

HOUSE BILL NO. 803

INTRODUCED BY MENAHAN, DRISCOLL, HARRINGTON, B. MCCARTHY

IN THE HOUSE

FEBRUARY 13, 1991 INTRODUCED AND REFERRED TO COMMITTEE
ON LABOR & EMPLOYMENT RELATIONS.

 FIRST READING.

MARCH 23, 1991 COMMITTEE RECOMMEND BILL
DO PASS. REPORT ADOPTED.

MARCH 25, 1991 PRINTING REPORT.

MARCH 27, 1991 SECOND READING, DO PASS.

 ENGROSSING REPORT.

MARCH 28, 1991 THIRD READING, PASSED.
AYES, 59; NOES, 40.

 TRANSMITTED TO SENATE.

IN THE SENATE

MARCH 28, 1991 INTRODUCED AND REFERRED TO COMMITTEE
ON LABOR & EMPLOYMENT RELATIONS.

 FIRST READING.

APRIL 10, 1991 COMMITTEE RECOMMEND BILL BE
CONCURRED IN AS AMENDED. REPORT
ADOPTED.

APRIL 15, 1991 SECOND READING, CONCURRED IN.

APRIL 16, 1991 THIRD READING, CONCURRED IN.
AYES, 31; NOES, 18.

 RETURNED TO HOUSE WITH AMENDMENTS.

IN THE HOUSE

APRIL 18, 1991 RECEIVED FROM SENATE.

 SECOND READING, AMENDMENTS
CONCURRED IN.

APRIL 19, 1991 THIRD READING, AMENDMENTS

CONCURRED IN.

SENT TO ENROLLING.

APRIL 22, 1991

REPORTED CORRECTLY ENROLLED.

APRIL 23, 1991

SIGNED BY PRESIDENT.

SIGNED BY SPEAKER.

DELIVERED TO GOVERNOR.

APRIL 29, 1991

RETURNED FROM GOVERNOR WITH
RECOMMENDED AMENDMENTS.

SECOND READING, GOVERNOR'S
AMENDMENTS CONCURRED IN.

IN THE SENATE

APRIL 29, 1991

SECOND READING, GOVERNOR'S
AMENDMENTS CONCURRED IN.

THIRD READING, GOVERNOR'S
AMENDMENTS CONCURRED IN.

IN THE HOUSE

APRIL 30, 1991

SENT TO ENROLLING.

REPORTED CORRECTLY ENROLLED.

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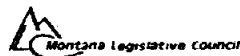
HOUSE BILL NO. *803*
Merrill *Harrington* *B. McArdy*

A BILL FOR AN ACT ENTITLED: "AN ACT PROTECTING EMPLOYEES AND COMMUNITIES FROM THE EFFECTS OF CLOSURES OR LAYOFFS AT A GOVERNMENTAL FACILITY; PROVIDING A METHOD FOR RELIEVING THE ECONOMIC IMPACTS TO COMMUNITIES RESULTING FROM CLOSURES OR LAYOFFS; PROVIDING FOR DISBURSEMENT OF FUNDS BY LOCAL COMMITTEES; PROVIDING FOR A STATUTORY APPROPRIATION; AMENDING SECTION 17-7-502, MCA; AND PROVIDING AN EFFECTIVE DATE."

STATEMENT OF INTENT

A statement of intent is required for this bill because [section 8] grants the department of labor and industry the authority to develop rules for assisting employers in meeting their obligations under [section 3] and for disbursing funds from the community readjustment fund to local economic impact committees. It is intended that the rules address, at a minimum:

- (1) notification procedures when a closure or retrenchment decision is made by an employer;
- (2) guidelines for developing the written impact statement;
- (3) guidelines for disbursing funds from the community



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readjustment fund; and

- (4) a schedule for the disbursement of funds.

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

NEW SECTION. **Section 1. Purpose.** The purpose of [sections 1 through 9] is to require the state of Montana to provide adequate notification when it plans the closure or retrenchment of a facility in a local area and to provide for the speedy and effective allocation of state funds to prevent economic disaster to a community when a governmental facility in the community retrenches or ceases operations.

NEW SECTION. **Section 2. Definitions.** As used in [sections 1 through 9], the following definitions apply:

- (1) "Closure" means the permanent shutting down of operations at a workplace.
- (2) "Department" means the department of labor and industry.
- (3) "Employer" means the state of Montana.
- (4) "Governmental facility" means any institution, department, agency, bureau, or office operated by the state of Montana and employing more than 25 persons.
- (5) "Retrenchment" means reducing the number of employees at the governmental facility by at least 25 employees over any 2-year period.

NEW SECTION. **Section 3. Requirements for closure or**

INTRODUCED BILL
HB 803

1 retrenchment. (1) Upon making a decision to close or
2 retrench, an employer shall:

3 (a) immediately notify the employees, the affected
4 employee organizations, the affected local governments, and
5 a newspaper of general circulation in the county where the
6 governmental facility subject to closure or retrenchment is
7 located;

8 (b) within 90 days, provide the employees, the affected
9 employee organizations, and the affected local governments
10 with a written impact statement that includes information
11 concerning:

12 (i) the number of employees affected;

13 (ii) the amount of the affected employees' payroll;

14 (iii) the potential tax losses to local governments and
15 school districts;

16 (iv) the effect on other businesses; and

17 (v) the reasons for the closure or retrenchment; and

18 (c) pay 25% of the annual payroll of the affected
19 employees into the community readjustment fund provided for
20 in [section 4].

21 (2) If an employer operates another facility and is
22 taking applications for employment at the facility, the
23 employer shall offer comparable reemployment to as many
24 employees as possible who lost their jobs as a result of a
25 closure or retrenchment.

1 **NEW SECTION. Section 4. Community readjustment fund.**

2 (1) There is a community readjustment fund within the state
3 special revenue fund provided for in 17-2-102.

4 (2) All money designated under [section 3(1)(c)] must
5 be deposited in the fund. The money in the fund is
6 statutorily appropriated, as provided in 17-7-502, to the
7 department for disbursement to the local economic impact
8 committee.

9 (3) The state treasurer shall draw warrants from this
10 fund upon order of the department.

11 **NEW SECTION. Section 5. Appointment of local economic**
12 **impact committee.** Upon notification by an employer of an
13 impending closure or retrenchment, the governing body of the
14 affected local community may appoint a local economic impact
15 committee. The committee must consist of one representative
16 of the governing body, two representatives of the employee
17 organizations affected by the closure or retrenchment, one
18 representative of local business, and one representative of
19 the employer.

20 **NEW SECTION. Section 6. Powers of local economic**
21 **impact committee.** Subject to the provisions of [section 7]
22 and this section, a local economic impact committee may
23 expend, loan, or invest funds allocated to it by the
24 department. The funds must be used for purposes the local
25 economic impact committee considers appropriate to alleviate

1 the economic impact of the closure or retrenchment on the
2 community. The uses may include:

- 3 (1) grants, loans, or loan guarantees:
4 (a) to the local government for industrial construction
5 or reconstruction;
6 (b) to provide training for members of the local labor
7 force;
8 (c) to local school districts; and
9 (d) for the creation of a continuing loan fund for
10 business loans; and
11 (2) grants to the county poor fund for public
12 assistance purposes.

13 NEW SECTION. Section 7. Guidelines for fund use. The
14 disbursement of funds must be in accordance with guidelines
15 adopted by the local economic impact committee, based upon
16 the following factors:

- 17 (1) the long-term benefits to the economic climate of
18 the local government;
19 (2) alleviation of immediate suffering by the residents
20 of the local community; and
21 (3) maintenance of the vitality of the local government
22 and school districts affected by the economic impact.

23 NEW SECTION. Section 8. Adoption of rules. The
24 department shall adopt rules to:

- 25 (1) provide procedures for an employer to meet the

1 obligations under [section 3]; and

- 2 (2) provide for the disbursement of funds from the
3 community readjustment fund to a local economic impact
4 committee.

5 NEW SECTION. Section 9. Reporting of fund uses. The
6 use of funds by a local economic impact committee must be
7 reported to the department and the legislative audit
8 committee. The legislative auditor shall report to the
9 legislature each session following the expenditure of
10 economic impact funds under [sections 1 through 9]. The
11 report must detail the expenditures and their use and what
12 beneficial consequences the expenditures had upon the
13 affected local government. The report may suggest
14 improvements in [sections 1 through 9] and its
15 administration.

16 **Section 10.** Section 17-7-502, MCA, is amended to read:

17 "17-7-502. Statutory appropriations -- definition --
18 requisites for validity. (1) A statutory appropriation is an
19 appropriation made by permanent law that authorizes spending
20 by a state agency without the need for a biennial
21 legislative appropriation or budget amendment.

22 (2) Except as provided in subsection (4), to be
23 effective, a statutory appropriation must comply with both
24 of the following provisions:

- 25 (a) The law containing the statutory authority must be

1 listed in subsection (3).

2 (b) The law or portion of the law making a statutory
3 appropriation must specifically state that a statutory
4 appropriation is made as provided in this section.

5 (3) The following laws are the only laws containing
6 statutory appropriations: 2-9-202; 2-17-105; 2-18-812;
7 10-3-203; 10-3-312; 10-3-314; 10-4-301; 13-37-304; 15-1-111;
8 15-25-123; 15-31-702; 15-36-112; 15-37-117; 15-65-121;
9 15-70-101; 16-1-404; 16-1-410; 16-1-411; 17-3-212; 17-5-404;
10 17-5-424; 17-5-804; 19-8-504; 19-9-702; 19-9-1007;
11 19-10-205; 19-10-305; 19-10-506; 19-11-512; 19-11-513;
12 19-11-606; 19-12-301; 19-13-604; 20-6-406; 20-8-111;
13 20-9-361; 23-5-306; 23-5-409; 23-5-610; 23-5-612; 23-5-1016;
14 23-5-1027; 27-12-206; [section 4]; 37-51-501; 39-71-2504;
15 53-6-150; 53-24-206; 61-2-406; 61-5-121; 67-3-205;
16 75-1-1101; 75-5-1108; 75-11-313; 76-12-123; 80-2-103;
17 82-11-136; 82-11-161; 90-3-301; 90-4-215; 90-4-613;
18 90-6-331; 90-9-306; and section 13, House Bill No. 861, Laws
19 of 1985.

20 (4) There is a statutory appropriation to pay the
21 principal, interest, premiums, and costs of issuing, paying,
22 and securing all bonds, notes, or other obligations, as due,
23 that have been authorized and issued pursuant to the laws of
24 Montana. Agencies that have entered into agreements
25 authorized by the laws of Montana to pay the state

1 treasurer, for deposit in accordance with 17-2-101 through
2 17-2-107, as determined by the state treasurer, an amount
3 sufficient to pay the principal and interest as due on the
4 bonds or notes have statutory appropriation authority for
5 such payments. (In subsection (3), pursuant to s . . . 10, Ch.
6 664, L. 1987, the inclusion of 39-71-2504 terminates June
7 30, 1991.)"

8 NEW SECTION. **Section 11. Effective date.** [This act] is
9 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 HB0803, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

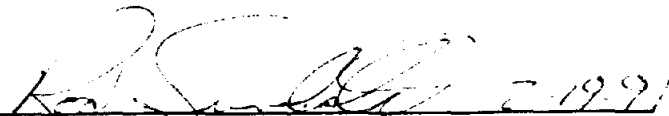
A bill to protect employees and communities from the effects of closures or layoffs at a governmental facility; providing a method for relieving the economic impacts to communities resulting from closures or layoffs; providing for disbursement of funds by local committees; and providing for a statutory appropriation.

ASSUMPTIONS:


1. The Department of Labor and Industry would require \$20,000 general fund in FY92 to contract for the development of administrative rules and related costs.
2. Closures or retrenchments of state facilities are projected to be rare occurrences. Activities associated with oversight, technical assistance, and financial administration would be absorbed within the department's current level budget in the event of closure or retrenchment of a state facility. The Rapid Response Unit would provide assistance consistent with its current capacities.
3. Payment of 25% of the annual payroll of the affected employees to the community readjustment fund for any closures or retrenchments in the 1993 biennium would continue at least through the biennium.
4. The occurrence of closures or retrenchments of state facilities in the 1993 biennium is subject to the discretion of the legislature and executive. For purposes of this fiscal note, the proposed closure of the Galen Campus is used to illustrate the fiscal impact of HB0803. The decrease in personal services due to this closure would be \$4,502,448 and \$4,518,152 in FY92 and FY93, respectively. Payment to the community readjustment fund would be funded from the state general fund.

FISCAL IMPACT:

See next page.



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



WILLIAM T. "RED" MENAHAN, PRIMARY SPONSOR DATE
Fiscal Note for HB0803, as introduced **HB 803**

Fiscal Note Request, HB0803, as introduced

Form BD-15

Page 2

FISCAL IMPACT:

Department of Labor and Industry:

	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>						
Operating Expenses	0	20,000	20,000	0	0	0
<u>Funding:</u>						
General Fund (01)	0	20,000	20,000	0	0	0

Department of Institutions:

<u>Expenditures:</u>						
Local Assistance	0	1,125,612	1,125,612	0	1,125,612	1,125,612
<u>Funding:</u>						
General Fund (01)	0	1,125,612	1,125,612	0	1,125,612	1,125,612
 General Fund Impact			(1,145,612)			(1,125,612)

HB 803

APPROVED BY COMMITTEE
ON LABOR & EMPLOYMENT
RELATIONS

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INTRODUCED BY House BILL NO. 803
Merrill Merrill Harrington B. McCarthy

A BILL FOR AN ACT ENTITLED: "AN ACT PROTECTING EMPLOYEES AND COMMUNITIES FROM THE EFFECTS OF CLOSURES OR LAYOFFS AT A GOVERNMENTAL FACILITY; PROVIDING A METHOD FOR RELIEVING THE ECONOMIC IMPACTS TO COMMUNITIES RESULTING FROM CLOSURES OR LAYOFFS; PROVIDING FOR DISBURSEMENT OF FUNDS BY LOCAL COMMITTEES; PROVIDING FOR A STATUTORY APPROPRIATION; AMENDING SECTION 17-7-502, MCA; AND PROVIDING AN EFFECTIVE DATE."

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NEW SECTION. Section 3. Requirements for closure or

SECOND READING
HB 803



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2 retrench, an employer shall:

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4 employee organizations, the affected local governments, and
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6 governmental facility subject to closure or retrenchment is
7 located;

8 (b) within 90 days, provide the employees, the affected
9 employee organizations, and the affected local governments
10 with a written impact statement that includes information
11 concerning:

- 12 (i) the number of employees affected;
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14 (iii) the potential tax losses to local governments and
15 school districts;
16 (iv) the effect on other businesses; and
17 (v) the reasons for the closure or retrenchment; and
18 (c) pay 25% of the annual payroll of the affected

19 employees into the community readjustment fund provided for
20 in [section 4].

21 (2) If an employer operates another facility and is
22 taking applications for employment at the facility, the
23 employer shall offer comparable reemployment to as many
24 employees as possible who lost their jobs as a result of a
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4 (2) All money designated under [section 3(1)(c)] must
5 be deposited in the fund. The money in the fund is
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7 department for disbursement to the local economic impact
8 committee.

9 (3) The state treasurer shall draw warrants from this
10 fund upon order of the department.

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12 **impact committee.** Upon notification by an employer of an
13 impending closure or retrenchment, the governing body of the
14 affected local community may appoint a local economic impact
15 committee. The committee must consist of one representative
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19 the employer.

20 **NEW SECTION. Section 6. Powers of local economic**
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22 and this section, a local economic impact committee may
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- 4 (a) to the local government for industrial construction
- 5 or reconstruction;
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- 7 force;
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14 disbursement of funds must be in accordance with guidelines
15 adopted by the local economic impact committee, based upon
16 the following factors:

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- 18 the local government;
- 19 (2) alleviation of immediate suffering by the residents
- 20 of the local community; and
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- 22 and school districts affected by the economic impact.

23 NEW SECTION. Section 8. Adoption of rules. The
24 department shall adopt rules to:

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1 obligations under [section 3]; and

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21 legislative appropriation or budget amendment.

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23 effective, a statutory appropriation must comply with both
24 of the following provisions:

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1 listed in subsection (3).

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3 appropriation must specifically state that a statutory
4 appropriation is made as provided in this section.

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6 statutory appropriations: 2-9-202; 2-17-105; 2-18-812;
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19 of 1985.

20 (4) There is a statutory appropriation to pay the
21 principal, interest, premiums, and costs of issuing, paying,
22 and securing all bonds, notes, or other obligations, as due,
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25 authorized by the laws of Montana to pay the state

1 treasurer, for deposit in accordance with 17-2-101 through
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4 bonds or notes have statutory appropriation authority for
5 such payments. (In subsection (3), pursuant to sec. 10, Ch.
6 664, L. 1987, the inclusion of 39-71-2504 terminates June
7 30, 1991.)"

8 NEW SECTION. **Section 11. Effective date.** [This act] is
9 effective July 1, 1991.

-End-

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HOUSE BILL NO. 803
Merrill INTRODUCED BY *Merrill Harrington* *B. McCarthy*

A BILL FOR AN ACT ENTITLED: "AN ACT PROTECTING EMPLOYEES AND COMMUNITIES FROM THE EFFECTS OF CLOSURES OR LAYOFFS AT A GOVERNMENTAL FACILITY; PROVIDING A METHOD FOR RELIEVING THE ECONOMIC IMPACTS TO COMMUNITIES RESULTING FROM CLOSURES OR LAYOFFS; PROVIDING FOR DISBURSEMENT OF FUNDS BY LOCAL COMMITTEES; PROVIDING FOR A STATUTORY APPROPRIATION; AMENDING SECTION 17-7-502, MCA; AND PROVIDING AN EFFECTIVE DATE."

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23 employer shall offer comparable reemployment to as many
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25 closure or retrenchment.

1 **NEW SECTION. Section 4. Community readjustment fund.**

2 (1) There is a community readjustment fund within the state
3 special revenue fund provided for in 17-2-102.

4 (2) All money designated under [section 3(1)(c)] must
5 be deposited in the fund. The money in the fund is
6 statutorily appropriated, as provided in 17-7-502, to the
7 department for disbursement to the local economic impact
8 committee.

9 (3) The state treasurer shall draw warrants from this
10 fund upon order of the department.

11 **NEW SECTION. Section 5. Appointment of local economic**
12 **impact committee.** Upon notification by an employer of an
13 impending closure or retrenchment, the governing body of the
14 affected local community may appoint a local economic impact
15 committee. The committee must consist of one representative
16 of the governing body, two representatives of the employee
17 organizations affected by the closure or retrenchment, one
18 representative of local business, and one representative of
19 the employer.

20 **NEW SECTION. Section 6. Powers of local economic**
21 **impact committee.** Subject to the provisions of [section 7]
22 and this section, a local economic impact committee may
23 expend, loan, or invest funds allocated to it by the
24 department. The funds must be used for purposes the local
25 economic impact committee considers appropriate to alleviate

1 the economic impact of the closure or retrenchment on the
2 community. The uses may include:

3 (1) grants, loans, or loan guarantees:

4 (a) to the local government for industrial construction
5 or reconstruction;

6 (b) to provide training for members of the local labor
7 force;

8 (c) to local school districts; and

9 (d) for the creation of a continuing loan fund for
10 business loans; and

11 (2) grants to the county poor fund for public
12 assistance purposes.

13 NEW SECTION. Section 7. Guidelines for fund use. The
14 disbursement of funds must be in accordance with guidelines
15 adopted by the local economic impact committee, based upon
16 the following factors:

17 (1) the long-term benefits to the economic climate of
18 the local government;

19 (2) alleviation of immediate suffering by the residents
20 of the local community; and

21 (3) maintenance of the vitality of the local government
22 and school districts affected by the economic impact.

23 NEW SECTION. Section 8. Adoption of rules. The
24 department shall adopt rules to:

25 (1) provide procedures for an employer to meet the

1 obligations under [section 3]; and

2 (2) provide for the disbursement of funds from the
3 community readjustment fund to a local economic impact
4 committee.

5 NEW SECTION. Section 9. Reporting of fund uses. The
6 use of funds by a local economic impact committee must be
7 reported to the department and the legislative audit
8 committee. The legislative auditor shall report to the
9 legislature each session following the expenditure of
10 economic impact funds under [sections 1 through 9]. The
11 report must detail the expenditures and their use and what
12 beneficial consequences the expenditures had upon the
13 affected local government. The report may suggest
14 improvements in [sections 1 through 9] and its
15 administration.

16 Section 10. Section 17-7-502, MCA, is amended to read:

17 "17-7-502. Statutory appropriations -- definition --
18 requisites for validity. (1) A statutory appropriation is an
19 appropriation made by permanent law that authorizes spending
20 by a state agency without the need for a biennial
21 legislative appropriation or budget amendment.

22 (2) Except as provided in subsection (4), to be
23 effective, a statutory appropriation must comply with both
24 of the following provisions:

25 (a) The law containing the statutory authority must be

1 listed in subsection (3).

2 (b) The law or portion of the law making a statutory
3 appropriation must specifically state that a statutory
4 appropriation is made as provided in this section.

5 (3) The following laws are the only laws containing
6 statutory appropriations: 2-9-202; 2-17-105; 2-18-812;
7 10-3-203; 10-3-312; 10-3-314; 10-4-301; 13-37-304; 15-1-111;
8 15-25-123; 15-31-702; 15-36-112; 15-37-117; 15-65-121;
9 15-70-101; 16-1-404; 16-1-410; 16-1-411; 17-3-212; 17-5-404;
10 17-5-424; 17-5-804; 19-8-504; 19-9-702; 19-9-1007;
11 19-10-205; 19-10-305; 19-10-506; 19-11-512; 19-11-513;
12 19-11-606; 19-12-301; 19-13-604; 20-6-406; 20-8-111;
13 20-9-361; 23-5-306; 23-5-409; 23-5-610; 23-5-612; 23-5-1016;
14 23-5-1027; 27-12-206; section 4; 37-51-501; 39-71-2504;
15 53-6-150; 53-24-206; 61-2-406; 61-5-121; 67-3-205;
16 75-1-1101; 75-5-1108; 75-11-313; 76-12-123; 80-2-103;
17 82-11-136; 82-11-161; 90-3-301; 90-4-215; 90-4-613;
18 90-6-331; 90-9-306; and section 13, House Bill No. 861, Laws
19 of 1985.

20 (4) There is a statutory appropriation to pay the
21 principal, interest, premiums, and costs of issuing, paying,
22 and securing all bonds, notes, or other obligations, as due,
23 that have been authorized and issued pursuant to the laws of
24 Montana. Agencies that have entered into agreements
25 authorized by the laws of Montana to pay the state

1 treasurer, for deposit in accordance with 17-2-101 through
2 17-2-107, as determined by the state treasurer, an amount
3 sufficient to pay the principal and interest as due on the
4 bonds or notes have statutory appropriation authority for
5 such payments. (In subsection (3), pursuant to sec. 10, Ch.
6 664, L. 1987, the inclusion of 39-71-2504 terminates June
7 30, 1991.)"

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

-End-

SENATE STANDING COMMITTEE REPORT

Page 1 of 1
April 10, 1991

MR. PRESIDENT:

We, your committee on Labor and Employment Relations having had under consideration House Bill No. 803 (third reading copy -- blue), respectfully report that House Bill No. 803 be amended and as so amended be concurred in:

1. Page 2, line 24.

Following: "period"

Insert: ", provided that a reduction in the number of employees by attrition is not retrenchment"

Signed:


Richard E. Manning, Chairman

~~AM~~ 4-10-91
Am. Coord.

SPB 4-10 11:50
Sec. of Senate

SENATE
HB 803

1 HOUSE BILL NO. 803

2 INTRODUCED BY MENAHAN, DRISCOLL, HARRINGTON, B. MCCARTHY

3
4 A BILL FOR AN ACT ENTITLED: "AN ACT PROTECTING EMPLOYEES
5 AND COMMUNITIES FROM THE EFFECTS OF CLOSURES OR LAYOFFS AT A
6 GOVERNMENTAL FACILITY; PROVIDING A METHOD FOR RELIEVING THE
7 ECONOMIC IMPACTS TO COMMUNITIES RESULTING FROM CLOSURES OR
8 LAYOFFS; PROVIDING FOR DISBURSEMENT OF FUNDS BY LOCAL
9 COMMITTEES; PROVIDING FOR A STATUTORY APPROPRIATION;
10 AMENDING SECTION 17-7-502, MCA; AND PROVIDING AN EFFECTIVE
11 DATE."

12 STATEMENT OF INTENT

13
14 A statement of intent is required for this bill because
15 [section 8] grants the department of labor and industry the
16 authority to develop rules for assisting employers in
17 meeting their obligations under [section 3] and for
18 disbursing funds from the community readjustment fund to
19 local economic impact committees. It is intended that the
20 rules address, at a minimum:

21 (1) notification procedures when a closure or
22 retrenchment decision is made by an employer;

23 (2) guidelines for developing the written impact
24 statement;

25 (3) guidelines for disbursing funds from the community

1 readjustment fund; and

2 (4) a schedule for the disbursement of funds.

3
4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

5 NEW SECTION. Section 1. Purpose. The purpose of
6 [sections 1 through 9] is to require the state of Montana to
7 provide adequate notification when it plans the closure or
8 retrenchment of a facility in a local area and to provide
9 for the speedy and effective allocation of state funds to
10 prevent economic disaster to a community when a governmental
11 facility in the community retrenches or ceases operations.

12 NEW SECTION. Section 2. Definitions. As used in
13 [sections 1 through 9], the following definitions apply:

14 (1) "Closure" means the permanent shutting down of
15 operations at a workplace.

16 (2) "Department" means the department of labor and
17 industry.

18 (3) "Employer" means the state of Montana.

19 (4) "Governmental facility" means any institution,
20 department, agency, bureau, or office operated by the state
21 of Montana and employing more than 25 persons.

22 (5) "Retrenchment" means reducing the number of
23 employees at the governmental facility by at least 25
24 employees over any 2-year period, PROVIDED THAT A REDUCTION
25 IN THE NUMBER OF EMPLOYEES BY ATTRITION IS NOT RETRENCHMENT.

1 NEW SECTION. Section 3. Requirements for closure or
 2 **retrenchment.** (1) Upon making a decision to close or
 3 **retrench,** an employer shall:
 4 (a) immediately notify the employees, the affected
 5 employee organizations, the affected local governments, and
 6 a newspaper of general circulation in the county where the
 7 governmental facility subject to closure or retrenchment is
 8 located;
 9 (b) within 90 days, provide the employees, the affected
 10 employee organizations, and the affected local governments
 11 with a written impact statement that includes information
 12 concerning:
 13 (i) the number of employees affected;
 14 (ii) the amount of the affected employees' payroll;
 15 (iii) the potential tax losses to local governments and
 16 school districts;
 17 (iv) the effect on other businesses; and
 18 (v) the reasons for the closure or retrenchment; and
 19 (c) pay 25% of the annual payroll of the affected
 20 employees into the community readjustment fund provided for
 21 in [section 4].
 22 (2) If an employer operates another facility and is
 23 taking applications for employment at the facility, the
 24 employer shall offer comparable reemployment to as many
 25 employees as possible who lost their jobs as a result of a

1 closure or retrenchment.
 2 NEW SECTION. Section 4. Community readjustment fund.
 3 (1) There is a community readjustment fund within the state
 4 special revenue fund provided for in 17-2-102.
 5 (2) All money designated under [section 3(1)(c)] must
 6 be deposited in the fund. The money in the fund is
 7 statutorily appropriated, as provided in 17-7-502, to the
 8 department for disbursement to the local economic impact
 9 committee.
 10 (3) The state treasurer shall draw warrants from this
 11 fund upon order of the department.
 12 NEW SECTION. Section 5. Appointment of local economic
 13 **impact committee.** Upon notification by an employer of an
 14 impending closure or retrenchment, the governing body of the
 15 affected local community may appoint a local economic impact
 16 committee. The committee must consist of one representative
 17 of the governing body, two representatives of the employee
 18 organizations affected by the closure or retrenchment, one
 19 representative of local business, and one representative of
 20 the employer.
 21 NEW SECTION. Section 6. Powers of local economic
 22 **impact committee.** Subject to the provisions of [section 7]
 23 and this section, a local economic impact committee may
 24 expend, loan, or invest funds allocated to it by the
 25 department. The funds must be used for purposes the local

1 economic impact committee considers appropriate to alleviate
2 the economic impact of the closure or retrenchment on the
3 community. The uses may include:

- 4 (1) grants, loans, or loan guarantees:
5 (a) to the local government for industrial construction
6 or reconstruction;
7 (b) to provide training for members of the local labor
8 force;
9 (c) to local school districts; and
10 (d) for the creation of a continuing loan fund for
11 business loans; and
12 (2) grants to the county poor fund for public
13 assistance purposes.

14 NEW SECTION. **Section 7.** Guidelines for fund use. The
15 disbursement of funds must be in accordance with guidelines
16 adopted by the local economic impact committee, based upon
17 the following factors:

- 18 (1) the long-term benefits to the economic climate of
19 the local government;
20 (2) alleviation of immediate suffering by the residents
21 of the local community; and
22 (3) maintenance of the vitality of the local government
23 and school districts affected by the economic impact.

24 NEW SECTION. **Section 8.** Adoption of rules. The
25 department shall adopt rules to:

- 1 (1) provide procedures for an employer to meet the
2 obligations under [section 3]; and
3 (2) provide for the disbursement of funds from the
4 community readjustment fund to a local economic impact
5 committee.

6 NEW SECTION. **Section 9.** Reporting of fund uses. The
7 use of funds by a local economic impact committee must be
8 reported to the department and the legislative audit
9 committee. The legislative auditor shall report to the
10 legislature each session following the expenditure of
11 economic impact funds under [sections 1 through 9]. The
12 report must detail the expenditures and their use and what
13 beneficial consequences the expenditures had upon the
14 affected local government. The report may suggest
15 improvements in [sections 1 through 9] and its
16 administration.

17 **Section 10.** Section 17-7-502, MCA, is amended to read:

18 "17-7-502. **Statutory appropriations -- definition --**
19 **requisites for validity.** (1) A statutory appropriation is an
20 appropriation made by permanent law that authorizes spending
21 by a state agency without the need for a biennial
22 legislative appropriation or budget amendment.

23 (2) Except as provided in subsection (4), to be
24 effective, a statutory appropriation must comply with both
25 of the following provisions:

1 (a) The law containing the statutory authority must be
2 listed in subsection (3).

3 (b) The law or portion of the law making a statutory
4 appropriation must specifically state that a statutory
5 appropriation is made as provided in this section.

6 (3) The following laws are the only laws containing
7 statutory appropriations: 2-9-202; 2-17-105; 2-18-812;
8 10-3-203; 10-3-312; 10-3-314; 10-4-301; 13-37-304; 15-1-111;
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19 90-6-331; 90-9-306; and section 13, House Bill No. 861, Laws
20 of 1985.

21 (4) There is a statutory appropriation to pay the
22 principal, interest, premiums, and costs of issuing, paying,
23 and securing all bonds, notes, or other obligations, as due,
24 that have been authorized and issued pursuant to the laws of
25 Montana. Agencies that have entered into agreements

1 authorized by the laws of Montana to pay the state
2 treasurer, for deposit in accordance with 17-2-101 through
3 17-2-107, as determined by the state treasurer, an amount
4 sufficient to pay the principal and interest as due on the
5 bonds or notes have statutory appropriation authority for
6 such payments. (In subsection (3), pursuant to sec. 10, Ch.
7 664, L. 1987, the inclusion of 39-71-2504 terminates June
8 30, 1991.)"

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

-End-

HOUSE BILL NO. 803

INTRODUCED BY MENAHAN, DRISCOLL, HARRINGTON, B. MCCARTHY

A BILL FOR AN ACT ENTITLED: "AN ACT PROTECTING EMPLOYEES AND COMMUNITIES FROM THE EFFECTS OF CLOSURES OR LAYOFFS AT A GOVERNMENTAL FACILITY; PROVIDING A METHOD FOR RELIEVING THE ECONOMIC IMPACTS TO COMMUNITIES RESULTING FROM CLOSURES OR LAYOFFS; PROVIDING FOR DISBURSEMENT OF FUNDS BY LOCAL COMMITTEES; PROVIDING FOR A STATUTORY APPROPRIATION; AMENDING SECTION 17-7-502, MCA; AND PROVIDING AN EFFECTIVE DATE."

STATEMENT OF INTENT

A statement of intent is required for this bill because [section 8] grants the department of labor and industry the authority to develop rules for assisting employers in meeting their obligations under [section 3] and for disbursing funds from the community readjustment fund to local economic impact committees. It is intended that the rules address, at a minimum:

- (1) notification procedures when a closure or retrenchment decision is made by an employer;
(2) guidelines for developing the written impact statement;
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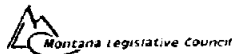
readjustment fund; and
(4) a schedule for the disbursement of funds.

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

NEW SECTION. Section 1. Purpose. The purpose of [sections 1 through 9] is to require the state of Montana to provide adequate notification when it plans the closure or retrenchment of a facility in a local area and to provide for the speedy and effective allocation of state funds to prevent economic disaster to a community when a governmental facility in the community retrenches or ceases operations.

NEW SECTION. Section 2. Definitions. As used in [sections 1 through 9], the following definitions apply:

- (1) "Closure" means the permanent shutting down of operations at a workplace.
(2) "Department" means the department of labor and industry.
(3) "Employer" means the state of Montana.
(4) "Governmental facility" means any institution, department, agency, bureau, or office operated by the state of Montana and employing more than 25 persons.
(5) "Retrenchment" means reducing the number of employees at the governmental facility by at least 25 employees over any 2-year period, PROVIDED THAT A REDUCTION IN THE NUMBER OF EMPLOYEES BY ATTRITION IS NOT RETRENCHMENT.



1 NEW SECTION. Section 3. Requirements for closure or
2 **retrenchment.** (1) Upon making a decision to close or
3 **retrench, an employer shall:**

4 (a) immediately notify the employees, the affected
5 **employee organizations, the affected local governments, and**
6 **a newspaper of general circulation in the county where the**
7 **governmental facility subject to closure or retrenchment is**
8 **located;**

9 (b) within 90 days, provide the employees, the affected
10 **employee organizations, and the affected local governments**
11 **with a written impact statement that includes information**
12 **concerning:**

- 13 (i) the number of employees affected;
- 14 (ii) the amount of the affected employees' payroll;
- 15 (iii) the potential tax losses to local governments and
- 16 **school districts;**
- 17 (iv) the effect on other businesses; and
- 18 (v) the reasons for the closure or retrenchment; and
- 19 (c) pay 25% of the annual payroll of the affected
- 20 **employees into the community readjustment fund provided for**
21 **in [section 4].**

22 (2) If an employer operates another facility and is
23 taking applications for employment at the facility, the
24 employer shall offer comparable reemployment to as many
25 employees as possible who lost their jobs as a result of a

1 closure or retrenchment.

2 NEW SECTION. Section 4. Community readjustment fund.

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8 department for disbursement to the local economic impact
9 committee.

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11 fund upon order of the department.

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13 **impact committee.** Upon notification by an employer of an
14 impending closure or retrenchment, the governing body of the
15 affected local community may appoint a local economic impact
16 committee. The committee must consist of one representative
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18 organizations affected by the closure or retrenchment, one
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20 the employer.

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23 and this section, a local economic impact committee may
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 21 of the local community; and

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 24 effective, a statutory appropriation must comply with both
 25 of the following provisions:

1 (a) The law containing the statutory authority must be
2 listed in subsection (3).

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4 appropriation must specifically state that a statutory
5 appropriation is made as provided in this section.

6 (3) The following laws are the only laws containing
7 statutory appropriations: 2-9-202; 2-17-105; 2-18-812;
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19 90-6-331; 90-9-306; and section 13, House Bill No. 861, Laws
20 of 1985.

21 (4) There is a statutory appropriation to pay the
22 principal, interest, premiums, and costs of issuing, paying,
23 and securing all bonds, notes, or other obligations, as due,
24 that have been authorized and issued pursuant to the laws of
25 Montana. Agencies that have entered into agreements

1 authorized by the laws of Montana to pay the state
2 treasurer, for deposit in accordance with 17-2-101 through
3 17-2-107, as determined by the state treasurer, an amount
4 sufficient to pay the principal and interest as due on the
5 bonds or notes have statutory appropriation authority for
6 such payments. (In subsection (3), pursuant to sec. 10, Ch.
7 664, L. 1987, the inclusion of 39-71-2504 terminates June
8 30, 1991.)"

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

-End-

GOVERNOR'S AMENDMENTS TO
HOUSE BILL 803
(REFERENCE COPY, AS AMENDED)
April 29, 1991

1. Title, lines 6 through 9
Following: "FACILITY;"
Strike: the remainder of line 6 and lines 7 through 9.
2. Page 1, lines 17 through 19
Following: "under [section 3]"
Strike: "and for disbursing funds from the community readjustment fund to local economic impact committees"
3. Page 1, line 25, page 2, lines 1-2
Strike: subsections (3) and (4) in their entirety
4. Page 2, line 6
Following: "through"
Strike: "9"
Insert: "4"
5. Page 2, lines 8.
Following: "area"
Strike: "and to provide for the speedy and effective allocation of state funds to prevent economic disaster to a community when a governmental facility in the community retrenches or ceases operations"
6. Page 2, line 23.
Following: "least"
Strike: "25"
Insert: "250"
7. Page 3, line 18 through Page 4, line 1.
Following: "retrenchment"
Strike: the remainder of line 18 through page 4, line 1.
Insert: "."
8. Page 4, line 2 through page 5, line 23.
Strike: Sections 4, 5, 6 and 7 in their entirety
Re-number: subsequent sections
9. Page 6, lines 3 through 5.
Strike: subsection (2) in its entirety
10. Pages 6, line 6 through page 8, line 8.
Strike: Sections 9 and 10 in their entirety
Re-number: Subsequent section.

Gov. Amend
HB 803



AN ACT PROTECTING EMPLOYEES AND COMMUNITIES FROM THE EFFECTS OF CLOSURES OR LAYOFFS AT A GOVERNMENTAL FACILITY; AND PROVIDING AN EFFECTIVE DATE.

STATEMENT OF INTENT

A statement of intent is required for this bill because [section 4] grants the department of labor and industry the authority to develop rules for assisting employers in meeting their obligations under [section 3]. It is intended that the rules address, at a minimum:

- (1) notification procedures when a closure or retrenchment decision is made by an employer; and
- (2) guidelines for developing the written impact statement.

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

Section 1. **Purpose.** The purpose of [sections 1 through 4] is to require the state of Montana to provide adequate notification when it plans the closure or retrenchment of a facility in a local area.

Section 2. **Definitions.** As used in [sections 1 through 4], the following definitions apply:

- (1) "Closure" means the permanent shutting down of operations at a workplace.
- (2) "Department" means the department of labor and industry.
- (3) "Employer" means the state of Montana.

(4) "Governmental facility" means any institution, department, agency, bureau, or office operated by the state of Montana and employing more than 25 persons.

(5) "Retrenchment" means reducing the number of employees at the governmental facility by at least 250 employees over any 2-year period, provided that a reduction in the number of employees by attrition is not retrenchment.

Section 3. **Requirements for closure or retrenchment.** Upon making a decision to close or retrench, an employer shall:

(1) immediately notify the employees, the affected employee organizations, the affected local governments, and a newspaper of general circulation in the county where the governmental facility subject to closure or retrenchment is located; and

(2) within 90 days, provide the employees, the affected employee organizations, and the affected local governments with a written impact statement that includes information concerning:

- (a) the number of employees affected;
- (b) the amount of the affected employees' payroll;
- (c) the potential tax losses to local governments and school districts;
- (d) the effect on other businesses; and
- (e) the reasons for the closure or retrenchment.

Section 4. **Adoption of rules.** The department shall adopt rules to provide procedures for an employer to meet the obligations under [section 3].

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Section 5. **Effective date.** [This act] is effective July 1,
1991.