

MINUTES OF THE MEETING
49TH LEGISLATURE THIRD SPECIAL SESSION
LABOR AND EMPLOYMENT RELATIONS COMMITTEE
MONTANA STATE SENATE

June 27, 1986

The Labor and Employment Relations Committee meeting was called to order on the above date, in Room 331 of the State Capitol Building, at 11:35 a.m. by Chairman Lynch.

ROLL CALL: Senators Keating and Towe excused, all other members present.

CONSIDERATION OF HB 32: Representative Norm Wallin, HD 78, Gallatin County, chief sponsor of the bill, said that when the legislature was in session in January a year ago the Unemployment Compensation trust fund was basically broke. They had borrowed a million dollars from the federal government to stay alive. There was a danger the federal government would take over the program because it is a federally mandated program. The fund is now solvent and growing. The legislature took money from the general fund for training programs. The fund has now recovered. Of the fund, \$400,000 is generated during the year from fines, delinquent payments and interest. This bill will use \$383,000 of this money to fund training programs. This bill sunsets at the end of one year.

PROPOSERS: Gene Huntington, Department of Labor and Industry, handed the committee Exhibit #1, saying it showed the highlights of the bill. The bill is an initiative from the Department in an effort to come up with areas where they can help with the general fund shortfall. He said his department was comfortable with this.

Peg Hartman, Administrator, Department of Labor and Industry, said the trust fund was severely in debt. It was adjusted by reducing benefits of the unemployed and by increasing taxes to the employers at the end of the month. Because of action taken last session, the fund has begun to build. Unless there was a major recession or depression in the economy, the funds will remain solvent. She thought it was a good idea to use the small 7/10 of 1%. Their anticipated balance by January is 20 million dollars and at that time they will reduce taxes to employers one more time.

Don Judge, Montana AFL-CIO, said he didn't like the idea of funding out of these monies, but thought it is one way to save approximately \$383,000 to the general fund. He would like to have the committee amend the bill to 3 years to provide some long range stability for the programs to employers in the field so they can finish what they now have in place. He encouraged committee support.

George Allen, Montana Retail Association, supported the bill with the amendment for having it for only one year. He said

there is danger in trying something that goes out too far. He called this a good approach. He said anything put into the general fund might help head off increasing taxes in other areas and he supported the bill.

Bob Correa, Bozeman Chamber of Commerce, supported the bill.

Don Ingels, Montana Chamber of Commerce, supported the bill.

OPPONENTS: None.

COMMITTEE QUESTIONS: Senator Manning asked George Allen about changing the date from one to three years. Mr. Allen answered that one year is the appropriate amount and stops the money and time. The \$383,000 is about what is generated in one year and he thought the legislature could address this again in January if necessary.

Some committee members thought it would be too much an expense to go through the process of the bill again next session.

Senator Aklestad thought more senators would vote for the bill on the senate floor if it was left the way it had been.

Senator Thayer asked Mr. Huntington if, when the original bill was cut back, whether the dollar amount was cut. Mr. Huntington said the original proposal was to permanently switch the fund. They came to an agreement on the three years because this would allow the Department to plan their budget. It was to get them through the next biennium.

DISPOSITION OF HB 32: Senator Manning moved to amend line 10, page 3, strike 1987 and put in 1989.

Senator Lynch told the committee that Senator Manning's amendment put the bill back to its original form.

Senator Lynch called for a roll call vote. Four senators voted yes and two senators voted no. Senator Lynch asked the committee if it would be all right if Senators Keating and Towe wished to vote. The committee agreed this would be fine.

Senator Thayer moved HB 32, as amended BE CONCURRED IN. Motion carried. Senator Aklestad asked to be recorded as voting No.

There being no further business, the meeting was adjourned.



SENATOR J. D. LYNCH, Chairman

ROLL CALL

LABOR AND EMPLOYMENT COMMITTEE

48th LEGISLATIVE SESSION -- 1986
THIRD SPECIAL SESSION

Date 6/27/86

SENATE
SEAT

NAME	PRESENT	ABSENT	EXCUSED
AKLESTAD, Gary	✓		
BLAYLOCK, Chet	✓		
HAFFEY, Jack	✓		
KEATING, Tom			✓
THAYER, Gene	✓		
TOWE, Tom			✓
MANNING, Dick (V. Chrmn.)	✓		
LYNCH, J. D. (Chairman)	✓		

Each day attach to minutes.

ROLL CALL VOTE

SENATE COMMITTEE LABOR AND EMPLOYMENT RELATIONS

Date June 27, 1986 Bill No. HB 32 Time 11:53 A.M.

NAME	YES	NO
AKLESTAD, GARY		✓
BLAYLOCK, CHET	✓	
HAFFEY, JACK	✓	
KEATING, TOM	ABSENT	
THAYER, GENE		✓
TOWE, TOM	ABSENT	
MANNING, DICK (V. Chairman)	✓	
LYNCH, J. D. (Chairman)	✓	
	4 Yes	2 NO

Rita Tenneson
Secretary

J. D. LYNCH
Chairman

Motion: Senator Manning moved to amend line 10, page 3.
Strike 1987 and put in 1989.

Proposal to Replace General Fund Monies With Unemployment
Penalty and Interest Funds

Proposal: Employment training programs currently funded with \$383,793 from the General Fund would be funded in fiscal year 1987 with "penalties and interest" collected on past due unemployment insurance taxes.

Background: Section 39-51-1301 MCA, authorizes the Department of Labor and Industry to collect penalties and interest on past due unemployment insurance taxes. Prior to 1979 penalty and interest funds were used for administrative purposes by the Employment Security Division. In 1979 the law was changed to require the penalty and interest funds to be deposited in the Unemployment Insurance Trust Fund to pay benefits to unemployed workers.

The federal government provides no clear restrictions on the use of penalty and interest funds.

In that the penalties and interest are generated from the unemployment insurance tax, the funds would best be spent for programs that serve the unemployed.

In calendar years 1980 through 1985 \$2,213,000 in penalties and interest have been collected, averaging \$443,000 a year. Penalty and interest collections make up about .7% of income to the Unemployment Insurance Trust Fund. It is unlikely that diverting these funds would affect unemployment insurance tax rates.

Main Points of the Proposed Legislation:

- Creates a new account to which penalty and interest collections are to be deposited.
- Provides that funds may be appropriated from the new account for the following purposes:
 - * Training or retraining of unemployed or underemployed workers.
 - * Administration of the unemployment insurance program and job training programs.
- Provides for funds not appropriated to be deposited in the Unemployment Insurance Trust Fund.
- Sunsets in 3 years, so the use of the funds can be re-evaluated.

General Fund Programs to be Funded:

Federal Job Training Match
 Pre-employment Training
 Apprenticeship Program
 Training Program Administration

\$125,000
 84,000
 154,793
 20,000

\$383,793
 Total

SENATE LABOR & EMPLOYMENT

EXHIBIT NO. 1

DATE 6/27/86

BILL NO. #B32

SENATE Business & Labor COMMITTEE

BILL HB 32

VISITORS' REGISTER

DATE 6-27-86

Please note bill no.

NAME	REPRESENTING	BILL #	(check one)	
			SUPPORT	OPPOSE
<u>Don Judge</u>	<u>Montana State AFL-CIO</u>	<u>HB 32</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<u>Peg Hardman</u>	<u>Dept of Labor + Indus</u>	<u>HB 32</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<u>Louie Huntington</u>	<u>Labor + Industry</u>	<u>"</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<u>Don Ingers</u>	<u>MT Chamber of Commerce</u>	<u>HB 32</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY

STANDING COMMITTEE REPORT

June 27

1986

MR. PRESIDENT

LABOR AND EMPLOYMENT RELATIONS

We, your committee on

HOUSE BILL

having had under consideration

No. 32

third reading copy (blue)
color

Wallin (Lynch)

UNEMPLOYMENT INSURANCE AND JOB TRAINING PROGRAM ADMINISTRATIVE COSTS

Respectfully report as follows: That

HOUSE BILL

No. 32

be amended as follows:

1. Title, line 6.
Strike: "YEAR"
Insert: "YEARS"
Following: "THROUGH-1989"
Insert: "THROUGH 1989"
2. Page 3, line 10.
Strike: "1987"
Insert: "1989"

AND AS AMENDED
BE CONCURRED IN

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SENATOR J. D. LYNCH,

Chairman.