

**2023 HOUSE INDUSTRY, BUSINESS AND LABOR**

**HB 1507**

# 2023 HOUSE STANDING COMMITTEE MINUTES

## Industry, Business and Labor Committee Room JW327C, State Capitol

HB 1507  
1/30/2023

Relating to the state minimum wage.
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Chairman Louser called to order 10:22 AM

Members Present: Chairman Louser, Vice Chairman Ostlie, Representatives Boschee, Christy, Dakane, Johnson, Kasper, Koppelman, Ruby, Schauer, Thomas, Tveit, Wagner, Warrey.

### **Discussion Topics:**

- Employment agencies
- Public transportation
- Median wage
- Tipped employees
- Retail employees

### **In favor:**

Representative LaurieBeth Hager, District 21, Primary bill sponsor, #17625  
Landis Larson, President. North Dakota AFL-CIO, #17595

### **Opposed:**

Mike Rud, ND Retail Association and Petroleum Marketers Association (no written testimony)  
Arik Spencer, Greater North Dakota Chamber (GNDC), #17889  
Don Larson, representing the National Federation of Independent Businesses (no written testimony)

### **Additional written testimony:**

Kevin Herman, Beulah, ND, #17602

Chairman Louser adjourned the meeting 10:57 AM

*Diane Lillis, Committee Clerk*

# 2023 HOUSE STANDING COMMITTEE MINUTES

## Industry, Business and Labor Committee Room JW327C, State Capitol

HB 1507  
1/31/2023

Relating to the state minimum wage.

Chairman Louser called to order 3:43 PM

Members Present: Chairman Louser, Vice Chairman Ostlie, Representatives Boschee, Christy, Dakane, Johnson, Kasper, Koppelman, Ruby, Schauer, Thomas, Tveit, Wagner, Warrey.

### Discussion Topics:

- Committee action

Representative Koppelman moved a Do Not Pass.  
Representative Ruby seconded.

Roll call vote:

Representatives	Vote
Representative Scott Louser	Y
Representative Mitch Ostlie	Y
Representative Josh Boschee	N
Representative Josh Christy	Y
Representative Hamida Dakane	N
Representative Jorin Johnson	N
Representative Jim Kasper	AB
Representative Ben Koppelman	Y
Representative Dan Ruby	Y
Representative Austen Schauer	Y
Representative Paul J. Thomas	Y
Representative Bill Tveit	Y
Representative Scott Wagner	Y
Representative Jonathan Warrey	Y

Motion passed 10-3-1

Representative Schauer will carry the bill.

Chairman Louser adjourned the meeting 3:55 PM

*Diane Lillis, Committee Clerk*

**REPORT OF STANDING COMMITTEE**

**HB 1507: Industry, Business and Labor Committee (Rep. Louser, Chairman)**  
recommends **DO NOT PASS** (10 YEAS, 3 NAYS, 1 ABSENT AND NOT VOTING).  
HB 1507 was placed on the Eleventh order on the calendar.

**TESTIMONY**

**HB 1507**

**Testimony of Landis Larson, ND AFL-CIO President**  
**In Support of HB 1507**  
**January 30, 2023**

Chairperson Louser and members of House Industry, Business and Labor:

My name is Landis Larson, President of the North Dakota AFL-CIO. The North Dakota AFL-CIO is the federation of labor unions in North Dakota, representing the interests of all working people in our state.

I am testifying on behalf of the North Dakota AFL-CIO in support of House Bill 1507.

According to the North Dakota Labor Market Indicators “Cost of Living” calculator, the lowest amount of money a single North Dakota worker could make and support themselves at the most basic level is \$25,370. If this worker is working full time at 40 hours per week, that means they need to make at least \$13.21 per hour to survive without outside assistance. In Rolette County, with the lowest cost of living in the state, this same worker would need to make \$20,384 per year or work 40 hours at \$10.61 per hour to make ends meet. In McKenzie County, the highest cost of living, this worker would need to make \$31,305 a year or \$16.30 per hour. Statewide, if this worker has a child, they would need to make \$45,733 per year or \$23 per hour to sustain themselves and their family of two. Clearly a living wage is much higher than our minimum wage. If we are serious about workforce development, we can’t have jobs that are paying these poverty level wages and expect anyone to fill them.

The current minimum wage of \$7.25 was set in 2008 and is not indexed to inflation, requiring action from the legislature to increase it. This is far too low for any job that is worth doing.

Wages will not be going back down to these levels and we should raise the minimum wage and index it to inflation to keep up with our neighboring states and a large majority of the rest of the country and to ensure that any employers in North Dakota are paying a wage that is at least closer to a livable wage that \$7.25

- Minnesota has a minimum wage of \$10.59 per hour and is indexed to inflation.
- South Dakota has a minimum wage of 10.80 per hour and is indexed to inflation.
- Montana has a minimum wage of \$9.95 per hour and is indexed to inflation.
- Manitoba has a minimum wage of \$10.14 per hour and is indexed to inflation.

Lastly, we think that this bill should be amended to also prohibit any industry or employer from paying subminimum wages, such as for tipped employees.

The North Dakota AFL-CIO supports House Bill 1507.

Written testimony on House Bill 1507

Chairman Louser and IBL committee members

My name is Kevin Herrmann, 300 Fair St. SW, Beulah, ND 58523.

I support House Bill 1507 increasing the state minimum wage. The last time North Dakota Republicans increase the state minimum wage was July 24, 2009. It is now 2023 with state minimum wage still at \$7.25. As a lifelong white independent North Dakota taxpayer, this state is totally disgusting.

The employers and Greater North Dakota Chamber will say again increasing the state minimum wage will close businesses. Greater North Dakota Chamber have never proven increasing the state minimum wage will close businesses in any legislative session. It is all scare tactics.

Since the North Dakota legislators get pay too high of compensation, the pay should be state minimum wage to North Dakota legislators so that the legislators know what it is like to work at \$7.25 hour job with no health insurance.

House Bill 1507 is a good bill so it needs a DO Pass recommendation

Kevin Herrmann  
300 Fair St. SW  
Beulah, ND 58523  
701-873-4163



## HB 1507

Thank you Chairperson Louser Vice Chair Ostlie and Members of the House Industry Business and Labor Committee.

I am Representative LaurieBeth Hager of District 21 in the central corridor of Fargo and West Fargo along Main Avenue and to 13<sup>th</sup> Ave S. My district includes 3 trailer parks, the Jefferson, Madison or Golden Ridge Neighborhood, the Historic Hawthorne Neighborhood, a small area of West Fargo and thousands of people living in apartment complexes near West Acres.

During the 67<sup>th</sup> Legislative Session I sponsored a \$9 minimum wage bill. I had not anticipated returning to this committee again as I had hoped and believed that the Biden Administration would have addressed and increased the federal minimum wage prior to this legislative session.

So I stand before you again today to offer HB 1507 , a bill to raise the state of North Dakota's minimum wage and provide a yearly increase during the biennium. I am here today on behalf of the 1000s of workers in our state who are not earning adequate wages many of whom are living at or in near poverty. I am here in support of strengthening North Dakota's workforce and encouraging workers to remain in ND rather than crossing over to attain higher hourly wages in adjacent states.

HB 1507 provides a simple method for our legislature to update minimum wages for employees in our state. HB 1507 increases the state's minimum wage from \$7.25 to \$9 per hour and incorporates graduated 25 cents per hour yearly increase. This is a small increase of 1 dollar and 75 cents. I have had feedback from some people and associations expressing frustration that this bill is not seeking a higher hourly wage. And if the IBL Committee member would like to remedy that I would love to see that amendment. However, I conceptually crafted this proposal to be respectful to business owners and employers and to show that employees and are valued.

This increase is at least 5 years overdue. North Dakota's minimum wage is the same as the federal minimum wage which was last increased in 2009. But each of us know that gas and grocery prices have increased dramatically. A 34.2 percent

cumulative increase in the past 13 years, extrapolating that to wages the minimum wage should be \$9.73 per hour.

Currently ND employees earning the minimum wage are paid \$7.25 per hour which is the Federal Minimum wage. If employed full time 40 hours per week they would earn \$290 per week \$1256 per month and \$15,080 per year. Typically a minimum wage earner is not provided with additional health or retirement benefits.

This federal minimum wage was established in 2009—13 years ago. 13 years without even a cost of living increase. This legislation would resolve problems for individuals who earn minimum wage some of whom would need to rely on other systems for support.

The rationale for this bill is threefold:

First, to remain competitive with our adjacent states MN, SD and MT

In the USA, as of January 1, 2023

30 states have minimum wage above \$7.25 20 States are at \$7.25  
28 states have a minimum wage of \$10.00 or higher

Focusing on the 3 states bordering ND, their residents earn minimum hourly wages of:

Minnesota \$10.59  
South Dakota \$10.80  
Montana \$ 9.95

If one were to average the minimum wage of MT, MN & SD it is \$10.10 per hour. In ND our minimum wage is \$7.25. HB 1507 proposes \$9 per hour in this bill is just a bit lower than that average but will increase 25 cents per year until it reaches \$10.00. While I am still hopeful that at some point in the future the federal minimum wage will be increased. I believe that this bill will provide business owners and employers a more graduated method prior to a federal

increase of minimum wage occurs. Social Security and Railroad retirement increase by 8% this year so I am hopeful that an hourly wage increase will be on the horizon.

Second, Poverty What is the yearly income of a person earning minimum wage as compared to other wage levels?

Poverty Levels according to the Federal Free and Reduced School Lunch Regs.

# persons	Annual Wages
1	13590
2	18310
3	23030
4	27750
5	32470

An employee working 40 hours per week at the \$7.25 minimum wage would earn \$ 15,080 per year. This is just slightly above the federal poverty level of \$13590 for a single person. If that minimum wage earner is providing for a family of 4, his or her earnings are well below the poverty level of \$27,750.

By increasing our state's minimum wage \$9 per hour, the employee would earn \$18,720 annually by working 40 hrs per week—still below the \$27,750 poverty level for a family of 4 and just above the poverty level for a 2 person family.

Furthermore The cost of living has obviously increased in the past 11 years while the \$7.25 federal/state minimum wages have NOT increased. This has created the situation that persons earning minimum wage cannot provide or budget for even ordinary expenses: housing, food, healthcare, childcare, etc. Cost of Living or Inflation Increase since 2009 is 36% cumulatively.

The buying power calculation indicates that what \$7.25 could purchase in 2010 is now \$5.97 in 2022 \$5.97

The Cost of Living or Inflation Increase between 2010 to 2022 is 34.2%  
Another way of looking at buying power is \$1 in 2010 is \$1.34 now or \$10.00 then is \$13.40 now

Third, increasing the minimum wage to \$9 may stimulate our ND economy while reducing poverty. Keeping workers in ND or at small businesses rather than national chain stores that have already raised minimum wages above the \$7.25 federal minimum wage -- Target and Walmart are two such examples as is Amazon

Who earns minimum wage? Often it is entry level jobs but also it is jobs held by elderly who have returned to the workforce after retirement or receiving merely social security benefits.

Finally, often local control is the philosophy or justification behind many of the bill concepts we hear in our legislature. Let's exert some state control and determine our state's minimum wage for the residents of North Dakota and a method that is respectful of business owners across the state. I believe that business owners in our state want to provide their workers with wages that will not keep their employees in economically disadvantaged or poverty conditions. If we want workforce issues to be resolved in ND, lets start with the minimum and by that I mean minimum wage.

I stand before the IBL committee to answer questions.



GREATER NORTH DAKOTA CHAMBER  
HB 1507  
House Industry, Business, and Labor Committee  
Chairman Scott Louser  
January 30, 2023

Mr. Chairman and members of the Committee, my name is Arik Spencer with the Greater North Dakota Chamber. GNDC is North Dakota's largest statewide business advocacy organization, representing small and large businesses, local chambers, and trade and industry associations across the state. We stand in **Opposition** to House Bill 1507.

An increase in the minimum wage does not automatically mean a benefit to the worker or economy. Whenever the government steps in to regulate how a business operates, there are ripple effects throughout the entire business community.

Mandated wage increases can result in fewer jobs as businesses must evaluate the cost increase and determine how they will pay the difference, as the expense has to be offset somewhere on the balance sheet. Without an increase in demand for the offered products or services, businesses must reduce costs to maintain acceptable margins for the operations to stay viable.

It is not acceptable to think that a business can raise its consumer prices just to offset this new increase in expense. There are numerous factors that a business must consider when determining costs/pricing. Even if we agree that raising the prices to offset this expense would be acceptable to the marketplace then we must agree that it would not have the intended affect as the workers wage increase would be lost to the increase in costs to the products or services that these workers need or consume.

For a business to find success it must pay employees a competitive wage to attract and maintain a skilled, motivated, and experienced workforce. GNDC believes that the market should be allowed to determine the wages paid. A worker who has developed the skills and training necessary to perform certain job functions can, and should, be able to negotiate for a higher wage due to the increase in value that they bring to the position. A business can, and will, adjust the wages of employees to maintain the quality workforce necessary to operate in a competitive marketplace.

Any increase in the minimum wage can also limit opportunities for those in entry level positions or those with limited skillsets. It is through the practice of giving an employee an opportunity to learn on the job and increase their knowledge and skills that they are achieve higher compensation. By arbitrarily setting an entry wage for businesses to pay, employers then have to determine if their organization can continue to offer the opportunity to those workers, thus limiting the possibilities of jobs or training for individuals. The increase in the minimum wage again can have an adverse effect on those that it is intended to help.

GNDC has continuously supported efforts to improve North Dakota's workforce and business environment through the expansion of opportunity, education, and business diversification. GNDC believes advances in these areas will result in better wages, margins and growth. It is with this in mind that GNDC respectfully requests a Do Not Pass on HB 1507. I would stand for any questions that the committee may have.