

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 53rd LEGISLATURE - SPECIAL SESSION

COMMITTEE ON BUSINESS & ECONOMIC DEVELOPMENT

Call to Order: By **CHAIRMAN STEVE BENEDICT**, on December 13, 1993,
at 11:00 A.M.

ROLL CALL

Members Present:

Rep. Steve Benedict, Chairman (R)
Rep. Bob Bachini (D)
Rep. Joe Barnett (R)
Rep. Ray Brandewie (R)
Rep. Vicki Cocchiarella (D)
Rep. Fritz Daily (D)
Rep. Stella Jean Hansen (D)
Rep. Jack Herron (R)
Rep. Dick Knox (R)
Rep. Norm Mills (R)
Rep. Bob Pavlovich (D)
Rep. Bruce Simon (R)
Rep. Carley Tuss (D)
Rep. Doug Wagner (R)

Members Excused: Rep. Sonny Hanson, Vice Chairman (R), Rep. Tim
Dowell (D), Rep. Alvin Ellis (R), Rep. Don
Larson (D)

Members Absent: None

Staff Present: Susan Fox, Legislative Council
Claudia Johnson, Committee Secretary

Please Note: These are summary minutes. Testimony and
discussion are paraphrased and condensed.

Committee Business Summary:

Hearing: HB 87
Executive Action: HB 87

HEARING ON HB 87

Opening Statement by Sponsor:

REP. VICKI COCCHIARELLA, House District 59, said HB 87 will not
change the current requirement for compensation insurance and
unemployment. She said if a person builds their own home, they
do not have to have workers' compensation. She said this doesn't

change the independent contractors status, but the general contractors and subcontractors who apply for building permits will now have to show proof of workers' compensation in writing or by a phone call to their insurers and the Department of Labor before they are issued a building permit. She distributed an amendment to include the coverage requirements of Title 39, chapters 51 and 71. **EXHIBIT 1**

Proponents' Testimony:

Ward Shanahan, Attorney in Helena, representing the Stillwater Mining Company as a lobbyist, said he is a proponent, but feels HB 87 is too broad. He doesn't object to the requirements of workers' compensation and unemployment coverage, but he objects to showing proof of compliance through Title 39, chapters 51 and 71 because they are too vague, i.e., a person who decides to quit their job in the fall to hunt or fish and know they will have a new job starting in the spring will file for unemployment benefits or workers' compensation. There are legitimate disputes whether these people are entitled to these benefits. The broad language in HB 87 will hinder these types of people from receiving permits to perform a construction job and having their claims favorably settled. He supports the basic idea that a permit cannot be purchased until proof is shown for workers' compensation and unemployment coverage.

James Tutwiler, Montana Chamber of Commerce, said the Chamber supports the concept of HB 87. It will ensure that the general contractors and subcontractors engaged in legitimate contracts are in compliance with the law.

Don Allen, Coalition for Work Compensation System Improvement, said the coalition supports HB 87. He spoke to Mr. Shanahan's comments and felt the language will not go beyond REP. **COCCHIARELLA'S** intentions.

Nancy Griffin, Montana Contractors Association, said the association supports the concept of HB 87. She said 90% of the applicants that apply for building permits are property owners, and said HB 87 will keep the contractors legitimate. **Ms. Griffin** didn't think it fair that the homeowners are placed in a position to make sure that the people they hire have a legitimate business. She asked if the applicant definition could be broadened because she felt that it only covers those people that build spec buildings until the property is sold. She said an application for a permit should attach copies of the independent contractor exemption for all of their subcontractors. **Ms. Griffin** said the bill is more of a "paper chase burden" rather than one having an actual impact. She said there is an exemption for permits for those people building four-plexes outside of any planning by the local government approved class jurisdiction. According to statistics on new housing, this bill will leave out approximately 75% of home construction sites. She said this leaves the only person required to purchase a permit as the

electrician who is only on the job 20% of the total job construction time. She didn't think that HB 87 will do what is intended because it doesn't require people that are independent contractors to have the appropriate kind of insurance and claims.

Opponents' Testimony:

None

Questions From Committee Members and Responses:

REP. SIMON asked Ward Shanahan to explain his previous comments on why he would be out of compliance by questioning a claim. Mr. Shanahan said the problem is that a permit may not be issued until proof of compliance is submitted.

REP. MILLS asked Nancy Griffin whether, if the owner of the new home to be built purchased a building permit for a certain general contractor and that contractor backed out and had to be replaced, that owner would have to ensure compliance even though he/she doesn't know who the general contractor will be. Ms. Griffin said yes. REP. MILLS wanted to know how that can happen when the owner doesn't know who the contractor will be. Ms. Griffin said the contractors will have to show proof of compliance when bidding the job. She feels this forces the Building Codes Bureau to doing what the Workers' Compensation and the Department of Labor should be doing by ensuring that the employers have the appropriate coverage.

REP. BACHINI asked REP. COCCHIARELLA what about the obligation of the homeowner. REP. COCCHIARELLA said HB 87 does not change the law in regard to who has to have workers' compensation coverage. She gave the example of a homeowner who would have to have workers' compensation coverage because they became an employer. The coverage stays the same under current law and HB 87 doesn't change it. She cited HB 87 stating that as a condition of a building permit to show proof of compliance of unemployment if under the current law a person is required now to have workers' comp and unemployment insurance. She said HB 87 will protect the employer, i.e., if a homeowner is an employer, under the current law, workers' compensation is required.

CHAIRMAN BENEDICT clarified to the committee when a homeowner is a general contractor and they subcontract the work, the subcontractors have to purchase the workers' compensation coverage.

Closing by Sponsor:

REP. COCCHIARELLA closed asking the committee to adopt the amendment drafted by Greg Petesch during the hearing after Mr. Shanahan's concerns. She said HB 87 is a small enforcement step and does not change the laws as they apply to unemployment insurance and workers' compensation insurance. She felt it will

help protect the in-state workers when out-of-state workers come in and take advantage whether ignorance of the law or not complying with the law.

EXECUTIVE ACTION ON HB 87


Motion: REP. BRANDEWIE MOVED HB 87 DO PASS.

Motion/Vote: REP. BRANDEWIE MOVED TO ADOPT AMENDMENTS. Motion carried unanimously. EXHIBIT 1

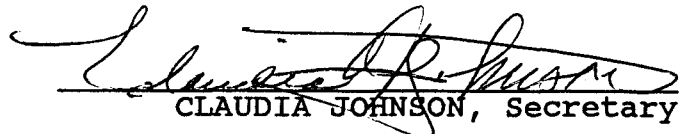
Motion/Vote: REP. MILLS called the question. REP. PAVLOVICH MOVED HB 87 DO PASS AS AMENDED. Motion carried unanimously.

ADJOURNMENT

Adjournment: 11:30 a.m.



STEVE BENEDICT, Chairman



CLAUDIA JOHNSON, Secretary

SB/cj

HOUSE OF REPRESENTATIVES
BUSINESS AND ECONOMIC DEVELOPMENT COMMITTEE

ROLL CALL

DATE 12-13-93

NAME	PRESENT	ABSENT	EXCUSED
REP. STEVE BENEDICT, CHAIRMAN	✓		
REP. SONNY HANSON, VICE CHAIRMAN			✓
REP. BOB BACHINI	✓		
REP. JOE BARNETT	✓		
REP. RAY BRANDEWIE	✓		
REP. VICKI COCCHIARELLA	✓		
REP. FRITZ DAILY	✓		
REP. TIM DOWELL			✓
REP. ALVIN ELLIS			✓
REP. STELLA JEAN HANSEN	✓		
REP. JACK HERRON	✓		
REP. DICK KNOX	✓		
REP. DON LARSON			✓
REP. NORM MILLS	✓		
REP. BOB PAVLOVICH	✓		
REP. BRUCE SIMON	✓		
REP. CARLEY TUSS	✓		
REP. DOUG WAGNER	✓		

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HOUSE STANDING COMMITTEE REPORT

December 13, 1993

Page 1 of 1

Mr. Speaker: We, the committee on Business and Economic Development report that House Bill 87 (first reading copy -- white) do pass as amended.

Signed: 
Steve Benedict, Chair

And, that such amendments read:

1. Page 1, line 19.
Following: "with"
Insert: "the coverage requirements of"
2. Page 2, line 7.
Following: "with"
Insert: "the coverage requirements of"
3. Page 2, line 18.
Following: "with"
Insert: "the coverage requirements of"
4. Page 3, line 6.
Following: "with"
Insert: "the coverage requirements of"

-END-

Committee Vote:
Yes __, No __.

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[Handwritten notes: 12-13-93, 11:00]

EXHIBIT 1
DATE 12-13-93
HB 87

Amendments to House Bill No. 87
First Reading Copy

Requested by Representative Cocchiarella
For the Committee on Business

Prepared by Greg Petesch
December 13, 1993

1. Page 1, line 19.
Following: "with"
Insert: "the coverage requirements of"
2. Page 2, line 7.
Following: "with"
Insert: "the coverage requirements of"
3. Page 2, line 18.
Following: "with"
Insert: "the coverage requirements of"
4. Page 3, line 6.
Following: "with"
Insert: "the coverage requirements of"

HOUSE OF REPRESENTATIVES

VISITOR'S REGISTER

Education COMMITTEE BILL NO. HB 80
 DATE 12-13-93 SPONSOR(S) Alvin Ellis

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NAME AND ADDRESS	REPRESENTING	BILL	OPPOSE	SUPPORT
Duane A. Denny	Columbus Schools	HB 80		X
Phil Campbell	Mont. Ed. Assoc	80	X	
Alvin Plummer	MLBA	80		X
Sharon Eisenberg	Conrad Schools	80		X
John Makee	Mt. Fed. Teachers	80	X	
Dor Waldron	on REA			✓
Walt Dupree Bitter Lake Mt	Self & TEAM	76		✓
Joe Adams Whitehall	Self	76		✓
Richard Maunzley Kalispell		76		✓
Norah Magini	SARM	80		✓
Fred Hammett Kalispell		76		✓
Bob Anderson	MSBA	80		✓

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HOUSE OF REPRESENTATIVES

VISITOR'S REGISTER

Business & Econ COMMITTEE BILL NO. HB 87
 DATE 12-13-93 SPONSOR(S) Rep. Vicki Pucchiarella

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NAME AND ADDRESS	REPRESENTING	BILL	OPPOSE	SUPPORT
Ward Janabe	Stallwat King	87		
James Tutwiler	MT Chamber	87		✓
Don Allen	CWCST	87		✓

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