

MINUTES OF THE MEETING
LABOR & EMPLOYMENT RELATIONS COMMITTEE
MONTANA STATE SENATE

Februray 14, 1977

The fifteenth meeting of the Labor and Employment Relations Committee was called to order by Chairman Lee on the above date in Room 402 of the State Capitol Building at 9:30 a.m.

ROLL CALL: All members present.

CONSIDERATION OF HB 244: An act to provide an election of the method of paying the Employment Security Division by governmental entities to be effective January 1, 1977, and to provide for an increase in the taxable wage base to \$6,000, effective January 1, 1978.

Representative Gary Kimble, Chief Sponsor of this bill, introduced HB 244 to the committee. This bill would allow the state and its political subdivisions the choice of making benefit payments to the Employment Security Division based on actual benefit costs or paying under a special contribution system for governmental units only. The bill also includes a provision of the Federal Unemployment Tax Act requiring that employer contributions shall be paid on a taxable wage base of \$6,000 per employee effective January 1, 1978. (See attached testimony)

Fred Barrett, representing the Employment Security Division, appeared in support of HB 244. The bulk of this bill is the amendment providing governmental units an alternative to pay a direct reimbursement charge. Recovery of all benefits charged to governmental units would be made by assigning rates each fiscal year based on comparison of total wages reported to total benefits charged. It really doesn't lend itself to a better systematic processing affair for governmental entities. He also stated that this quarter is one of the heaviest payout months of the year and suggested amending the bill on page 1, section 1, line 21. Following: "paid" Insert: "monthly". This would then reduce the great amount of work that you have at this time and spread the work load out more evenly.

General discussion was then held by the committee. There was much discussion on whether this bill addresses the private sector. Senator Hims1 stated that by adding the proposed amendment, it would multiply the paperwork four times. Mr. Barrett added that it would increase the paperwork but it would be a much better procedure because it would be spreading the workload over a longer period of time.

CONSIDERATION OF HB 258: An act to remove obsolete wording which pertained to the old experience rating system for unemployment compensation benefits, changed by the 1975 legislature.

Representative Joe Kanduch, Chief Sponsor of this bill, introduced HB 258 to the committee. HB 258 was requested by the Department of Labor to remove the obsolete wording in this bill. The only change in on page 4, lines 22 - 25. This section was changed in the 1975 legislature and was not taken out of the bill. This section should be removed to have the bill in current form.

Discussion was then held by the committee. Senator Goodover felt this bill was unnecessary and by deleting this section it did not change the meaning of the current law. Mr. Barrett stated that it would be better to have the bill read exactly as the law is intended.

Senator Blaylock moved that HB 258 BE CONCURRED IN. The motion carried with Senators Nelson and Goodover voting "nay".

CONSIDERATION OF HB 290: An act to prohibit the employment of aliens not lawfully admitted for permanent residency in the United States or otherwise authorized to accept employment if such employment has an adverse effect on resident workers; providing a penalty; and creating a civil cause of action.

Joe Quilici, District 84, Chief Sponsor of this bill, introduced HB 290 to the committee. This bill is to prohibit employers from hiring illegal aliens. We don't really have a problem right now in Montana, however the number of aliens is increasing. If an employer is convicted of hiring an illegal alien, there will be a fine of \$300.

Mitch Mihailovich, representing Montana State, AFL-CIO, appeared in support of HB 290. We support this bill and would like your consideration of it.


General Discussion was then held by the committee. If an alien is in the country legally he will have a permit. All an employer has to do is ask for this permit. Sometimes it is necessary for an employer to hire an illegal alien in order to get his work done. In this case the Department of Immigration and Naturalization would issue them a temporary permit. Senator Lowe was confused with the language on lines 14 and 15 referring to an alien not lawfully admitted. He suggested the following amendments. Amend page 1, section , lines 14 and 15. Following: "lawfully". Strike: "admitted for permanent residence in the United States or otherwise". And Amend page 1, section 1, lines 16 and 17. Following: "accept employment". Strike: "if such employment has an adverse effect on lawful resident workers." Representative Quilici stated that he thought the bill stated exactly what he wanted it to and that it read straight forward. However, he would go along with the amendment Senator Lowe suggested. John Bobinski said you would also have to amend the title because the same

language was also in the title. The following two amendments were added. Amend title, lines 5 and 6. Following: "lawfully" Strike: "admitted for permanent residence in the United States or otherwise". Amend title, lines 7 and 8. Following: "accept employment" Strike: "if such employment has an adverse effect on resident workers;".

Senator Lowe made a motion that the committee accept these amendments and that HB 290 BE CONCURRED IN AS AMENDED. The motion carried unanimously.

ADJOURN:

There being no further business, the meeting was adjourned at 11:00 a.m.


Robert E. Lee, Chairman

ROLL CALL

LABOR & EMPLOYMENT RELATIONS COMMITTEE

45th LEGISLATIVE SESSION - - 1977

Date 2/14

[illegible]

COMMITTEE

290

VISITORS' REGISTER

DATE 2/14

[illegible]

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY

INTRODUCTION OF HB 244

HB 244 AMENDS THE MONTANA UNEMPLOYMENT COMPENSATION LAW, SECTION 87-109, R.C.M. 1947) TO REFLECT REQUIREMENTS IN THE FEDERAL UNEMPLOYMENT TAX ACT REGARDING EMPLOYER CONTRIBUTIONS.

SEVERAL PROVISIONS CONCERN PAYMENT OF EMPLOYMENT SECURITY BENEFITS BY GOVERNMENTAL ENTITIES. THE BILL WOULD ALLOW THE STATE AND ITS POLITICAL SUBDIVISIONS THE CHOICE OF 1) MAKING BENEFIT PAYMENTS TO THE EMPLOYMENT SECURITY DIVISION BASED ON ACTUAL BENEFIT COSTS, OR 2) PAYING UNDER A SPECIAL CONTRIBUTION SYSTEM FOR GOVERNMENTAL UNITS ONLY.

UNDER THE CONTRIBUTION PLAN, RECOVERY OF ALL BENEFITS CHARGED TO GOVERNMENTAL UNITS WOULD BE MADE BY ASSIGNING RATES EACH FISCAL YEAR BASED ON COMPARISON OF TOTAL WAGES REPORTED TO TOTAL BENEFITS CHARGED. THE BENEFITS CHARGED IN PAST YEARS TO ALL GOVERNMENTAL ENTITIES ELECTING TO PAY CONTRIBUTIONS COMPARED WITH TOTAL PAYROLLS REPORTED FOR ALL PAST YEARS WOULD BE USED AS A MEDIAN. NEW GOVERNMENTAL ENTITIES ELECTING TO PAY CONTRIBUTIONS WOULD BE ASSIGNED THE MEDIAN RATE FOR THE YEAR IN WHICH THEY BECOME SUBJECT. NO GOVERNMENTAL UNIT WOULD HAVE A CONTRIBUTION RATE LESS THAN 0.1% OR A RATE GREATER THAN 1.5%.

IN ACCORDANCE WITH ITS FEDERAL COUNTERPART, THE BILL REQUIRES GOVERNMENTAL UNITS TO PAY THE FULL AMOUNT OF EXTENDED BENEFITS TO EMPLOYEES AFTER DECEMBER 31, 1978. ELIGIBLE EMPLOYERS PRESENTLY PAY THE FULL AMOUNT OF REGULAR BENEFITS PLUS ONE-HALF OF THE AMOUNT OF EXTENDED BENEFITS.

THE BILL EXEMPTS NON-PROFIT SCHOOLS FROM BENEFIT CHARGES DURING THE PERIOD OF TRANSITION FOR NEWLY COVERED EMPLOYEES. THIS PROVISION ENSURES THAT EMPLOYEES OF NON-PROFIT SCHOOLS WILL BE ABLE TO USE

PRIOR WAGES IN DETERMINING BENEFITS WHICH ARE TO BE FINANCED BY THE FEDERAL GOVERNMENT UNTIL THE EMPLOYEES HAVE WAGE CREDITS UNDER THE STATE PROGRAM.

FINALLY, THE BILL INCLUDES A PROVISION OF THE FEDERAL UNEMPLOYMENT TAX ACT REQUIRING THAT EMPLOYER CONTRIBUTIONS SHALL BE PAID ON A TAXABLE WAGE BASE OF \$6,000 PER EMPLOYEE EFFECTIVE JANUARY 1, 1978.

GK:LKL