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

March 10, 1981

The meeting of the Labor & Employment Relations Committee was called to order by Chairman Harold Nelson on March 10, 1981, in Room 404 of the State Capitol at 1:00 p.m.

ROLL CALL: All members of the Committee were present with the exception of Senator Keating who was excused.

CONSIDERATION OF HOUSE BILL 750:

Chairman Nelson introduced Representative Darryl Meyer, sponsor of House Bill 750, to the Committee. Representative Meyer explained the bill to the Committee. This bill is an Act to require insurers to notify employers of workers' compensation benefits that are ongoing.

PROPONENTS OF HOUSE BILL 750:

Mr. Bill Palmer, assistant administrator for the Division of Workers' Compensation, stated they are in support of the bill. He stated that the bill, as it now reads, poses no administrative problem to the Division. Employers may request and receive copies of their accident experience which the Division is very willing to accommodate.

OPPONENTS OF HOUSE BILL 750: None were present at the hearing.

QUESTIONS ON HOUSE BILL 750: There were no questions from the Committee.

Chairman Nelson called the hearing closed on House Bill 750.

CONSIDERATION OF HOUSE BILL 557:

Chairman Nelson introduced Representative Dave Brown, sponsor of House Bill 557, to the Committee. Representative Brown explained the bill to the Committee. This bill is an Act to raise the state minimum wage. See Attachment #1 for Representative Brown's printed testimony.

PROPONENTS OF HOUSE BILL 557:

<u>DON JUDGE</u>, representing Montana State AFL-CIO, stated they are in support of HB 557. See Attachment #2 for Mr. Judge's printed testimony.

GENE FENDERSON, representing the Laborers' Union #254, stated they support HB 557. See Attachment #3 for Mr. Fenderson's printed testimony.

GREGG GROEPPER, representing the Department of Labor & Industry, stated that the Department supports HB 557. Mr. Groepper's comments are written on his testifying sheet which is attached.

JOE ROSSMAN of Butte, representing the Teamsters' Union, stated they support HB 557 as introduced.

PAT McKITTRICK of Great Falls, representing the Joint Council of Teamsters #2, stated he is a proponent of the bill, but an opponent of amendments to the bill as proposed by Phil Strope.

Mr. McKittrick made several points which are:

- 1) Under the bill an employer would not be able to pick and choose whether to comply with federal or state laws as was suggested by Mr. Strope.
- 2) If there is going to be a squeeze on The Bar Owner and Innkeeper Industry, this should not result in depriving staff of tips earned, rather it might be absorbed through the sale of liquor.
- 3) The proposed amendments are the wrong way to promote the Bar Owner and Innkeepers industry.
- 4) Legislation shouldn't be passed which deprives people of minimum wage.
- 5) The amendment #4, proposed by Mr. Strope, would result in a tip credit to employers under the federal Minimum Wage Act and a requirement that employees' minimum wage include tips.
- 6) Making arrangements regarding tip credits is a proper subject to be left up to a collective bargaining agreement.

OPPONENTS OF HOUSE BILL 557:

PHIL STROPE, representing the Montana Tavern Association and the Montana Innkeepers Association, stated they would like to offer amendments to HB 557. See Attachment #4 for amendments offered by Mr. Strope and see Attachment #5 for his printed testimony.

QUESTIONS ON HOUSE BILL 557:

SENATOR AKLESTAD: How do waitresses at a banquet get their tips?

MR. McKITTRICK: He doesn't see any problem with this, but if there should be a problem, they should negotiate it in a contract.

SENATOR GOODOVER: Don't most waitresses and employers have collective bargaining?

MR. McKITTRICK: Very few have collective bargaining agreements.

SENATOR GOODOVER: Does this then take the place of collective bargaining?

MR. McKITTRICK: The provisions of the law would guide what is properly in a collective bargaining agreement.

SENATOR AKLESTAD: Do the Board's provisions become effective on the same date?

REPRESENTATIVE MEYER: The minimum wage provisions in the first part of the Act become effective in the second year of the biennium, July 1, 1981 to July 1 of 1982, as well as the first, according to type of wage.

SENATOR ANDERSON: What percent of the labor force works for the minimum wage?

MR. GROEPPER: He didn't recall for certain, but about 10,000 would be subject to tip credit and the presumption is that they would be working for the minimum wage.

Representative Brown made closing remarks in support of HB 557. He stated that it was hard to believe that there are objections to the bill by the major supper clubs. He asked that the Committee check out closely what is asked to be repealed in the bill by the proposed amendments. As to a banquet situation, there is an even spread of tips in any case.

SENATOR NELSON: Asked why there wasn't a differentiation in the minimum wage bill between teenagers and other workers.

REPRESENTATIVE BROWN: If there is a job that you need to hire someone for, it is meritorious that you would hire a youth and give him a chance. The youth should get paid the minimum wage for work performed equally as satisfactorily as work performed by non teenagers.

SENATOR NELSON: Teenagers work won't increase the income on the ranch enough to justify paying minimum wage.

MR. GROEPPER: There is an exclusion in the law to take care of the problem of hiring teenagers on a ranch at a lower wage.

SENATOR RYAN: Asked Mr. Judge what he thought of amendment #4.

MR. JUDGE: It is much broader than it appears to be and there is more in that amendment than has been purported.

Chairman Nelson called the hearing closed on House Bill 557.

ACTION ON HOUSE BILL 750:

Senator Ryan moved that House Bill 750 Be Concurred In. The

Minutes--Labor & Employment Relations--March 10, 1981--page 4

Committee voted unanimously, with the exception of Senator Keating who was absent, that HOUSE BILL 750 BE CONCURRED IN.

Senator Ryan agreed to carry House Bill 750 on the floor.

No action was taken on House Bill 557 at this meeting.

ADJOURN: There being no further business, the meeting adjourned at 2:10 p.m.

Senator Harold C. Nelson, Chairman

mln

ROLL CALL

LABOR & EMPLOYMENT RELATIONS COMMITTEE

47 th LEGISLATIVE SESSION - - 1981

Date March 10

NAME	PRESENT	ABSENT	EXCUSED
GARY C. AKLESTAD, VICE-CH.	/		
MIKE ANDERSON	V		
PAT M. GOODOVER			
WILLIAM HAFFERMAN	V		
THOMAS F. KEATING			V
BILL NORMAN	V		
PATRICK L. RYAN	V		
HAROLD C. NELSON, CHAIRMAN	/		

Each day attach to minutes.

STANDING COMMITTEE REPORT

		March 10,	19.8 1
MR PRESIDENT			
We, your committee on	LABOR & EMPLOYMENT RELA	TIONS	
having had under consideration	HOUSE	1	3ill No. 750
Meyer (Senator Ryan)			
ı			
,			
Respectfully report as follows: That	HOUSE	1	8ill No. 750
respectivity report as ronows. That	••••••••••••••••••••••••••••••		JIII . 10

BE CONCURRED IN DOPPASSX

HAROLD C. NELSON

Chairman.

Shi

NAME: Wm R. Palmer DATE: 3/10/81
ADDRESS: 815 Front ST
PHONE: 449-3182
REPRESENTING WHOM? DIVISION OF Workers Comp.
APPEARING ON WHICH PROPOSAL: HB 7.50
DO YOU: SUPPORT? AMEND? OPPOSE?
COMMENTS: The bill as it now Alada green. No administrative problems to the Resident. Gentlogen may request + Alceire Copies of Their accident uppersise which the Herisin
You administrative problems to the Respice.
Their accident experience which the Mirisin
is very liveling to accommodate.



Attachmenh # 1 The Big Sky Country

MONTANA STATE HOUSE OF REPRESENTATIVES

Representative Dave Brown District 83 3040 Ottawa Butte, Montana 59701 406-792-3604

Committees: Natural Resources. Judiciary

March 10, 1981

MR. CHAIRMAN, MEMBERS OF THE COMMITTEE: FOR THE RECORD MY NAME IS DAVE BROWN, REPRESENTATIVE FROM DISTRICT 83 (BUTTE-SILVER BOW). I APPRECIATE THE OPPORTUNITY TO APPEAR BEFORE YOU TODAY.

I HAVE INTRODUCED HOUSE BILL 557, TO INCREASE MONTANA'S MINIMUM WAGE, BECAUSE I BELIEVE THAT WORKERS SHOULD HAVE THE PROTECTION OF AN ADEQUATE, BASE WAGE. THIS CONCEPT WAS FIRST SET INTO LAW IN _1938, WHEN THE UNITED STATES CONGRESS PASSED THE FAIR LABOR STANDARDS ACT, ESTABLISHING A FEDERAL MINIMUM WAGE. THE FEDERAL MINIMUM WAGE IS NOW \$3.35 AN HOUR.

AN INCREASE IN THE MINIMUM WAGE NOT ONLY PROTECTS WORKERS FROM WORKING FOR NEAR-STARVATION WAGES, IT ALSO BENEFITS THE ECONOMY. IT KEEPS THE DOLLARS MOVING IN OUR ECONOMY, BECAUSE AS PEOPLE EARN MORE MONEY, THEY BUY MORE GOODS AND SERVICES. THIS AIDS LOCAL COMMUNITIES AND MAIN STREET BUSINESSES.

Montana's current minimum wage is \$2.00 an hour. It has NOT BEEN RAISED SINCE 1976. ACCORDING TO THE MONTANA DEPARTMENT OF LABOR AND INDUSTRY, IN 1976, THE AVERAGE YEARLY EARNINGS FOR A NON-FARM PRODUCTION WORKER WAS \$8,904. THE YEARLY EARNINGS FOR THOSE WORKING FOR MINIMUM WAGE IN 1976, WAS \$4,160, A LITTLE LESS THAN HALF Testimony of Dave Brown Page 2 March 10, 1981

of the average workers' yearly earnings. By 1980, the average yearly wage for Montana's non-farm production workers was \$11,919. But yearly earnings for those on minimum wage remained constant at \$4,160, which by 1980 had dropped to about one-third of the average workers' yearly earnings.

If the minimum wage is raised to \$2.50 an hour, in accordance with House Bill 557, as amended by the House, the workers'—Yearly income will be \$5,200 per year. Raising the minimum wage to \$2.75 for the second year will raise the workers' yearly income to \$5,720. Both of these income levels are less than half of the average yearly earnings in Montana and sets an annual wage less than the presently established federal poverty level.

ALTHOUGH MONTANA'S MINIMUM WAGE IS LOWER THAN THE FEDERAL MINIMUM WAGE, THE COST OF LIVING IN MONTANA IS CLOSE TO THE NATIONAL AVERAGE, WITH SOME MONTANA CITIES ABOVE THE AVERAGE AND SOME SLIGHTLY BELOW. AN INDEX REPORT OF THE AMERICAN CHAMBER OF COMMERCE RESEARCHERS ASSOCIATION FOR THE SECOND QUARTER OF 1980 SHOWED, WITH THE NATIONAL AVERAGE BEING CONSIDERED AT 190, THAT BILLINGS WAS RATED AT 97.4; BOZEMAN, 101.3; GREAT FALLS, AT 92.3; HELENA, 101.2; AND KALISPELL, 103.7.

I have also proposed an increase in wages for agricultural workers, whose purchasing power has also been badly eroded by inflation. House Bill 557, as amended by the House, provides for an increase in their monthly wages from \$460 a month to \$575 a month the first year and to \$635 per month the second year. Forty percent of that wage may be in the form of board, lodging or other facilities.

Testimony of Dave Brown Age 3 7ch 10, 1931

INCREASE WILL NOT BE A PROBLEM, AS THE PROPOSED INCREASE IS STILL UNDER
THE AVERAGE WAGE FOR FARM WORKERS WHICH THEY ARE CURRENTLY PAYING.

AN INCREASE IN THE MINIMUM WAGE WILL HELP THE LOW-PAID WORKER AND WILL STIMULATE THE GENERAL ECONOMY. THOSE WHO WORK FOR JINIMUM WAGE ARE AMONG THE HARDEST HIT BY THE DOUBLE-DIGIT INFLATION RAGING THROUGH OUR ECONOMY. THEY DEPEND ON LEGISLATED INCREMENTS FOR PROTECTION AGAINST INFLATION, AND THEY WILL BE SPENDING ADDITIONAL INCOME IN MONTANA. I URGE YOUR SUPPORT OF HOUSE BILL 557.

NAME: DON Judge	DATE: 3/10/8/
ADDRESS: P.O. 130x 1176 Hele	wa
PHONE: 442-1708	
REPRESENTING WHOM? MT STATE AFL-CIO	
APPEARING ON WHICH PROPOSAL: House 1	311 557
DO YOU: SUPPORT? AMEND?	OPPOSE?
COMMENTS: prepared Statement left	with committee

Attachment No. 2



JAMES W. MURRY Box 1176, Helena, Montana —

JAMES W. MURRY ZIP CODE 59601 EXECUTIVE SECRETARY 406/442-1708 Room 100 "Steamboat Block" 616 Helena Ave.

TESTIMONY OF DONALD R. JUDGE ON HOUSE BILL 557, HEARINGS OF THE SENATE LABOR COMMITTEE, MARCH 10, 1981

I am here today on behalf of the AFL-CIO to offer our support for House Bill 557. We believe that an increase in Montana's minimum wage is essential to helping low-paid workers in their battle against ever-increasing inflation.

All of us suffer from the crushing effects of inflation, but minimum wage workers bear a disproportionate share of the burden. The U.S. Bureau of Labor Statistics reports that double digit inflation ran rampant throughout the economy in 1980 for the second straight year, causing workers' purchasing power to plummet 4.8%. Not since 1918-19 had inflation previously exceeded 10% for two years in a row.

The National Center for Economic Alternatives, a private research organization, said prices for the necessities -- food, housing, energy and health care -- rose at the rate of 13.8%, even faster than the 1980 12.4% overall inflation rate. The report, as noted in an Associated Press release in the Montana Standard, February 8, 1981, said the news was worse at year-end, with the rate for those four categories rising at a seasonally adjusted annual rate of 15.2%. The report estimates that the four categories make up about 60% to 70% of an average family's household budget -- a major portion that is very difficult to cut.

In addition to inflation, the working poor will suffer greatly from President Reagan's proposed budget cuts, an economic program which Senator Edward Kennedy has termed "a program of unfair sacrifice and unequal benefit." For instance, if people earning minimum wage were excluded from Medicaid, there is no way they could handle medical expenses for themselves or their families.

(continued)



If free legal services to the poor are discontinued; if food stamps and public assistance programs are drastically cut back; if extended unemployment compensation benefits, trade readjustment assistance and CETA programs are curtailed, there will be more poor, and they must be guaranteed a reasonable subsistance salary.

That is why it is essential to raise Montana's minimum wage; not just by 50 cents an hour as amendments to HB 557 propose, but back to the \$2.95 originally provided for in the bill.

Montana's minimum wage has not been raised from \$2.00 an hour since 1976. At that time, a worker earning minimum wage earned about half the average earnings for a non-farm production worker. An increase to \$2.95 an hour would again provide that those on minimum wage earned about half those average workers' earnings, giving them about the same purchasing power they had in 1976.

Workers receiving minimum wage are generally disaffiliated, low-paid workers in dead-end jobs. Massive layoffs, an economic downturn and high unemployment will probably alter the makeup and increase the numbers of this group. An increase in the minimum wage is a matter of equity for these workers and in today's market, a matter of necessity. We ask your support for House Bill 557, and urge you to adopt the sponsor's amendments.

NAME: Euge Fenders	DATE: 3/10/81
ADDRESS: Rof 102 Holene	
PHONE: 445-144 /	
REPRESENTING WHOM? Salveri Union	554
REPRESENTING WHOM: 1900 COOL 1900 CO	
APPEARING ON WHICH PROPOSAL: HB 557	
DO YOU: SUPPORT? AMEND?	OPPOSE?
COMMENTS:	



Laborers' International Union of North America, AFL-C90 Escal No. 254

P. O. BOX 702 110 N. WARREN HELENA, MT 59624 (406) 442-1441

TESTIMONY OF EUGENE FENDERSON, BUSINESS MANAGER, ON HOUSE BILL 557, HEARINGS OF THE SENATE LABOR COMMITTEE, MARCH 10, 1981

I am Gene Fenderson of Helena Laborers Local 254. I am here to speak in support of House Bill 557, which will increase Montana's minimum wage.

As you know, my union members do not work for minimum wage. They will not be directly affected by this bill. But we believe that all Montanans should be concerned about those who earn minimum wage, the working poor. These people want to work and they want to provide a decent living for themselves and their families. Union members are involved in the desperate struggle to keep up with inflation. They know how deeply inflation has cut into their real wages. And they know that it is even worse for those who work for minimum wage.

Increasing the minimum wage is important for Montana's workers and for Montana's economy. It will provide those workers who are most destitute with higher earnings. It will also increase consumption and demand, which will result in a healthier economy.

Most other Montana workers have seen an increase in their wages over the past five years, even though those increases have usually not even kept pace with inflation. Their dollars continue to be worth less and their real purchasing power has decreased. No relief is predicted in the near future, with the prices of gasoline, fuel oil and food costs expected to go even higher.

(more)



Raising Montana's minimum wage, which has not changed since 1976, from \$2.00 an hour to \$2.95 just gives low paid workers a little better chance to gain a barely adequate standard of living. We ask that you vote in favor of House Bill 557.

H H	
NAME: Gregg Hogges	DATE:
ADDRESS: Rm 4/12 ESD Bu	
PHONE: 449-262/	
REPRESENTING WHOM? DEPT. of	LABOR AND INDUSTRY
appearing on which proposal: HB	557
DO YOU: SUPPORT? AMEND	?OPPOSE?
COMMENTS: Pusent declaration of pole the policy of the liquidation in to 1) Provide safeguesal living and; 2) sustain the indu	ey in 39-3-40/ mentions
1) Provide sakudual	for advanta stantas of
living and;	0 /
2) sustain the indu	indust :- pucharing pour
.,	
the promism wage he	and been increased since
1976 and sine that time	the cost of living
The priming upage he 1976 and sine that time as ressured by the CPI	as gove up 4400
_	
Pleased with the legisla	the attempt to
uphold the policy establish	in 1975
• • • • • • • • • • • • • • • • • • • •	

NAME: Sue Rossman	DATE: 3/10/81
ADDRESS: 3314 Manni hal st	,
PHONE: 494-444	
REPRESENTING WHOM? Fransfore 4010	
APPEARING ON WHICH PROPOSAL: 1-13 547	
DO YOU: SUPPORT? Xas 19 Trulac-d AMEND?	OPPOSE?
COMMENTS:	

NAME: PAT MI LITTRICK	DATE: 3/10/81
ADDRESS: P.U. Bx1184, Gron Lace, Mc	
PHONE: 727-4041	
REPRESENTING WHOM? J. C. TRAMStus No	
APPEARING ON WHICH PROPOSAL: 43557	
DO YOU: SUPPORT? AMEND?	OPPOSE?
COMMENTS:	
	,
	~

NAME:	PHIC	STRO	r E		DATE:	3 - 12 - x	,
ADDRESS:	7	FELENA.					
		42-0572		· · · · · · · · · · · · · · · · · · ·			·
REPRESENT	ING WHOM	Ment Th	WERN ASS	fan /	in Tan	CEENTES Y	455
APPEARING	ON WHICH	H PROPOSAL:	,JB	557			
DO YOU:	SUPPORT	?	AMEND?	<u> </u>	OPPOSE?		
COMMENTS:							
	/ 5 /	CIEDO 17E	25 1	TTASA	=,		

Offered by thil Strope, Rep. Javers and Ottachmenh # 4 Sunkreper and

AMENDMENTS TO HOUSE BILL 557

1. Title, lines 11, 12 and 13.

Following: "EMPLOYEE"

Strike: the remainder of line 11 through "BASIS" on line 13.

2. Title, line 14.

Following: "MCA." on line 14.

Insert: "AND PROVIDING THAT THE PROVISIONS OF 39-3-404, MCA, AND 39-3-204, MCA, SHALL NOT APPLY TO AN EMPLOYER OR EMPLOYEE SUBJECT TO THE PROVISIONS OF THE FAIR LABOR STANDARDS ACT OF 1938 AS AMENDED."

3. Page 3, lines 19 through 23. strike: Section (b) in its entirety as set forth on lines 19 through 23.

4. Page 4, line 3.
Insert: SECTION 3. The provisions of 39-3-404, MCA, and 39-3-204, hCA, shall not apply to any employer or employee subject to the provisions of the Fair Labor Standards Act

of 1938 as amended.

Select Parold Noison State Capitol Malace, KT 59629

一段64.3 一野代《金数·增生》 《含文

TAPAT SANATOR WALLOWS

Or behalf of the Mostern Juckrepers Association and the Mosterna Function of the Spean before your countities and propose amonomists to here will 557, the Minimum Mage Bill.

cody introduce to hostode a stranger the Pouse, includes not only introduce to hostode a since mange, but also substantive provesions for a section of the cripanti Minimum Ways hill emended section 13-3-40% and the original Tip Create bill fluor bill about the amended Section 38-3-204.
They are both included to the amendad version of Mouse Bill 58%.

the recommend to your committee to the committee well becomes to your committee and the research to the second or the second or the set forth second over the committee and the continues.

thorough 11, be directed in one entiredy. The industry agrees with interpretations for not entiredy. The industry agrees with interpretation that subjection for not forth in gays 3, lines 16 through 18, should be in the low. The a mostry agrees that all time received by an employee and the age. They and ledged brown on the other property of an employee. In my another, brown one of an employee, for my another, brown the second that are not known to me. Faregraph (by seems the first because it will upont the sundered and common relate making because it will upont the suppleyer, particularly less the hardest extending. It is a pormal gractice in the supples since has been divided among the banguet means on advictional control to the banguet means of an adviction of the hardest particular to the appropriate condition of the land appropriate the divisor and it maybe give results and divisor of the granuity to be exclusive, or making an allow of the granuity to be exclusive, or making an allow of the granuity

Than the provise control of the control of the control of the provide of the control of the cont

Assess or learned the con-# () | 2 | 1 | 283 | | Mary 10 | 1

an abiliones on emply who subject to the Pailine, Minimum Sept ion. THE Che present time, in the liberal by the bull of an end in all orbits planus in the United Lieurs, at any open who does make then 1011,003.00 of cross industrial year is powered by the Federal Mintipus Mage I we known he the four labour Standards Act of Lodd. To Jacober 1, 1995 the more our group willes will be \$162,100.000. ran ser<mark>ga und vik</mark>ent belang et lieby, b<mark>aran be be bevie</mark>lt in ាក្រស់ បានស្ថិតស្រស់ ខេស្ស ស្រាស់ ស្នាក់ ស្រាស់ ស្រាស់ ស្រាស់ ស្រែសម្រេច ស្រែសម្រេច ស្រែសម្រេច ស្រែសម្រេច ស្រ ក្រស់ស្រាស់ ស្រេស សមាស ស្រាស់ ស្ ការប្រជាពលការប្រកាសសម្រេច ប្រជាពលការប្រជាពលការប្រជាពលការប្រជាពលការប្រជាពលការប្រជាពលការប្រជាពលការប្រជាពលការប្រជ ការប្រជាពលការប្រជាពលការប្រជាពលការប្រជាពលការប្រជាពលការប្រជាពលការប្រជាពលការប្រជាពលការប្រជាពលការប្រជាពលការប្រជាពល Carak and the large son above the form the second of effect all was to superior or a would be up at the all tipped ment for every complication of the control of the c en amenin no 17 33 - 7 . To a chounce enablem vaye meto. Bat The allower of a state condition of the state of the state that the product of the state of the CONNECTED FOR A STATE OF THE CONTROL ార్లు కార్మాన్ కార్లు కూడి ప్రామంజారించ్చారు. ALCOME CONTRACT

Control of the second s

me, may more formation

		`	
DATE	March	10,	1981

COMMITTEE ON LABOR & EMPLOYMENT RELATIONS

VISITORS' REGISTER Check One BILL # REPRESENTING Support Oppose NAME HB.557