

February 9, 1977

LABOR AND EMPLOYMENT RELATIONS COMMITTEE PROCEEDINGS:

A meeting of the House Labor and Employment Relations Committee was held on Wednesday, February 9, 1977 on adjournment of the House of Representatives in Room 428A of the State Capitol. All members were present.

HOUSE BILL 458 was the first bill to be heard. The sponsor, Rep. Aageson, explained that this bill addressed one of the most difficult problems in the state as well as in the entire country; namely, the unemployment insurance fund crisis. This measure attempts to realistically look at this problem. Realistically, Montana cannot afford to offer as much money as it is. This is the most important bill in the package that has been offered this session. Contrary to estimations that unemployment will decrease this year, a copper strike is anticipated this coming summer. High unemployment benefits are an incentive for the person out of work to make less of an effort to find employment. The realistic approach is to reduce these benefits, as this bill proposes. This bill would reduce the maximum weekly benefit amount from \$97 per week to \$91 per week. Chad Smith, representing the Unemployment Compensation Advisors, was the first proponent to speak. He stated that even though employer tax rates have gone up, the program can no longer be financed. The consumers end up paying the increased taxes. Montana employers have recently had a four-fold increase in their unemployment taxes; the state tax rate having gone from .5% to .7%. There will be an additional .3% added at the beginning of 1978, to help start paying back the federal loans; 4.1% on a \$6,000 wage base is what it will amount to. He pointed out a recent article in Readers Digest entitled "Let's Stop the Unemployment Compensation Ripoff". Passage of this bill will save the state \$2,100,000 per year. Robert N. Holding, Executive Director of the Montana Wood Products Association and also a member of the Unemployment Advisory Council, supports the bill. Avis Ann Tobin, Vice-President of the Montana Hardware and Implement Association, also supports the bill, as does R. V. Petersen, Montana Building Material Dealers, and Mr. Tom Winsor, Montana Chamber of Commerce. There were no further proponents.

Mr. Jim Murry, Executive Secretary of the Montana State AFL-CIO then spoke in opposition to the bill; see prepared statement. Passage of this bill would be a giant step backward. George Hammond, also representing the AFL-CIO, spoke up in agreement with the statements made by Mr. Murry. Lonny Mayer, Retail Clerks Union, was also in opposition to the bill. Mr. Fred Barrett, Administrator of the Employment Security Division, then spoke. He opposed the bill on principle. He stated that some misinformation had been given to the committee by Mr. Smith. The federal tax will not go up on January 1, 1978; we have three years before we have to start repaying any loan and

if repayment is started, the tax will not be imposed. Concerning the federal loan, the state would have still gone broke, regardless, but it would have taken three weeks longer. He presented a table showing "Measures of Benefit Rights and Experience, State UI" covering the years 1939 through 1976. Joe Rossman, Montana Teamsters Joint Council, stood up in opposition to the bill.

Rep. Ageson then closed. He stressed that none of the proponents were pointing their fingers at Montana workers for this problem. But this is one of the few opportunities the Legislature will have to help the fund substantially. Questions were then asked. Rep. Lynch questioned whether Rep. Ageson would be suggesting such a measure if the fund were not in such poor shape, and that if times did get better, would a similar bill be introduced to raise the base from 65% to 75%? Rep. Ageson replied that 75% was not a realistic figure, however if the fund was sound, he would go to 66%. It was brought out that under present law, the employers all pay 3.1% and there is no experience rating and will not be until the fund recovers.

HOUSE BILL 579, sponsored by Rep. Brand, was then heard. He explained that this bill was introduced to make the penalty clause of 72-670 more compatible with some of the penalty clauses in the present statutes. This law, contrary to those others, has no minimum fine. This bill would set the minimum fine at \$500, but the sponsor was agreeable to reducing this amount if the committee so desired. Kenneth D. Clark, United Transportation Union, explained that under the original law, the violation is a misdemeanor; it was preferable to levy a fine rather than a prison sentence. Jim Murry, AFL-CIO, then spoke in favor of the bill. There were no further proponents.

The only opponent to HB 579 was Mr. John Delano of the Montana Railroad Association. He is not against safety, but he also felt that no other employers brought their problems to the Legislature like the Railroad Brotherhood did. Railroads, he feels, are the most regulated industry in America.

Rep. Brand then closed. He assured the committee that under this bill, every time there was a violation the railroad would not be fined. Questions were then asked. The fine revenue would go into the general fund.

HOUSE BILL 580 was then heard. Rep. Brand was also chief sponsor of this measure. In the 1975 session of the Legislature this spotlight provision was inadvertently left out of what was called the "Caboose Bill". The presence of a spotlight on the caboose is really a safety measure for the operation of the train. Virgil Wright, United Transportation Union, spoke in support of the measure, as a matter of self-preservation as well as facilitating the inspection of the track behind the train.

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Jim Murry, AFL-CIO, then went on record in support of this bill. Dick Pemberton, Brotherhood of Locomotive Engineers, also supported the bill.

The opponents to HOUSE BILL 580 then spoke. John Delano, Montana Railroad Association, thought that lights had been taken care of in the 1975 "Cabooses Bill". Dean Radabaugh, Assistant Division Manager, Mechanics, Montana Division, the Milwaukee Road, felt that they were in compliance with the provisions of the proposal as far as paragraphs A and B. Paragraph C requires that the track be illuminated for 300 feet. Tests are being made to see if this could be met, and further testing is necessary. Paragraphs D and E are being complied with as well as Paragraph F.

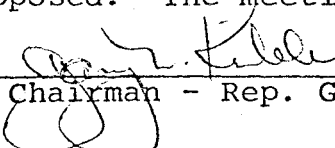
Rep. Brand then closed. He stressed that the bill gives the railroads three years to comply with the regulations; he doesn't think it would take more time than that to comply. Questions were then asked. Rep. Dassinger pointed out that on the Burlington Northern Railroad the spotlight on cabooses is considered very important. He questioned why the Milwaukee did not seem to consider it likewise. Mr. Radabaugh replied that they recognized the need, and did not resist the suggestion to put spotlights in.

Executive action was then taken on the following bills:

Rep. Baeth moved that HOUSE BILL 580 DO PASS; Rep. Lynch seconded the motion. Motion carried, with Reps. Ellerd, Wyrick and Sivertsen opposed.

HOUSE BILL 579 - Rep. Lynch moved to amend the penalty amounts to be a minimum of \$50 and a maximum of \$500, and that AS SO AMENDED HB 579 DO PASS. Rep. Kanduch seconded the motion; motion carried with Reps. Ellerd and Wyrick opposed.

HOUSE BILL 458 - Rep. Lynch moved DO NOT PASS; Rep. Baeth seconded the motion. Rep. Ellerd made a substitute motion that it DO PASS. Rep. Wyrick seconded that motion. Discussion followed. Rep. Teague then made a motion for all motions pending to postpone action on HB 458 for the day; Rep. Williams seconded the motion. Question was called for and the motion carried, with Reps. Lynch, Porter and Kanduch opposed. The meeting was adjourned.


Chairman - Rep. Gary N. Kimble

Secretary