39
Sanitation Operations	9403	6.32	0.62	3.94
Sign Manufacturing	9544	4.98	0.66	3.29
Barbers and Beauticians	9580	0.74	0.81	0.60
Motion Picture and Video Production	9615	0.66	0.72	0.47
Funeral Homes	9620	2.16	0.51	1.11
Townships - All Employees	9757	0.63	0.65	0.41

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Deanna Hallmark
Operator's Signature

10/3/03
Date