

HOUSE BILL 385

Introduced by Driscoll

1/24	Introduced
1/24	Referred to Labor & Employment Relations
1/25	First Reading
1/25	Fiscal Note Requested
1/29	Fiscal Note Received
1/29	Fiscal Note Printed
2/07	Hearing
2/18	Committee Report--Bill Passed
2/19	Rereferred to Appropriations
3/11	Hearing
322	Tabled in Committee

1 House BILL NO. 385  
 2 INTRODUCED BY Swanell  
 3 BY REQUEST OF THE DEPARTMENT OF LABOR AND INDUSTRY

4  
 5 A BILL FOR AN ACT ENTITLED: "AN ACT TO ALLOW MONEY FROM  
 6 PENALTIES AND INTEREST ON PAST-DUE CONTRIBUTIONS FOR  
 7 UNEMPLOYMENT INSURANCE TO BE USED BY THE DEPARTMENT OF LABOR  
 8 AND INDUSTRY TO DETECT AND COLLECT UNPAID CONTRIBUTIONS AND  
 9 OVERPAYMENTS OF BENEFITS; AMENDING SECTION 39-51-1301, MCA;  
 10 AND PROVIDING AN EFFECTIVE DATE."

11  
 12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

13 **Section 1.** Section 39-51-1301, MCA, is amended to read:

14 "39-51-1301. (Temporary) Penalty and interest on  
 15 past-due contributions. (1) Contributions unpaid on the date  
 16 on which they are due and payable, as provided by  
 17 subsections (1) and (2) of 39-51-1103 and 39-51-1125, that  
 18 are paid by the end of the month following the due date  
 19 shall be subject to a penalty assessment of \$10 or 10% of  
 20 the contribution due, whichever is greater. If the  
 21 contributions are not paid by the end of the month following  
 22 the due date, the employer shall be subject to a penalty  
 23 assessment of \$15 or 15% of the contributions due, whichever  
 24 is greater. All past-due contributions shall bear interest  
 25 at the rate of 18% a year, to be prorated on a daily basis.

1 (2) A penalty of \$40 shall be assessed whenever, as the  
 2 result of a willful refusal of an employer to furnish wage  
 3 information or pay contributions on time, the department  
 4 issues a subpoena to obtain wage information or makes a  
 5 summary or jeopardy assessment pursuant to 39-51-1302.

6 (3) There is an account in the federal special revenue  
 7 fund. Penalties and interest collected under this section  
 8 must be deposited in that account. Money deposited in that  
 9 account and appropriated to the department must be used by  
 10 the department to administer this chapter and for programs  
 11 to train and retrain unemployed and underemployed persons.  
 12 Money in the account not appropriated for these purposes  
 13 must be transferred by the department to the unemployment  
 14 insurance trust fund at the end of each fiscal year.

15 (4) When failure to pay contributions on time was not  
 16 caused by willful intent of the employer, the department may  
 17 abate the penalty and interest.

18 (5) All money accruing to the unemployment insurance  
 19 trust fund from interest and penalties collected on past-due  
 20 contributions must be used solely for the payment of  
 21 unemployment insurance benefits and may not be used for any  
 22 other purpose. (Terminates July 1, 1991--sec. 1, Ch. 600, L.  
 23 1989.)

24 39-51-1301. (Effective July 1, 1991) Penalty and  
 25 interest on past-due contributions. (1) Contributions unpaid



-2- INTRODUCED BILL  
 HB 385

1 on the date on which they are due and payable, as provided  
 2 by subsections (1) and (2) of 39-51-1103 and 39-51-1125,  
 3 that are paid by the end of the month following the due date  
 4 shall be subject to a penalty assessment of \$10 or 10% of  
 5 the contribution due, whichever is greater. If the  
 6 contributions are not paid by the end of the month following  
 7 the due date, the employer shall be subject to a penalty  
 8 assessment of \$15 or 15% of the contributions due, whichever  
 9 is greater. All past-due contributions shall bear interest  
 10 at the rate of 18% a year, to be prorated on a daily basis.

11 (2) A penalty of \$40 shall be assessed whenever, as the  
 12 result of a willful refusal of an employer to furnish wage  
 13 information or pay contributions on time, the department  
 14 issues a subpoena to obtain wage information or makes a  
 15 summary or jeopardy assessment pursuant to 39-51-1302.

16 (3) Interest and penalties collected pursuant to this  
 17 section ~~shall~~ must be paid into an account in the  
 18 unemployment-insurance-trust-fund federal special revenue  
 19 fund. Money deposited in the account may be appropriated to  
 20 the department to be used to detect and collect unpaid  
 21 contributions and overpayments of benefits to the extent  
 22 that federal grant revenues are inadequate for these  
 23 purposes. Money in the account not appropriated for these  
 24 purposes must be transferred by the department to the  
 25 unemployment insurance trust fund at the end of each fiscal

1 year.

2 (4) When failure to pay contributions on time was not  
 3 caused by willful intent of the employer, the department may  
 4 abate the penalty and interest.

5 (5) All money accruing to the unemployment insurance  
 6 trust fund from interest and penalties collected on past-due  
 7 contributions must be used solely for the payment of  
 8 unemployment insurance benefits and may not be used for any  
 9 other purpose."

10 NEW SECTION. Section 2. Effective date. [This act] is  
 11 effective July 1, 1991.

-End-

STATE OF MONTANA - FISCAL NOTE  
Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for HB0385, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

A bill to authorize the appropriation of penalty and interest monies collected on past due Unemployment Insurance contributions for detection and collection of unpaid contributions and overpaid benefits to the extent that the federal administrative grant is insufficient.

ASSUMPTIONS:


1. The executive budget projects current law penalty and interest collections of \$265,000 and \$240,000 in FY92 and FY93, respectively.
2. The executive budget proposes to expand current UI program integrity activities by 3.00 FTE and approximately \$100,000 per year. This proposed modification is projected to increase penalty and interest collections by \$275,000 per fiscal year.
3. The executive budget projects \$6.1 million and \$6.0 million in federal administrative grants for the UI program in FY92 and FY93, respectively. The level of federal grants assumed in the executive budget would be sufficient to support the level of program integrity activities proposed for FY92-93.
4. The Department of Labor and Industry anticipates some volatility in the level of federal funding which may require supplementing federal funding of the proposed modification with penalty and interest funds.

FISCAL IMPACT:

Under the assumption of stable federal administrative grants, there would be no fiscal impact. If federal funding was significantly reduced, the department would request an appropriation to maintain the proposed level of program integrity activities.

TECHNICAL NOTE:

(Page 3, line 25 and page 4, line 1) HB0385, introduced at the request of the Department of Labor and Industry, would require the department to deposit all unappropriated penalty and interest funds to the UI trust fund at the end of each fiscal year. The department may have intended for HB0385 to require all unappropriated penalty and interest funds be deposited to the UI trust fund at the end of the biennium.

  
ROD SUNDSTED, BUDGET DIRECTOR      1-29-91      DATE  
Office of Budget and Program Planning

  
JERRY DRISCOLL, PRIMARY SPONSOR      1-29-91      DATE

Fiscal Note for HB0385, as introduced.

**HB 385**

APPROVED BY COMMITTEE  
ON LABOR & EMPLOYMENT  
RELATIONS

1 House BILL NO. 385  
2 INTRODUCED BY Quinn  
3 BY REQUEST OF THE DEPARTMENT OF LABOR AND INDUSTRY

4  
5 A BILL FOR AN ACT ENTITLED: "AN ACT TO ALLOW MONEY FROM  
6 PENALTIES AND INTEREST ON PAST-DUE CONTRIBUTIONS FOR  
7 UNEMPLOYMENT INSURANCE TO BE USED BY THE DEPARTMENT OF LABOR  
8 AND INDUSTRY TO DETECT AND COLLECT UNPAID CONTRIBUTIONS AND  
9 OVERPAYMENTS OF BENEFITS; AMENDING SECTION 39-51-1301, MCA;  
10 AND PROVIDING AN EFFECTIVE DATE."

11  
12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

13 **Section 1.** Section 39-51-1301, MCA, is amended to read:

14 "39-51-1301. (Temporary) Penalty and interest on  
15 past-due contributions. (1) Contributions unpaid on the date  
16 on which they are due and payable, as provided by  
17 subsections (1) and (2) of 39-51-1103 and 39-51-1125, that  
18 are paid by the end of the month following the due date  
19 shall be subject to a penalty assessment of \$10 or 10% of  
20 the contribution due, whichever is greater. If the  
21 contributions are not paid by the end of the month following  
22 the due date, the employer shall be subject to a penalty  
23 assessment of \$15 or 15% of the contributions due, whichever  
24 is greater. All past-due contributions shall bear interest  
25 at the rate of 18% a year, to be prorated on a daily basis.

1 (2) A penalty of \$40 shall be assessed whenever, as the  
2 result of a willful refusal of an employer to furnish wage  
3 information or pay contributions on time, the department  
4 issues a subpoena to obtain wage information or makes a  
5 summary or jeopardy assessment pursuant to 39-51-1302.

6 (3) There is an account in the federal special revenue  
7 fund. Penalties and interest collected under this section  
8 must be deposited in that account. Money deposited in that  
9 account and appropriated to the department must be used by  
10 the department to administer this chapter and for programs  
11 to train and retrain unemployed and underemployed persons.  
12 Money in the account not appropriated for these purposes  
13 must be transferred by the department to the unemployment  
14 insurance trust fund at the end of each fiscal year.

15 (4) When failure to pay contributions on time was not  
16 caused by willful intent of the employer, the department may  
17 abate the penalty and interest.

18 (5) All money accruing to the unemployment insurance  
19 trust fund from interest and penalties collected on past-due  
20 contributions must be used solely for the payment of  
21 unemployment insurance benefits and may not be used for any  
22 other purpose. (Terminates July 1, 1991--sec. 1, Ch. 600, L.  
23 1989.)

24 39-51-1301. (Effective July 1, 1991) Penalty and  
25 interest on past-due contributions. (1) Contributions unpaid



1 on the date on which they are due and payable, as provided  
 2 by subsections (1) and (2) of 39-51-1103 and 39-51-1125,  
 3 that are paid by the end of the month following the due date  
 4 shall be subject to a penalty assessment of \$10 or 10% of  
 5 the contribution due, whichever is greater. If the  
 6 contributions are not paid by the end of the month following  
 7 the due date, the employer shall be subject to a penalty  
 8 assessment of \$15 or 15% of the contributions due, whichever  
 9 is greater. All past-due contributions shall bear interest  
 10 at the rate of 18% a year, to be prorated on a daily basis.

11 (2) A penalty of \$40 shall be assessed whenever, as the  
 12 result of a willful refusal of an employer to furnish wage  
 13 information or pay contributions on time, the department  
 14 issues a subpoena to obtain wage information or makes a  
 15 summary or jeopardy assessment pursuant to 39-51-1302.

16 (3) Interest and penalties collected pursuant to this  
 17 section shall must be paid into an account in the  
 18 unemployment-insurance-trust-fund federal special revenue  
 19 fund. Money deposited in the account may be appropriated to  
 20 the department to be used to detect and collect unpaid  
 21 contributions and overpayments of benefits to the extent  
 22 that federal grant revenues are inadequate for these  
 23 purposes. Money in the account not appropriated for these  
 24 purposes must be transferred by the department to the  
 25 unemployment insurance trust fund at the end of each fiscal

1 year.

2 (4) When failure to pay contributions on time was not  
 3 caused by willful intent of the employer, the department may  
 4 abate the penalty and interest.

5 (5) All money accruing to the unemployment insurance  
 6 trust fund from interest and penalties collected on past-due  
 7 contributions must be used solely for the payment of  
 8 unemployment insurance benefits and may not be used for any  
 9 other purpose."

10 NEW SECTION. Section 2. Effective date. [This act] is  
 11 effective July 1, 1991.

-End-