

HOUSE BILL 44

Introduced by Cobb

12/29	Introduced
12/29	Referred to Labor & Employment Relations
12/31	Fiscal Note Requested
1/07	First Reading
1/09	Fiscal Note Received
1/11	Fiscal Note Printed
1/24	Hearing
2/07	Tabled in Committee

1 HOUSE BILL NO. 44

2 INTRODUCED BY COBB

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4 A BILL FOR AN ACT ENTITLED: "AN ACT REQUIRING NEW PREMIUM
5 RATES FOR THE STATE COMPENSATION MUTUAL INSURANCE FUND;
6 REQUIRING OFFSETS AGAINST PREMIUMS UNDER THE NEW RATES OF
7 CERTAIN PREMIUM AMOUNTS PAID IN THE PAST; AND PROVIDING AN
8 IMMEDIATE EFFECTIVE DATE."

9
10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

11 NEW SECTION. Section 1. New workers' compensation
12 premium rates required for state fund -- partial offsets for
13 certain premium amounts paid under the July 1, 1990, rates.
14 The legislature finds that the premium rate structure
15 adopted by the state compensation mutual insurance fund
16 effective July 1, 1990, should have been but was not
17 adopted, as required by 39-71-2316(6), using a process, a
18 procedure, formulas, and factors set forth in rules adopted
19 under Title 2, chapter 4, parts 2 through 4. The state fund
20 shall, following the clear requirements of 39-71-2316(6),
21 adopt rates for classifications and individual insureds that
22 will take effect on July 1, 1991. For each employer insured
23 on July 1, 1991, that was insured with the state fund for
24 any period during the prior 12 months, the state fund shall
25 deduct from the premium amount the employer will be required

1 to pay for coverage for the next 12 months the difference
2 between the premium amounts the employer was charged for
3 coverage for the prior 12 months and the premium amounts
4 that would have been charged for coverage for the prior 12
5 months had the premium rate structure not changed on July 1,
6 1990, if the amount the employer was charged exceeds the
7 amount that would have been charged.

8 NEW SECTION. Section 2. Effective date. [This act] is
9 effective on passage and approval.

-End-

STATE OF MONTANA - FISCAL NOTE
Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for HB0044, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

An act requiring new premium rates for the State Compensation Mutual Insurance Fund; requiring offsets against premiums under the new rates of certain premium amounts paid in the past; and providing an immediate effective date.

ASSUMPTIONS:

1. Total credits to employers in FY92 is estimated at \$10,561,000 of which \$733,000 would be credited to state government, \$325,000 credited to local government and the remaining \$9.5 million credited to other employers.
2. Employers with rate decreases would not owe additional premiums if the FY90 rate was higher than the FY91 rate.
3. Credits will be applied to an employers' accounts receivable if payroll was reported and billed using the FY91 rate, even if the employer is currently cancelled. The accounting department will manually calculate employer credits.
4. All employers receiving credits will be notified by a special 'Statement of Account'. Approximately 27,000 employer notices would be mailed at a cost of \$.34 each.
5. All lost income from premium credits would be recovered through a FY92 rate increase.
6. Current law is represented by the executive budget recommendation for the State Compensation Mutual Insurance Fund.

FISCAL IMPACT:


	FY '92			FY '93		
	<u>Current Law</u>	<u>Proposed Law</u>	<u>Difference</u>	<u>Current Law</u>	<u>Proposed Law</u>	<u>Difference</u>
<u>Expenditures:</u>						
Personal Services	5,536,182	5,537,982	1,800	5,506,944	5,506,944	0
Operating Expenses	<u>3,802,378</u>	<u>3,821,708</u>	<u>19,330</u>	<u>3,748,677</u>	<u>3,748,677</u>	<u>0</u>
Total	9,338,560	9,359,690	21,130	9,255,621	9,255,621	0
<u>Funding:</u>						
Proprietary Fund	9,338,560	9,359,690	21,130	9,255,621	9,255,621	0

Revenues:

HB0044 would have a neutral impact on revenue. Income lost through employer credits would be recovered through a premium rate increase in FY92 which would be necessary in order to maintain rates in accordance with 39-71-2300, MCA, as amended by the special session of the 51st Legislative.

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

Credits to premiums paid by county or local government entities would be offset by higher premium rates in FY92.



 ROD SUNDSTED, BUDGET DIRECTOR DATE
 Office of Budget and Program Planning

1-8-91



 JOHN COBB, PRIMARY SPONSOR DATE

1-10-91

Fiscal Note for HB0044 as introduced.

HB 44