

HOUSE BILL NO. 729

INTRODUCED BY RUSSELL, HARPER, BROOKE, O'KEEFE,  
DRISCOLL, BECKER, SOUTHWORTH, DAILY,  
GALVIN, NISBET, HARRINGTON, DARKO,  
TOOLE, LARSON, DOHERTY, STRIZICH,  
COCCHIARELLA, DOLEZAL, BARNHART, MENAHAN,  
KIMBERLEY, REAM, KADAS, BRADLEY,  
LYNCH, D. BROWN, WHALEN, FRANKLIN,  
MANNING, PIPINICH, YELLOWTAIL, KENNEDY,  
MCCULLOCH, GERVAIS, WYATT, CONNELLY,  
J. BROWN

IN THE HOUSE

FEBRUARY 9, 1991                   INTRODUCED AND REFERRED TO COMMITTEE  
ON LABOR & EMPLOYMENT RELATIONS.

FEBRUARY 11, 1991                   FIRST READING.

FEBRUARY 22, 1991                   COMMITTEE RECOMMEND BILL  
DO PASS. REPORT ADOPTED.

FEBRUARY 23, 1991                   PRINTING REPORT.

FEBRUARY 25, 1991                   SECOND READING, DO PASS.

FEBRUARY 26, 1991                   ENGROSSING REPORT.

   THIRD READING, PASSED.  
   AYES, 54; NOES, 45.

   TRANSMITTED TO SENATE.

IN THE SENATE

FEBRUARY 26, 1991                   INTRODUCED AND REFERRED TO COMMITTEE  
ON LABOR & EMPLOYMENT RELATIONS.

   FIRST READING.

MARCH 20, 1991                   COMMITTEE RECOMMEND BILL BE  
CONCURRED IN. REPORT ADOPTED.

MARCH 22, 1991                   ON MOTION, CONSIDERATION PASSED  
UNTIL THE 63RD LEGISLATIVE DAY.

MARCH 23, 1991                   ON MOTION, CONSIDERATION PASSED  
UNTIL THE 64TH LEGISLATIVE DAY.

MARCH 25, 1991                   SECOND READING, CONCURRED IN.

MARCH 26, 1991

THIRD READING, CONCURRED IN.  
AYES, 30; NOES, 20.

RETURNED TO HOUSE.

IN THE HOUSE

MARCH 26, 1991

RECEIVED FROM SENATE.

SENT TO ENROLLING.

REPORTED CORRECTLY ENROLLED.

1 *House* BILL NO. *729*  
 2 INTRODUCED BY *Russell* *Senate* *Cliff*  
 3 *Becker* *Schwartz* *Daily* *Salvin*  
 4 A BILL FOR AN ACT ENTITLED: "AN ACT TO DELETE LANGUAGE  
 5 REQUIRING THAT AN EMPLOYEE'S DISQUALIFICATION FROM RECEIVING  
 6 UNEMPLOYMENT BENEFITS FOR GOOD CAUSE MUST BE ATTRIBUTABLE TO  
 7 EMPLOYMENT, AND AMENDING SECTIONS 39-51-2302 AND 39-51-2508,  
 8 MCA."  
 9 *Whalen* *Edenberry* *Richard E. Manning* *Rick Spinick*  
*Yellowtail* *Kennedy* *McClellan* *Samuel Turpin* *Connelly*  
*J. Brown*

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

11 **Section 1.** Section 39-51-2302, MCA, is amended to read:

12 "39-51-2302. Disqualification for leaving work without  
13 good cause. (1) An individual shall must be disqualified for  
14 benefits if he has left work without good cause attributable  
15 to his employment.

16 ~~(2) He may not be disqualified if the department finds~~  
17 ~~that he left his employment because of personal illness or~~  
18 ~~injury not associated with misconduct or left his employment~~  
19 ~~upon the advice of a licensed and practicing physician and~~  
20 ~~after recovering from his illness or injury when recovery is~~  
21 ~~certified by a licensed and practicing physician, he~~  
22 ~~returned to his employer and offered his service and his~~  
23 ~~regular or comparable suitable work was not available, if so~~  
24 ~~found by the department, provided he is otherwise eligible.~~

25 ~~(3)(2). To qualify for benefits, an individual must~~

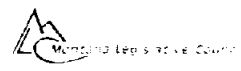
1 perform services other than self-employment for which  
2 remuneration is received equal to or in excess of six times  
3 his weekly benefit amount subsequent to the week in which  
4 the act causing the disqualification occurred unless he has  
5 been in regular attendance at an educational institution  
6 accredited by the state of Montana for at least 3  
7 consecutive months from the date of his enrollment."

8 **Section 2.** Section 39-51-2508, MCA, is amended to read:

9 "39-51-2508. Eligibility requirements for extended  
10 benefits -- disqualifications -- acceptance of suitable  
11 work. (1) An individual shall ~~be~~ is eligible to receive  
12 extended benefits with respect to any week of unemployment  
13 in this eligibility period only if the department finds that  
14 with respect to such week:

- 15 (a) he is an exhaustee, as defined in 39-51-2501(6);
- 16 (b) he is not disqualified for the receipt of regular  
17 benefits pursuant to part 23 of this chapter and, if he is  
18 disqualified, he satisfies the requirements for  
19 requalification in that part; and
- 20 (c) he has satisfied the other requirements of this  
21 chapter for the receipt of regular benefits that are  
22 applicable to individuals claiming extended benefits.

23 (2) In addition to the disqualifications provided for  
24 in subsection (1)(b), an individual is disqualified for  
25 extended benefits if he fails to seek work. Such



1 disqualification continues for the week in which such  
2 failure occurs and until the individual has performed  
3 services, other than self-employment, for which remuneration  
4 is received equal to or in excess of his weekly benefit  
5 amount in 4 separate weeks subsequent to the date the act  
6 causing the disqualification occurred.

7 (3) A regular benefit claimant who is disqualified for  
8 gross misconduct under 39-51-2303(2) may not be paid  
9 extended benefits unless he has earned at least eight times  
10 the weekly benefit amount after the date of such  
11 disqualification.

12 (4) A regular benefit claimant who voluntarily leaves  
13 work to attend school and, pursuant to 39-51-2302(3)(2),  
14 requalifies for regular benefits may not be paid extended  
15 benefits unless he has earned at least six times the weekly  
16 benefit amount.

17 (5) For the purposes of determining eligibility for  
18 extended benefits, the department shall by rule define the  
19 term "suitable work". Such definition shall must be in  
20 accordance with the definition required by the Omnibus  
21 Reconciliation Act of 1980, P.L. 96-499, and as may be  
22 amended after March 19, 1981."

-End-

## STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for HB0729, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

An act to delete language requiring that an employee's disqualification from receiving unemployment benefits for good cause must be attributable to employment; and amending Sections 39-51-2302 and 39-51-2508, MCA.

ASSUMPTIONS:


1. A review of all FY90 claimants indicated there were 4,775 voluntary quit issues, of which 3,581 (75%) were disqualified. Of those disqualified, 748 (20.9%) requalified to receive benefits. The number permanently disqualified was therefore 2833 (59.3%).
2. The number of individuals considered for disqualification under voluntary quit provisions is estimated to be 5,000 in FY92 and 4,800 in FY93.
3. Historical records indicate that an average of 52% of voluntary quit claimants were disqualified during the three years prior to the 1985 law change. An average of 71% of voluntary quit claimants were disqualified during the five years since the 1985 law change. The difference (71% - 52% = 19%) is attributable to the criteria for disqualification changing from "Good Cause" to "Attributable To Employment". The 71% and 52% disqualified excludes claimants who requalify, the percent of which is expected to stay constant.
4. Review of FY90 claimants indicated that the Average Potential Weekly Benefit Amount for claimants who were disqualified for voluntary quit reasons was \$113.59 as compared to \$135.79 for all claimants. The average weekly benefit amount for voluntary quit claimants is estimated to be \$108 in FY92 and \$109.50 in FY93 as compared to \$129 and \$131 for all claimants.

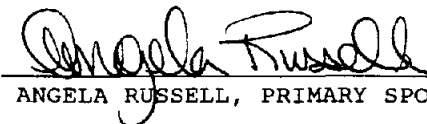
FISCAL IMPACT:Expenditures:

	FY92			FY93		
	<u>Current Law</u>	<u>Proposed Law</u>	<u>Difference</u>	<u>Current Law</u>	<u>Proposed Law</u>	<u>Difference</u>
UI Benefits	43,000,000	44,436,000	1,436,000	42,000,000	43,398,000	1,398,000

LONG-RANGE EFFECTS OF PROPOSED LEGISLATION:

This proposal will generally increase benefit payments 3.3% and result in higher tax rates to employers during some years to recover from the additional expenditure.

  
 ROD SUNDSTED, BUDGET DIRECTOR  
 Office of Budget and Program Planning  
 DATE 2-14-91

  
 ANGELA RUSSELL, PRIMARY SPONSOR  
 DATE 2-15-91  
 Fiscal Note for HB0729, as introduced

HB 729

APPROVED BY COMMITTEE ON LABOR & EMPLOYMENT RELATIONS

House BILL NO. 729

INTRODUCED BY *Russell Boyer Senate Office*

*Becker Sandwith Daily Salvin*

A BILL FOR AN ACT ENTITLED: "AN ACT TO DELETE LANGUAGE REQUIRING THAT AN EMPLOYEE'S DISQUALIFICATION FROM RECEIVING UNEMPLOYMENT BENEFITS FOR GOOD CAUSE MUST BE ATTRIBUTABLE TO EMPLOYMENT, AND AMENDING SECTIONS 39-51-2302 AND 39-51-2508, MCA."

*Walter Harrington, Kimberly Beas, Whalen, J. Brown, Richard E. Manning, Bob Spinich, Connelly*

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

Section 1. Section 39-51-2302, MCA, is amended to read:

"39-51-2302. Disqualification for leaving work without good cause. (1) An individual shall must be disqualified for benefits if he has left work without good cause attributable to his employment.

~~(2) --He may not be disqualified if the department finds that he left his employment because of personal illness or injury not associated with misconduct or left his employment upon the advice of a licensed and practicing physician and after recovering from his illness or injury when recovery is certified by a licensed and practicing physician, he returned to his employer and offered his service and his regular or comparable suitable work was not available, if so found by the department, provided he is otherwise eligible.~~

(3)(2) To qualify for benefits, an individual must

perform services other than self-employment for which remuneration is received equal to or in excess of six times his weekly benefit amount subsequent to the week in which the act causing the disqualification occurred unless he has been in regular attendance at an educational institution accredited by the state of Montana for at least 3 consecutive months from the date of his enrollment."

Section 2. Section 39-51-2508, MCA, is amended to read:

"39-51-2508. Eligibility requirements for extended benefits -- disqualifications -- acceptance of suitable work. (1) An individual shall ~~be~~ is eligible to receive extended benefits with respect to any week of unemployment in this eligibility period only if the department finds that with respect to such week:

- (a) he is an exhaustee, as defined in 39-51-2501(6);
- (b) he is not disqualified for the receipt of regular benefits pursuant to part 23 of this chapter and, if he is disqualified, he satisfies the requirements for requalification in that part; and
- (c) he has satisfied the other requirements of this chapter for the receipt of regular benefits that are applicable to individuals claiming extended benefits.

(2) In addition to the disqualifications provided for in subsection (1)(b), an individual is disqualified for extended benefits if he fails to seek work. Such



1 disqualification continues for the week in which such  
2 failure occurs and until the individual has performed  
3 services, other than self-employment, for which remuneration  
4 is received equal to or in excess of his weekly benefit  
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6 causing the disqualification occurred.

7 (3) A regular benefit claimant who is disqualified for  
8 gross misconduct under 39-51-2303(2) may not be paid  
9 extended benefits unless he has earned at least eight times  
10 the weekly benefit amount after the date of such  
11 disqualification.

12 (4) A regular benefit claimant who voluntarily leaves  
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17 (5) For the purposes of determining eligibility for  
18 extended benefits, the department shall by rule define the  
19 term "suitable work". Such definition ~~shall~~ must be in  
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-End-

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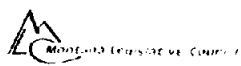
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LC 0589/01

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 5 Reconciliation Act of 1980, P.L. 96-499, and as may be  
 6 amended after March 19, 1981."

-End-



State of Montana  
Office of the Governor  
Helena, Montana 59620  
406-444-3111

STAN STEPHENS  
GOVERNOR

April 9, 1991

The Honorable Hal Harper  
Speaker of the House  
State Capitol  
Helena, Montana 59620

The Honorable Joseph P. Mazurek  
President of the Senate  
State Capitol  
Helena, Montana 59620

Dear Speaker Harper and President Mazurek:

In accordance with the power vested in me as Governor by the Constitution and laws of the State of Montana, I hereby veto the adoption of House Bill 729, "AN ACT TO DELETE LANGUAGE REQUIRING THAT AN EMPLOYEE'S DISQUALIFICATION FROM RECEIVING UNEMPLOYMENT BENEFITS FOR GOOD CAUSE MUST BE ATTRIBUTABLE TO EMPLOYMENT; AND AMENDING SECTIONS 39-51-2302 AND 39-51-2508, MCA."

The 1985 Legislature faced the difficult task of bringing solvency to Montana's unemployment insurance system. Due to a deep deficit in the Insurance Trust Fund, the state was forced to borrow money from the federal government.

Solvency was returned to the Fund through a series of legislative compromises that decreased benefits to workers and substantially increased costs on employers.

House Bill 729 would renege on that compromise and raise benefits to workers by an estimated \$1.4 million per year. This will seriously jeopardize the solvency of the Insurance Trust Fund, and it will necessitate the increase of unemployment premium rates to employers. This is unacceptable.

House Bill 729 removes the provision that unemployment insurance benefits must be "attributable to the employment". That provision was inserted in the unemployment insurance laws as part of the legislative compromise of 1985. The premise behind the provision was that unemployment insurance benefits are designed as a safety net for those individuals who have lost employment through no fault of their own. The benefits must be restricted to those situations where the cause of the unemployment is employment related.

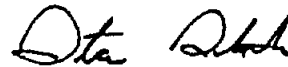
The Honorable Hal Harper  
The Honorable Joseph P. Mazurek  
April 9, 1991

House Bill 729 expands the availability of benefits to any "good cause". Not only does that standard expand benefits beyond the purposes of unemployment insurance but it acts to deplete the Unemployment Insurance Trust. We cannot allow history to repeat itself. It would result in imposition of additional unemployment insurance premiums on business and unstabilizes the trust fund for workers. This further stifles business and job growth. Montana cannot afford the loss of jobs.

House Bill 729 is a question of fairness. By imposing the "good cause" standard for determination of unemployment benefits, employers are being subjected to liability for benefits when an employee leaves of his or her own volition. Those benefits are designed for and must be maintained for those who lose jobs due to no action of their own.

For these reasons, I must veto House Bill 729.

Sincerely,



STAN STEPHENS  
Governor