

1 HOUSE BILL NO. 461

2 INTRODUCED BY KIMBLE (BY REQUEST)

3  
4 A BILL FOR AN ACT ENTITLED: "AN ACT AMENDING SECTION  
5 87-109, R.C.M. 1947, SPECIFYING THE METHOD BY WHICH THE  
6 STATE, POLITICAL SUBDIVISIONS, INSTRUMENTALITIES, AND LOCAL  
7 GOVERNMENTAL UNITS ARE TO MAKE PAYMENTS TO THE EMPLOYMENT  
8 SECURITY DIVISION, MONTANA STATE DEPARTMENT OF LABOR AND  
9 INDUSTRY; AND ESTABLISHING FLUCTUATING RATES OF RETURN BASED  
10 UPON THE TRUST FUND BALANCE; PROVIDING A NEW METHOD FOR  
11 VOLUNTARY PAYMENTS; AND PROVIDING AN EFFECTIVE DATE."

12  
13 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

14 Section 1. Section 87-109, R.C.M. 1947, is amended to  
15 read as follows:

16 "87-109. Contributions. (a) Payment. (1) Contributions  
17 shall accrue and become payable by each employer for each  
18 calendar year in which he is subject to this act, with  
19 respect to wages, as defined in section 87-149 (c), paid for  
20 employment (as defined in this act) occurring during such  
21 calendar year. Such contributions shall become due and be  
22 paid by each employer to the division for the fund in  
23 accordance with such regulations as the division may  
24 prescribe and shall not be deducted, in whole or in part,  
25 from the wages of individuals in his employ.

1 (2) In the payment of any contributions, a fractional  
2 part of a cent shall be disregarded unless it amounts to  
3 one-half (1/2) cent or more, in which case it shall be  
4 increased to one (1) cent.

5 (b) Rate of contribution.

6 (1) Each employer shall pay contributions at the rate  
7 of three and one-tenth per centum (3.1%) of wages, as  
8 defined in section 87-149 (c) paid by him with respect to  
9 such employment, except as provided in subsection (c) of  
10 this section.

11 Nonprofit organizations defined in section 501 (c) (3)  
12 of the federal internal revenue code and which are exempt  
13 from tax under section 501 (a) of such code may elect to  
14 make payments in lieu of contributions; the state and its  
15 political subdivisions specifically covered by this act and  
16 those electing coverage shall make payments in lieu of  
17 contributions.

18 A group of nonprofit organizations may elect with the  
19 approval of the division to act as a group in fulfilling the  
20 requirements of this subsection or of this act.

21 (2) Employers required or eligible to elect to make  
22 payments in lieu of contributions shall pay into the fund an  
23 amount equivalent to the full amount of regular benefits  
24 plus one-half (1/2) of the amount of extended benefits paid  
25 to individuals based on wages paid by such employing unit.

1 If benefits paid an individual are based on wages paid by  
 2 both such employer and one (1) or more other employers, the  
 3 amount payable by such employer to the fund shall bear the  
 4 same ratio to total benefits paid to the individual as the  
 5 base period wages paid to the individual by such employer  
 6 bear to the total amount of base period wages paid to the  
 7 individual by all his base period employers. If the base  
 8 period wages of an individual include wages from more than  
 9 one (1) such employer, the amount to be paid into the fund  
 10 with respect to the benefits paid to such individual shall  
 11 be prorated among the liable employers in proportion to the  
 12 wages paid to such individual by each such employer during  
 13 the base period. The amount of payment required from such  
 14 employers shall be ascertained by the division quarterly and  
 15 shall become due and payable by such employer quarterly as  
 16 directed in this act. Penalty and interest for delinquency  
 17 shall be assessed such employers as specified in section  
 18 87-135.

19 (3) Any nonprofit organizations as defined in  
 20 subsection (b) (1) of this section electing to become liable  
 21 for payments in lieu of contributions must file with the  
 22 division a written notice of its election not later than  
 23 thirty (30) days immediately following the date of the  
 24 determination of subjectivity to this act. This election  
 25 shall be for a period of not less than two (2) years.

1 (A) Any nonprofit organization may terminate its  
 2 election to make payments in lieu of contributions after two  
 3 (2) calendar years from the effective date of such election  
 4 by filing a written notice with the division not later than  
 5 thirty (30) days prior to the beginning of the taxable year  
 6 for which such termination is effective.

7 (B) Any nonprofit organization defined in subsection  
 8 (b) (1) of this section which has been paying contributions  
 9 for at least two (2) taxable years may change to payments in  
 10 lieu of contributions by filing with the division a written  
 11 notice to that effect within thirty (30) days before the  
 12 beginning of the taxable year for which the change is  
 13 effective.

14 (C) If the nonprofit organization is delinquent in  
 15 making payments in lieu of contributions, the division may  
 16 terminate the election to make payments in lieu of  
 17 contributions as of the beginning of the next taxable year,  
 18 and such termination shall be effective for that and the  
 19 next taxable year.

20 (4) Payments in lieu of contributions by the state and  
 21 its political subdivisions shall be an amount equivalent to  
 22 the amount of benefits paid to individuals based on wages  
 23 paid by the state and its political subdivisions. The method  
 24 of determining benefits attributable shall be the same as  
 25 that set forth in subsection (b) (2) of this section. ~~The~~

1 ~~amount-of-payments-shall-be-paid-in-such-manner-as-the~~  
2 ~~division-may-prescribe~~

3 (A) From the date of subjectivity to this act through  
4 December 31, 1974, payments shall equal three-tenths percent  
5 (.3%) of total wages paid employees for services in  
6 employment during the calendar quarter. Employing units  
7 covered under this act after December 31, 1974, shall make  
8 payments equal to four-tenths percent (.4%) of total wages  
9 paid employees for services in employment during the  
10 calendar quarter.

11 (B) The rates shall be adjusted after three (3)  
12 calendar years of subjectivity and the rate shall equal a  
13 calculated percentage of total wages paid. Such percentage  
14 being derived by dividing the total sum of benefits charged  
15 to the employer's account for all past periods which are  
16 completed transactions by September 30 immediately preceding  
17 the computation date by total wages paid by said employing  
18 unit through December immediately preceding the computation  
19 date.

20 (C) When an employing unit becomes eligible for a rate  
21 adjustment the division shall determine whether the total  
22 payments for the three (3) calendar years and subsequent  
23 calendar years is less than, or in excess of, the total sum  
24 of benefits charged to the employer accounts. Each  
25 employing unit whose total payments for the period are less

1 than the benefit charges shall be liable for payment of the  
2 unpaid balance. Such amount shall be due within thirty (30)  
3 days from the notice given by the division. If the total  
4 payments exceed the amount so determined for the period, the  
5 excess may, at the discretion of the division, be refunded  
6 or retained as part payments which may be required from the  
7 next calendar year.

8 (c) Experience rating.  
9 The division shall for each calendar year, classify  
10 employers in accordance with their actual contributions and  
11 unemployment experience and shall determine for each  
12 employer the ~~rate-of-contributions~~ experience factor which  
13 shall apply to him throughout the calendar year in order to  
14 reflect said experience and classification. The division  
15 shall apply such form of classification or experience rating  
16 system which is best calculated to rate individually and  
17 most equitably the employment for each employer and to  
18 encourage the stabilization of employment.

19 In making such classification, the division shall take  
20 account, each to an equal extent, of the following factors  
21 relating to the unemployment hazard shown by each employer  
22 on the basis of (1) average annual net percentage declines  
23 in total payrolls for the last three (3) years prior to  
24 computation date; (2) number of years the employer has paid  
25 contributions; and (3) chargebacks to the individual

1 employer account upon the last employer basis. The  
2 computation date is hereby fixed as of the close of business  
3 on June 30 of the preceding calendar year.

4 ~~The rates for the first calendar quarter of calendar~~  
5 ~~year 1972 and thereafter, except as hereinafter provided,~~  
6 ~~shall be so fixed that they would, if applied to all~~  
7 ~~employers (except those employers making payments in lieu of~~  
8 ~~contributions) and their total taxable annual payrolls for~~  
9 ~~the preceding calendar year, have yielded total paid~~  
10 ~~contributions equaling approximately one and five tenths per~~  
11 ~~centum (1.5%) of the total of all such payrolls.~~

12 EMPLOYER CLASSIFICATIONS:

13 Employers, for the second calendar quarter of the  
14 calendar year 1975 and thereafter, shall be grouped into  
15 fourteen (14) classes, to be designated as classes I through  
16 XIV, respectively, in accordance with their experience  
17 factor.

18 Each employer shall be in the class listed below on the  
19 same horizontal line on which his experience factor appears,  
20 and each qualified employer shall pay the contribution rate  
21 assigned to his class pursuant to the provisions of reserve  
22 to total wages.

23	<u>Employer's Experience Factor</u>	<u>Class</u>
24	<u>30-29</u>	<u>I</u>
25	<u>28-27</u>	<u>II</u>

1	<u>26-25</u>	<u>III</u>
2	<u>24-23</u>	<u>IV</u>
3	<u>22-21</u>	<u>V</u>
4	<u>20-19</u>	<u>VI</u>
5	<u>18-17</u>	<u>VII</u>
6	<u>16-15</u>	<u>VIII</u>
7	<u>14-13</u>	<u>IX</u>
8	<u>12-11</u>	<u>X</u>
9	<u>10-9</u>	<u>XI</u>
10	<u>8-7</u>	<u>XII</u>
11	<u>6-(-10)</u>	<u>XIII</u>
12	<u>Age</u>	<u>XIV</u>

13 RESERVE TO TOTAL WAGES - CLASS RATES:

14 Class rates shall be assigned based upon the percent of  
15 average trust fund balance of the twelve (12) month period  
16 prior to the computation date to total wages in covered  
17 employment for the same period.

18 CLASS RATES

19	<u>Reserve Percent</u>	<u>Class</u>	<u>Class</u>	<u>Class</u>	<u>Class</u>	<u>Class</u>	<u>Class</u>	<u>Class</u>
20	<u>of Total Wage</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>7</u>
21	<u>At least 2.50%</u>	<u>.5</u>	<u>.7</u>	<u>.9</u>	<u>1.1</u>	<u>1.3</u>	<u>.15</u>	<u>1.7</u>
22	<u>2.30 to 2.49%</u>	<u>.7</u>	<u>.9</u>	<u>1.1</u>	<u>1.3</u>	<u>1.5</u>	<u>1.7</u>	<u>1.9</u>
23	<u>2.10 to 2.29%</u>	<u>.9</u>	<u>1.1</u>	<u>1.3</u>	<u>1.5</u>	<u>1.7</u>	<u>1.9</u>	<u>2.1</u>
24	<u>1.90 to 2.09%</u>	<u>1.1</u>	<u>1.3</u>	<u>1.5</u>	<u>1.7</u>	<u>1.9</u>	<u>2.1</u>	<u>2.3</u>
25	<u>1.70 to 1.89%</u>	<u>1.3</u>	<u>1.5</u>	<u>1.7</u>	<u>1.9</u>	<u>2.1</u>	<u>2.3</u>	<u>2.5</u>

1	<u>1.50 to 1.69%</u>	<u>1.5</u>	<u>1.7</u>	<u>1.9</u>	<u>2.1</u>	<u>2.3</u>	<u>2.5</u>	<u>2.7</u>
2	<u>Less than 1.50%</u>	<u>3.1</u>	<u>3.1</u>	<u>3.1</u>	<u>3.1</u>	<u>3.1</u>	<u>3.1</u>	<u>3.1</u>
3	Reserve Percent	Class	Class	Class	Class	Class	Class	Class
4	<u>of Total Wage</u>	<u>8</u>	<u>9</u>	<u>10</u>	<u>11</u>	<u>12</u>	<u>13</u>	<u>14</u>
5	<u>At least 2.50%</u>	<u>1.9</u>	<u>2.1</u>	<u>2.3</u>	<u>2.5</u>	<u>2.7</u>	<u>2.9</u>	<u>3.1</u>
6	<u>2.30 to 2.49%</u>	<u>2.1</u>	<u>2.3</u>	<u>2.5</u>	<u>2.7</u>	<u>2.9</u>	<u>3.1</u>	<u>3.1</u>
7	<u>2.10 to 2.29%</u>	<u>2.3</u>	<u>2.5</u>	<u>2.7</u>	<u>2.9</u>	<u>3.1</u>	<u>3.1</u>	<u>3.1</u>
8	<u>1.90 to 2.09%</u>	<u>2.5</u>	<u>2.7</u>	<u>2.9</u>	<u>3.1</u>	<u>3.1</u>	<u>3.1</u>	<u>3.1</u>
9	<u>1.70 to 1.89%</u>	<u>2.7</u>	<u>2.9</u>	<u>3.1</u>	<u>3.1</u>	<u>3.1</u>	<u>3.1</u>	<u>3.1</u>
10	<u>1.50 to 1.69%</u>	<u>2.9</u>	<u>3.1</u>	<u>3.1</u>	<u>3.1</u>	<u>3.1</u>	<u>3.1</u>	<u>3.1</u>
11	<u>Less than 1.50%</u>	<u>3.1</u>	<u>3.1</u>	<u>3.1</u>	<u>3.1</u>	<u>3.1</u>	<u>3.1</u>	<u>3.1</u>

12 The division shall determine the ~~contribution-rate~~  
 13 experience factor applicable to each employer for any  
 14 calendar year subject to the following limitations:

15 (1) Each employer's rate shall be three and one-tenth  
 16 per centum (3.1%) unless and until there have been three (3)  
 17 years prior to the computation date throughout which the  
 18 employer has paid contributions at the maximum tax rate set  
 19 by law for each of such years and has reported and paid  
 20 contributions during each of the three (3) calendar years  
 21 immediately preceding the computation date and with respect  
 22 to such three (3) calendar years has filed all contribution  
 23 reports prescribed by the division and paid all  
 24 contributions due with respect to the three (3) calendar  
 25 years before March 31 of the rate year. Upon payment of

1 past-due contributions the division shall, for the current  
 2 year, compute a rate for the next succeeding quarter  
 3 following the payment.

4 (2) The classified contribution rates for the calendar  
 5 year 1959, and thereafter, except as hereinafter provided,  
 6 shall be: five-tenths of one per centum (.5%), seven-tenths  
 7 of one per centum (.7%), nine-tenths of one per centum  
 8 (.9%), one and one-tenth per centum (1.1%), one and  
 9 three-tenths per centum (1.3%), one and five-tenths per  
 10 centum (1.5%), one and seven-tenths per centum (1.7%), one  
 11 and nine-tenths per centum (1.9%), two and one-tenth per  
 12 centum (2.1%), two and three-tenths per centum (2.3%), two  
 13 and five-tenths per centum (2.5%), two and seven-tenths per  
 14 centum (2.7%), two and nine-tenths per centum (2.9%), and  
 15 three and one-tenth per centum (3.1%).

16 (3) ~~No employer shall be assigned a classified~~  
 17 ~~contribution rate higher than the second classified rate~~  
 18 ~~above the rate which was assigned to him for the last~~  
 19 ~~preceding calendar year except for the year 1961 and further~~  
 20 ~~as hereinafter provided. This subsection shall not apply~~  
 21 ~~when the employer's chargeback ratio exceeds one hundred per~~  
 22 ~~cent (100%).~~ Any employer may make voluntary payments for  
 23 the purpose of reducing or maintaining a reduced rate in  
 24 addition to the contributions required. Such voluntary  
 25 payments shall first be applied to the benefits charged to

1 the earliest fiscal year in the computation period. Such  
 2 employer must exercise the option of making the voluntary  
 3 payments allowed by this section within thirty (30) days  
 4 after receipt of such notice.

5 ~~(4)-An employer whose benefit payments (charged as most~~  
 6 ~~recent employer) in the last three (3) years preceding the~~  
 7 ~~computation date exceeded the amount of his contributions~~  
 8 ~~for those years, may have the option of making a voluntary~~  
 9 ~~contribution to the unemployment compensation fund to cancel~~  
 10 ~~the amount by which the benefit payments charged to him~~  
 11 ~~under section 07-109 (c) during the last three (3) completed~~  
 12 ~~fiscal years exceed his contributions for the same three (3)~~  
 13 ~~years. Such voluntary contribution shall be applied first to~~  
 14 ~~cancel the amount by which benefits exceed contributions in~~  
 15 ~~the earliest of the three (3) years preceding the~~  
 16 ~~computation date, any remaining to cancel the excess in the~~  
 17 ~~second earliest year preceding the computation date, and any~~  
 18 ~~further remaining to cancel the excess in the most recent~~  
 19 ~~year preceding the computation date. Whenever the benefit~~  
 20 ~~payments charged to an eligible employer in the last three~~  
 21 ~~(3) fiscal years exceed his contributions for the same~~  
 22 ~~period, the division shall notify him of the amount of such~~  
 23 ~~excess and the rate which would be applicable to him for the~~  
 24 ~~ensuing calendar year, if he exercises the option. Such~~  
 25 ~~employer must exercise the option of making the voluntary~~

1 ~~contribution allowed by this section within thirty (30) days~~  
 2 ~~after receipt of such notice.~~

3 ~~(5) Rates as fixed by the division shall stand and be~~  
 4 ~~in effect unless and until the cash reserves in the~~  
 5 ~~unemployment compensation trust fund at any time in the~~  
 6 ~~future fall below and remain below eighteen million~~  
 7 ~~dollars (\$18,000,000) continuously for a period of one (1)~~  
 8 ~~year, then employer rates effective at the beginning of the~~  
 9 ~~next succeeding calendar quarter shall be so fixed that they~~  
 10 ~~would, if applied to all employers and their total taxable~~  
 11 ~~annual payrolls for the preceding calendar year, have~~  
 12 ~~yielded total paid contributions equaling approximately two~~  
 13 ~~per centum (2%) of the total of all such payrolls, and shall~~  
 14 ~~continue at the two per centum (2%) average rate until cash~~  
 15 ~~reserves in the unemployment compensation trust fund exceed~~  
 16 ~~twenty six million dollars (\$26,000,000) at which time all~~  
 17 ~~employer rates shall again be so fixed to bring an average~~  
 18 ~~return of one and five tenths per centum (1.5%) as in this~~  
 19 ~~section hereinabove provided, if reserves remain below~~  
 20 ~~eighteen million dollars (\$18,000,000) continuously for a~~  
 21 ~~period of two (2) years, then the contribution rate of all~~  
 22 ~~employers subject to this act shall return to a uniform rate~~  
 23 ~~of three and one tenth per centum (3.1%) effective at the~~  
 24 ~~beginning of the next succeeding calendar quarter, and shall~~  
 25 ~~continue at the three and one tenth per centum (3.1%) rate~~

~~until cash reserves in the unemployment compensation trust fund exceed twenty six million dollars (\$26,000,000) at which time all employer rates shall again be so fixed to bring an average return of one and five tenths per centum (1.5%) as in this section hereinabove provided.~~

~~(6)~~ (4) The division shall by regulation adopt such procedures as may be necessary for the substitution, merging or acquisition of an employer account by an employing unit, and the transfer of such employer account, rights, contributions, benefit experience and ratings to the successor employing unit or units.

~~(7)~~ (5) The division shall by regulation provide for the proper notification of employers of the classification and rate of contribution applicable to their accounts. Such notification shall be final for all purposes unless and until such employer files a written request with the division for a redetermination or hearing thereon within thirty (30) days after receipt of such notice.

~~(8)~~ (6) "Annual total payroll" means the total of the four (4) quarters of total payrolls of an employer preceding the computation date as fixed herein.

~~(9)~~ (7) No employer's account shall be charged with benefits paid to any claimant in determining the contribution rate of such employer;

(A) If the claimant has been disqualified under section

37-106 (a), (b), (g), or (h), as a result of separation from such employer;

(B) If the claimant left work for nondisqualifying reasons as provided in section 37-106 (a);

(C) Unless the employer has had notice of the claim for the benefits and has been given opportunity for hearing as an interested party in the manner provided in sections 87-107 and 87-108. Written notice of any hearing shall be mailed to employer not less than ten (10) days prior to the date set.

(d) The provisions of this act requiring the payment of contributions by employers subject to this act shall apply only to wages paid up to and including three thousand dollars (\$3,000) by an employer to an employee with respect to employment during any calendar year preceding the year 1972.

Payment of contributions shall apply only to wages paid up to and including four thousand two hundred dollars (\$4,200) by an employer to an employee with respect to employment during the calendar year 1972 and thereafter.

(e) Contribution appeals.

Any person aggrieved by any decision, determination, or redetermination of the division involving contribution liability, contribution rate, application for refund or the charging of benefit payments to employers making payment in

1 lieu of contributions is entitled to a review by the  
2 division or its authorized representative, hereinafter  
3 referred to as a deputy. The decision of the deputy shall be  
4 deemed to be the decision of the division. The division or  
5 the deputy conducting the review may refer the matter to an  
6 appeal referee, may decide the application for review on the  
7 basis of such facts and information as may be obtained or  
8 may hear argument to secure further facts. After such  
9 review, notice of the decision shall be given to the  
10 employing unit. Such decision made pursuant to such review  
11 shall be deemed to be the final decision of the division  
12 unless the employing unit or any other such interested  
13 party, within five (5) calendar days after delivery of such  
14 notification or within seven (7) calendar days after such  
15 notification was mailed to his last known address, files an  
16 appeal from this decision. Such appeal will be referred to  
17 an appeal referee who shall make his decisions with respect  
18 thereto in accordance with the procedure prescribed in  
19 section 87-107 (c)."

-End-



Approved by Committee  
on Labor & Employment  
Relations

HOUSE BILL NO. 461

INTRODUCED BY KIMBLE (BY REQUEST)

A BILL FOR AN ACT ENTITLED: "AN ACT AMENDING SECTION 87-109, R.C.M. 1947, SPECIFYING THE METHOD BY WHICH THE STATE, POLITICAL SUBDIVISIONS, INSTRUMENTALITIES, AND LOCAL GOVERNMENTAL UNITS ARE TO MAKE PAYMENTS TO THE EMPLOYMENT SECURITY DIVISION, MONTANA STATE DEPARTMENT OF LABOR AND INDUSTRY; AND ESTABLISHING FLUCTUATING RATES OF RETURN BASED UPON THE TRUST FUND BALANCE; ~~PROVIDING-A-NEW-METHOD-FOR VOLUNTARY--PAYMENTS~~ REPLACING CHARGEBACK FACTOR WITH QUARTERLY PAYROLL DECLINE FACTOR; AND PROVIDING AN EFFECTIVE DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 87-109, R.C.M. 1947, is amended to read as follows:

"87-109. Contributions. (a) Payment. (1) Contributions shall accrue and become payable by each employer for each calendar year in which he is subject to this act, with respect to wages, as defined in section 87-149 (c), paid for employment (as defined in this act) occurring during such calendar year. Such contributions shall become due and be paid by each employer to the division for the fund in accordance with such regulations as the division may

prescribe and shall not be deducted, in whole or in part, from the wages of individuals in his employ.

(2) In the payment of any contributions, a fractional part of a cent shall be disregarded unless it amounts to one-half (1/2) cent or more, in which case it shall be increased to one (1) cent.

(b) Rate of contribution.

(1) Each employer shall pay contributions at the rate of three and one-tenth per centum (3.1%) of wages, as defined in section 87-149 (c) paid by him with respect to such employment, except as provided in subsection (c) of this section.

Nonprofit organizations defined in section 501 (c) (3) of the federal internal revenue code and which are exempt from tax under section 501 (a) of such code may elect to make payments in lieu of contributions; the state and its political subdivisions specifically covered by this act and those electing coverage shall make payments in lieu of contributions.

A group of nonprofit organizations may elect with the approval of the division to act as a group in fulfilling the requirements of this subsection or of this act.

(2) Employers required or eligible to elect to make payments in lieu of contributions shall pay into the fund an amount equivalent to the full amount of regular benefits

1 plus one-half (1/2) of the amount of extended benefits paid  
 2 to individuals based on wages paid by such employing unit.  
 3 If benefits paid an individual are based on wages paid by  
 4 both such employer and one (1) or more other employers, the  
 5 amount payable by such employer to the fund shall bear the  
 6 same ratio to total benefits paid to the individual as the  
 7 base period wages paid to the individual by such employer  
 8 bear to the total amount of base period wages paid to the  
 9 individual by all his base period employers. If the base  
 10 period wages of an individual include wages from more than  
 11 one (1) such employer, the amount to be paid into the fund  
 12 with respect to the benefits paid to such individual shall  
 13 be prorated among the liable employers in proportion to the  
 14 wages paid to such individual by each such employer during  
 15 the base period. The amount of payment required from such  
 16 employers shall be ascertained by the division quarterly and  
 17 shall become due and payable by such employer quarterly as  
 18 directed in this act. Penalty and interest for delinquency  
 19 shall be assessed such employers as specified in section  
 20 87-135.

21 (3) Any nonprofit organizations as defined in  
 22 subsection (b) (1) of this section electing to become liable  
 23 for payments in lieu of contributions must file with the  
 24 division a written notice of its election not later than  
 25 thirty (30) days immediately following the date of the

1 determination of subjectivity to this act. This election  
 2 shall be for a period of not less than two (2) years.

3 (A) Any nonprofit organization may terminate its  
 4 election to make payments in lieu of contributions after two  
 5 (2) calendar years from the effective date of such election  
 6 by filing a written notice with the division not later than  
 7 thirty (30) days prior to the beginning of the taxable year  
 8 for which such termination is effective.

9 (B) Any nonprofit organization defined in subsection  
 10 (b) (1) of this section which has been paying contributions  
 11 for at least two (2) taxable years may change to payments in  
 12 lieu of contributions by filing with the division a written  
 13 notice to that effect within thirty (30) days before the  
 14 beginning of the taxable year for which the change is  
 15 effective.

16 (C) If the nonprofit organization is delinquent in  
 17 making payments in lieu of contributions, the division may  
 18 terminate the election to make payments in lieu of  
 19 contributions as of the beginning of the next taxable year,  
 20 and such termination shall be effective for that and the  
 21 next taxable year.

22 (4) Payments in lieu of contributions by the state and  
 23 its political subdivisions shall be an amount equivalent to  
 24 the amount of benefits paid to individuals based on wages  
 25 paid by the state and its political subdivisions. The method

1 of determining benefits attributable shall be the same as  
2 that set forth in subsection (b) (2) of this section. ~~The~~  
3 ~~amount--of--payments--shall--be--paid--in--such--manner--as--the~~  
4 ~~division--may--prescribe.~~

5 (A) From the date of subjectivity to this act through  
6 December 31, 1974, payments shall equal three-tenths percent  
7 (.3%) of total wages paid employees for services in  
8 employment during the calendar quarter. Employing units  
9 covered under this act after December 31, 1974, shall make  
10 payments equal to four-tenths percent (.4%) of total wages  
11 paid employees for services in employment during the  
12 calendar quarter.

13 (B) The rates shall be adjusted after three (3)  
14 calendar years of subjectivity and the rate shall equal a  
15 calculated percentage of total wages paid. Such percentage  
16 being derived by dividing the total sum of benefits charged  
17 to the employer's account for all past periods which are  
18 completed transactions by September 30 immediately preceding  
19 the computation date by total wages paid by said employing  
20 unit through December immediately preceding the computation  
21 date.

22 (C) When an employing unit becomes eligible for a rate  
23 adjustment the division shall determine whether the total  
24 payments for the three (3) calendar years and subsequent  
25 calendar years is less than, or in excess of, the total sum

1 of benefits charged to the employer accounts. Each  
2 employing unit whose total payments for the period are less  
3 than the benefit charges shall be liable for payment of the  
4 unpaid balance. Such amount shall be due within thirty (30)  
5 days from the notice given by the division. If the total  
6 payments exceed the amount so determined for the period, the  
7 excess may, at the discretion of the division, be refunded  
8 or retained as part payments which may be required from the  
9 next calendar year.

10 (c) Experience rating.

11 The division shall for each calendar year, classify  
12 employers in accordance with their actual contributions and  
13 unemployment experience and shall determine for each  
14 employer the rate-of-contributions experience factor which  
15 shall apply to him throughout the calendar year in order to  
16 reflect said experience and classification. The division  
17 shall apply such form of classification or experience rating  
18 system which is best calculated to rate individually and  
19 most equitably the employment for each employer and to  
20 encourage the stabilization of employment.

21 In making such classification, the division shall take  
22 account, each to an equal extent, of the following factors  
23 relating to the unemployment hazard shown by each employer  
24 on the basis of (1) average annual net percentage declines  
25 in total payrolls for the last three (3) years prior to

1 computation date; (2) number of years the employer has paid  
 2 contributions; and (3) ~~chargebacks--to--the--individual~~  
 3 ~~employer--account--upon--the--last--employer--basis~~ AVERAGE  
 4 QUARTERLY PERCENTAGE DECLINES IN TOTAL PAYROLLS FOR THE LAST  
 5 THREE (3) YEARS PRIOR TO COMPUTATION DATE. The computation  
 6 date is hereby fixed as of the close of business on June 30  
 7 of the preceding calendar year.

8 WAGES SHALL BE ADJUSTED IN THE DETERMINATION OF THE  
 9 ANNUAL AND QUARTERLY DECREASE PERCENTAGES OF ANY EMPLOYER'S  
 10 PAYROLL IN WHOSE FACTORY OR ESTABLISHMENT THERE WAS IN ANY  
 11 YEAR IN THE QUALIFYING PERIOD OF SUCH EMPLOYER, A STOPPAGE  
 12 OF WORK DUE TO A STRIKE WHICH CAUSED A DECREASE IN SUCH  
 13 EMPLOYER'S PAYROLL OF SUCH MAGNITUDE THAT HIS ACTUAL  
 14 QUARTERLY AND ANNUAL PAYROLL CAUSED BY SUCH A DECREASE OR  
 15 DECREASES WHEN USED WITH OTHER ANNUAL AND QUARTERLY PAYROLL  
 16 DECREASES, IF ANY, IN HIS QUALIFYING PERIOD WOULD CAUSE AN  
 17 INCREASE IN SUCH EMPLOYER'S CONTRIBUTION RATE. AN  
 18 EMPLOYER'S ADJUSTED QUARTERLY PAYROLL FOR THAT QUARTER IN  
 19 WHICH SUCH STOPPAGE OF WORK EXISTED SHALL BE DETERMINED BY  
 20 MULTIPLYING EACH SUCH PAYROLL OR ADJUSTED PAYROLL FOR THE  
 21 QUARTER IMMEDIATELY PRECEDING THE QUARTER IN WHICH SUCH  
 22 STOPPAGE OF WORK EXISTED BY THE AVERAGE QUARTERLY VARIATION  
 23 RATIO. THE AVERAGE QUARTERLY VARIATION RATIO SHALL BE  
 24 COMPUTED BY

25 (1) DIVIDING THE PAYROLL, OR IF ADJUSTED, THE ADJUSTED

1 PAYROLL, FOR THAT QUARTER IN EACH OF THE PRIOR YEARS OF AN  
 2 EMPLOYER'S QUALIFYING PERIOD WHICH CORRESPONDS TO THE  
 3 RESPECTIVE QUARTER IN WHICH A STOPPAGE OF WORK DUE TO A  
 4 STRIKE EXISTED, BY THE PAYROLL OR ADJUSTED PAYROLL FOR THE  
 5 RESPECTIVE QUARTER IMMEDIATELY PRECEDING SUCH CORRESPONDING  
 6 QUARTER, AND

7 (2) TOTALING THE RATIO THUS OBTAINED AND DIVIDING BY  
 8 THE NUMBER OF SUCH RATIOS.

9 ~~The rates for the first calendar quarter of calendar~~  
 10 ~~year 1972 and thereafter, except as hereinafter provided,~~  
 11 ~~shall be as fixed that they would, if applied to all~~  
 12 ~~employers (except those employers making payments in lieu of~~  
 13 ~~contributions) and their total taxable annual payrolls for~~  
 14 ~~the preceding calendar year, have yielded total paid~~  
 15 ~~contributions equating approximately one and five tenths per~~  
 16 ~~centum (1.5%) of the total of all such payrolls.~~

17 EMPLOYER CLASSIFICATIONS:

18 Employers, for the second calendar quarter of the  
 19 calendar year 1975 and thereafter, shall be grouped into  
 20 fourteen (14) classes, to be designated as classes I through  
 21 XIV, respectively, in accordance with their experience  
 22 factor.

23 Each employer shall be in the class listed below on the  
 24 same horizontal line on which his experience factor appears,  
 25 and each qualified employer shall pay the contribution rate

1 assigned to his class pursuant to the provisions of reserve  
 2 to total wages.

Employer's Experience Factor	Class
<u>30-29</u>	<u>I</u>
<u>28-27</u>	<u>II</u>
<u>26-25</u>	<u>III</u>
<u>24-23</u>	<u>IV</u>
<u>22-21</u>	<u>V</u>
<u>20-19</u>	<u>VI</u>
<u>18-17</u>	<u>VII</u>
<u>16-15</u>	<u>VIII</u>
<u>14-13</u>	<u>IX</u>
<u>12-11</u>	<u>X</u>
<u>10-9</u>	<u>XI</u>
<u>8-7</u>	<u>XII</u>
<u>6-(-10)</u>	<u>XIII</u>
<u>Age</u>	<u>XIV</u>

18 RESERVE TO TOTAL WAGES - CLASS RATES:  
 19 Class rates shall be assigned based upon the percent of  
 20 average trust fund balance of the twelve (12) month period  
 21 prior to the computation date to total wages in covered  
 22 employment for the same period.

Reserve Percent of Total Wage	CLASS RATES						
	Class 1	Class 2	Class 3	Class 4	Class 5	Class 6	Class 7

1	<u>At least 2.50%</u>	<u>.5</u>	<u>.7</u>	<u>.9</u>	<u>1.1</u>	<u>1.3</u>	<u>.15</u>	<u>1.7</u>
2	<u>2.30 to 2.49%</u>	<u>.7</u>	<u>.9</u>	<u>1.1</u>	<u>1.3</u>	<u>1.5</u>	<u>1.7</u>	<u>1.9</u>
3	<u>2.10 to 2.29%</u>	<u>.9</u>	<u>1.1</u>	<u>1.3</u>	<u>1.5</u>	<u>1.7</u>	<u>1.9</u>	<u>2.1</u>
4	<u>1.90 to 2.09%</u>	<u>1.1</u>	<u>1.3</u>	<u>1.5</u>	<u>1.7</u>	<u>1.9</u>	<u>2.1</u>	<u>2.3</u>
5	<u>1.70 to 1.89%</u>	<u>1.3</u>	<u>1.5</u>	<u>1.7</u>	<u>1.9</u>	<u>2.1</u>	<u>2.3</u>	<u>2.5</u>
6	<u>1.50 to 1.69%</u>	<u>1.5</u>	<u>1.7</u>	<u>1.9</u>	<u>2.1</u>	<u>2.3</u>	<u>2.5</u>	<u>2.7</u>
7	<u>Less than 1.50%</u>	<u>3.1</u>	<u>3.1</u>	<u>3.1</u>	<u>3.1</u>	<u>3.1</u>	<u>3.1</u>	<u>3.1</u>
8	Reserve Percent	Class 8	Class 9	Class 10	Class 11	Class 12	Class 13	Class 14
9	of Total Wage							
10	<u>At least 2.50%</u>	<u>1.9</u>	<u>2.1</u>	<u>2.3</u>	<u>2.5</u>	<u>2.7</u>	<u>2.9</u>	<u>3.1</u>
11	<u>2.30 to 2.49%</u>	<u>2.1</u>	<u>2.3</u>	<u>2.5</u>	<u>2.7</u>	<u>2.9</u>	<u>3.1</u>	<u>3.1</u>
12	<u>2.10 to 2.29%</u>	<u>2.3</u>	<u>2.5</u>	<u>2.7</u>	<u>2.9</u>	<u>3.1</u>	<u>3.1</u>	<u>3.1</u>
13	<u>1.90 to 2.09%</u>	<u>2.5</u>	<u>2.7</u>	<u>2.9</u>	<u>3.1</u>	<u>3.1</u>	<u>3.1</u>	<u>3.1</u>
14	<u>1.70 to 1.89%</u>	<u>2.7</u>	<u>2.9</u>	<u>3.1</u>	<u>3.1</u>	<u>3.1</u>	<u>3.1</u>	<u>3.1</u>
15	<u>1.50 to 1.69%</u>	<u>2.9</u>	<u>3.1</u>	<u>3.1</u>	<u>3.1</u>	<u>3.1</u>	<u>3.1</u>	<u>3.1</u>
16	<u>Less than 1.50%</u>	<u>3.1</u>	<u>3.1</u>	<u>3.1</u>	<u>3.1</u>	<u>3.1</u>	<u>3.1</u>	<u>3.1</u>

17 The division shall determine the ~~contribution--rate~~  
 18 experience factor applicable to each employer for any  
 19 calendar year subject to the following limitations:

20 (1) Each employer's rate shall be three and one-tenth  
 21 per centum (3.1%) unless and until there have been three (3)  
 22 years prior to the computation date throughout which the  
 23 employer has paid contributions at the maximum tax rate set  
 24 by law for each of such years and has reported and paid  
 25 contributions during each of the three (3) calendar years

1 immediately preceding the computation date and with respect  
 2 to such three (3) calendar years has filed all contribution  
 3 reports prescribed by the division and paid all  
 4 contributions due with respect to the three (3) calendar  
 5 years before March 31 of the rate year. Upon payment of  
 6 past-due contributions the division shall, for the current  
 7 year, compute a rate for the next succeeding quarter  
 8 following the payment.

9 (2) The classified contribution rates for the calendar  
 10 year 1969, and thereafter, except as hereinafter provided,  
 11 shall be: five-tenths of one per centum (.5%), seven-tenths  
 12 of one per centum (.7%), nine-tenths of one per centum  
 13 (.9%), one and one-tenth per centum (1.1%), one and  
 14 three-tenths per centum (1.3%), one and five-tenths per  
 15 centum (1.5%), one and seven-tenths per centum (1.7%), one  
 16 and nine-tenths per centum (1.9%), two and one-tenth per  
 17 centum (2.1%), two and three-tenths per centum (2.3%), two  
 18 and five-tenths per centum (2.5%), two and seven-tenths per  
 19 centum (2.7%), two and nine-tenths per centum (2.9%), and  
 20 three and one-tenth per centum (3.1%).

21 ~~(3) No employer shall be assigned a classified~~  
 22 ~~contribution rate higher than the second classified rate~~  
 23 ~~above the rate which was assigned to him for the last~~  
 24 ~~preceding calendar year except for the year 1961 and further~~  
 25 ~~as hereinafter provided. This subsection shall not apply~~

1 ~~when the employer's chargeback ratio exceeds one hundred per~~  
 2 ~~cent (100%). Any employer may make voluntary payments for~~  
 3 ~~the purpose of reducing or maintaining a reduced rate in~~  
 4 ~~addition to the contributions required. Such voluntary~~  
 5 ~~payments shall first be applied to the benefits charged to~~  
 6 ~~the earliest fiscal year in the computation period. Such~~  
 7 ~~employer must exercise the option of making the voluntary~~  
 8 ~~payments allowed by this section within thirty (30) days~~  
 9 ~~after receipt of such notice.~~

10 ~~(4) An employer whose benefit payments (charged as most~~  
 11 ~~recent employer) in the last three (3) years preceding the~~  
 12 ~~computation date exceeded the amount of his contributions~~  
 13 ~~for those years, may have the option of making a voluntary~~  
 14 ~~contribution to the unemployment compensation fund to cancel~~  
 15 ~~the amount by which the benefit payments charged to him~~  
 16 ~~under section 87-109 (e) during the last three (3) completed~~  
 17 ~~fiscal years exceed his contributions for the same three (3)~~  
 18 ~~years. Such voluntary contribution shall be applied first to~~  
 19 ~~cancel the amount by which benefits exceed contributions in~~  
 20 ~~the earliest of the three (3) years preceding the~~  
 21 ~~computation date, any remaining to cancel the excess in the~~  
 22 ~~second earliest year preceding the computation date, and any~~  
 23 ~~further remaining to cancel the excess in the most recent~~  
 24 ~~year preceding the computation date. Whenever the benefit~~  
 25 ~~payments charged to an eligible employer in the last three~~

1 ~~(3) fiscal years exceed his contributions for the same~~  
 2 ~~period, the division shall notify him of the amount of such~~  
 3 ~~excess and the rate which would be applicable to him for the~~  
 4 ~~ensuing calendar year, if he exercises the option. Such~~  
 5 ~~employer must exercise the option of making the voluntary~~  
 6 ~~contribution allowed by this section within thirty (30) days~~  
 7 ~~after receipt of such notice.~~

8 ~~(5) Rates as fixed by the division shall stand and be~~  
 9 ~~in effect unless and until the cash reserves in the~~  
 10 ~~unemployment compensation trust fund at any time in the~~  
 11 ~~future fall below, and remain below, eighteen million~~  
 12 ~~dollars (\$18,000,000) continuously for a period of one (1)~~  
 13 ~~year, then employer rates effective at the beginning of the~~  
 14 ~~next succeeding calendar quarter shall be so fixed that they~~  
 15 ~~would, if applied to all employers and their total taxable~~  
 16 ~~annual payrolls for the preceding calendar year, have~~  
 17 ~~yielded total paid contributions equaling approximately two~~  
 18 ~~per centum (2%) of the total of all such payrolls, and shall~~  
 19 ~~continue at the two per centum (2%) average rate until cash~~  
 20 ~~reserves in the unemployment compensation trust fund exceed~~  
 21 ~~twenty six million dollars (\$26,000,000) at which time all~~  
 22 ~~employer rates shall again be so fixed to bring an average~~  
 23 ~~return of one and five tenths per centum (1.5%) as in this~~  
 24 ~~section hereinabove provided, if reserves remain below~~  
 25 ~~eighteen million dollars (\$18,000,000) continuously for a~~

1 ~~period of two (2) years, then the contribution rate of all~~  
 2 ~~employers subject to this act shall return to a uniform rate~~  
 3 ~~of three and one tenth per centum (3.1%) effective at the~~  
 4 ~~beginning of the next succeeding calendar quarter, and shall~~  
 5 ~~continue at the three and one tenth per centum (3.1%) rate~~  
 6 ~~until cash reserves in the unemployment compensation trust~~  
 7 ~~fund exceed twenty six million dollars (\$26,000,000) at~~  
 8 ~~which time all employer rates shall again be so fixed to~~  
 9 ~~bring an average return of one and five tenths per centum~~  
 10 ~~(1.5%) as in this section hereinabove provided.~~

11 ~~(6) (4)-(3)~~ The division shall by regulation adopt such  
 12 procedures as may be necessary for the substitution, merging  
 13 or acquisition of an employer account by an employing unit,  
 14 and the transfer of such employer account, rights,  
 15 contributions, benefit PAYROLL experience and ratings to the  
 16 successor employing unit or units.

17 ~~(7) (5)-(4)~~ The division shall by regulation provide  
 18 for the proper notification of employers of the  
 19 classification and rate of contribution applicable to their  
 20 accounts. Such notification shall be final for all purposes  
 21 unless and until such employer files a written request with  
 22 the division for a redetermination or hearing thereon within  
 23 thirty (30) days after receipt of such notice.

24 ~~(8) (6)-(5)~~ "Annual total payroll" means the total of  
 25 the four (4) quarters of total payrolls of an employer

1 preceding the computation date as fixed herein.

2 ~~(9) (7) - No employer's account shall be charged with~~

3 ~~benefits paid to any claimant in determining the~~

4 ~~contribution rate of such employer.~~

5 ~~(A) - If the claimant has been disqualified under section~~

6 ~~87-106 (a), (b), (g), or (h), as a result of separation from~~

7 ~~such employer.~~

8 ~~(B) - If the claimant left work for nondisqualifying~~

9 ~~reasons as provided in section 87-106 (a),~~

10 ~~(C) - Unless the employer has had notice of the claim for~~

11 ~~the benefits and has been given opportunity for hearing as~~

12 ~~an interested party in the manner provided in sections~~

13 ~~87-107 and 87-108, written notice of any hearing shall be~~

14 ~~mailed to employer not less than ten (10) days prior to the~~

15 ~~date set.~~

16 (d) The provisions of this act requiring the payment of

17 contributions by employers subject to this act shall apply

18 only to wages paid up to and including three thousand

19 dollars (\$3,000) by an employer to an employee with respect

20 to employment during any calendar year preceding the year

21 1972.

22 Payment of contributions shall apply only to wages paid

23 up to and including four thousand two hundred dollars

24 (\$4,200) by an employer to an employee with respect to

25 employment during the calendar year 1972 and thereafter.

1 (e) Contribution appeals.

2 Any person aggrieved by any decision, determination, or

3 redetermination of the division involving contribution

4 liability, contribution rate, application for refund or the

5 charging of benefit payments to employers making payment in

6 lieu of contributions is entitled to a review by the

7 division or its authorized representative, hereinafter

8 referred to as a deputy. The decision of the deputy shall be

9 deemed to be the decision of the division. The division or

10 the deputy conducting the review may refer the matter to an

11 appeal referee, may decide the application for review on the

12 basis of such facts and information as may be obtained or

13 may hear argument to secure further facts. After such

14 review, notice of the decision shall be given to the

15 employing unit. Such decision made pursuant to such review

16 shall be deemed to be the final decision of the division

17 unless the employing unit or any other such interested

18 party, within five (5) calendar days after delivery of such

19 notification or within seven (7) calendar days after such

20 notification was mailed to his last known address, files an

21 appeal from this decision. Such appeal will be referred to

22 an appeal referee who shall make his decisions with respect

23 thereto in accordance with the procedure prescribed in

24 section 87-107 (c)."

-End-



1 HOUSE BILL NO. 461

2 INTRODUCED BY KIMBLE (BY REQUEST)

3  
4 A BILL FOR AN ACT ENTITLED: "AN ACT AMENDING SECTION  
5 87-109, R.C.M. 1947, SPECIFYING THE METHOD BY WHICH THE  
6 STATE, POLITICAL SUBDIVISIONS, INSTRUMENTALITIES, AND LOCAL  
7 GOVERNMENTAL UNITS ARE TO MAKE PAYMENTS TO THE EMPLOYMENT  
8 SECURITY DIVISION, MONTANA STATE DEPARTMENT OF LABOR AND  
9 INDUSTRY; AND ESTABLISHING FLUCTUATING RATES OF RETURN BASED  
10 UPON THE TRUST FUND BALANCE; ~~PROVIDING-A-NEW-METHOD-FOR~~  
11 ~~VOLUNTARY--PAYMENTS~~ REPLACING CHARGEBACK FACTOR WITH  
12 QUARTERLY PAYROLL DECLINE FACTOR; AND PROVIDING AN EFFECTIVE  
13 DATE."

14  
15 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

16 Section 1. Section 87-109, R.C.M. 1947, is amended to  
17 read as follows:

18 "87-109. Contributions. (a) Payment. (1) Contributions  
19 shall accrue and become payable by each employer for each  
20 calendar year in which he is subject to this act, with  
21 respect to wages, as defined in section 87-149 (c), paid for  
22 employment (as defined in this act) occurring during such  
23 calendar year. Such contributions shall become due and be  
24 paid by each employer to the division for the fund in  
25 accordance with such regulations as the division may

1 prescribe and shall not be deducted, in whole or in part,  
2 from the wages of individuals in his employ.

3 (2) In the payment of any contributions, a fractional  
4 part of a cent shall be disregarded unless it amounts to  
5 one-half (1/2) cent or more, in which case it shall be  
6 increased to one (1) cent.

7 (b) Rate of contribution.

8 (1) Each employer shall pay contributions at the rate  
9 of three and one-tenth per centum (3.1%) of wages, as  
10 defined in section 87-149 (c) paid by him with respect to  
11 such employment, except as provided in subsection (c) of  
12 this section.

13 Nonprofit organizations defined in section 501 (c) (3)  
14 of the federal internal revenue code and which are exempt  
15 from tax under section 501 (a) of such code may elect to  
16 make payments in lieu of contributions; the state and its  
17 political subdivisions specifically covered by this act and  
18 those electing coverage shall make payments in lieu of  
19 contributions.

20 A group of nonprofit organizations may elect with the  
21 approval of the division to act as a group in fulfilling the  
22 requirements of this subsection or of this act.

23 (2) Employers required or eligible to elect to make  
24 payments in lieu of contributions shall pay into the fund an  
25 amount equivalent to the full amount of regular benefits

THIRD READING

1 plus one-half (1/2) of the amount of extended benefits paid  
 2 to individuals based on wages paid by such employing unit.  
 3 If benefits paid an individual are based on wages paid by  
 4 both such employer and one (1) or more other employers, the  
 5 amount payable by such employer to the fund shall bear the  
 6 same ratio to total benefits paid to the individual as the  
 7 base period wages paid to the individual by such employer  
 8 bear to the total amount of base period wages paid to the  
 9 individual by all his base period employers. If the base  
 10 period wages of an individual include wages from more than  
 11 one (1) such employer, the amount to be paid into the fund  
 12 with respect to the benefits paid to such individual shall  
 13 be prorated among the liable employers in proportion to the  
 14 wages paid to such individual by each such employer during  
 15 the base period. The amount of payment required from such  
 16 employers shall be ascertained by the division quarterly and  
 17 shall become due and payable by such employer quarterly as  
 18 directed in this act. Penalty and interest for delinquency  
 19 shall be assessed such employers as specified in section  
 20 87-135.

21 (3) Any nonprofit organizations as defined in  
 22 subsection (b) (1) of this section electing to become liable  
 23 for payments in lieu of contributions must file with the  
 24 division a written notice of its election not later than  
 25 thirty (30) days immediately following the date of the

1 determination of subjectivity to this act. This election  
 2 shall be for a period of not less than two (2) years.

3 (A) Any nonprofit organization may terminate its  
 4 election to make payments in lieu of contributions after two  
 5 (2) calendar years from the effective date of such election  
 6 by filing a written notice with the division not later than  
 7 thirty (30) days prior to the beginning of the taxable year  
 8 for which such termination is effective.

9 (B) Any nonprofit organization defined in subsection  
 10 (b) (1) of this section which has been paying contributions  
 11 for at least two (2) taxable years may change to payments in  
 12 lieu of contributions by filing with the division a written  
 13 notice to that effect within thirty (30) days before the  
 14 beginning of the taxable year for which the change is  
 15 effective.

16 (C) If the nonprofit organization is delinquent in  
 17 making payments in lieu of contributions, the division may  
 18 terminate the election to make payments in lieu of  
 19 contributions as of the beginning of the next taxable year,  
 20 and such termination shall be effective for that and the  
 21 next taxable year.

22 (4) Payments in lieu of contributions by the state and  
 23 its political subdivisions shall be an amount equivalent to  
 24 the amount of benefits paid to individuals based on wages  
 25 paid by the state and its political subdivisions. The method

1 of determining benefits attributable shall be the same as  
 2 that set forth in subsection (b) (2) of this section. ~~The~~  
 3 ~~amount--of--payments--shall--be--paid--in--such--manner--as--the~~  
 4 ~~division--may--prescribe.~~

5 (A) From the date of subjectivity to this act through  
 6 December 31, 1974, payments shall equal three-tenths percent  
 7 (.3%) of total wages paid employees for services in  
 8 employment during the calendar quarter. Employing units  
 9 covered under this act after December 31, 1974, shall make  
 10 payments equal to four-tenths percent (.4%) of total wages  
 11 paid employees for services in employment during the  
 12 calendar quarter.

13 (B) The rates shall be adjusted after three (3)  
 14 calendar years of subjectivity and the rate shall equal a  
 15 calculated percentage of total wages paid. Such percentage  
 16 being derived by dividing the total sum of benefits charged  
 17 to the employer's account for all past periods which are  
 18 completed transactions by September 30 immediately preceding  
 19 the computation date by total wages paid by said employing  
 20 unit through December immediately preceding the computation  
 21 date.

22 (C) When an employing unit becomes eligible for a rate  
 23 adjustment the division shall determine whether the total  
 24 payments for the three (3) calendar years and subsequent  
 25 calendar years is less than, or in excess of, the total sum

1 of benefits charged to the employer accounts. Each  
 2 employing unit whose total payments for the period are less  
 3 than the benefit charges shall be liable for payment of the  
 4 unpaid balance. Such amount shall be due within thirty (30)  
 5 days from the notice given by the division. If the total  
 6 payments exceed the amount so determined for the period, the  
 7 excess may, at the discretion of the division, be refunded  
 8 or retained as part payments which may be required from the  
 9 next calendar year.

10 (c) Experience rating.

11 The division shall for each calendar year, classify  
 12 employers in accordance with their actual contributions and  
 13 unemployment experience and shall determine for each  
 14 employer the ~~rate-of-contributions~~ experience factor which  
 15 shall apply to him throughout the calendar year in order to  
 16 reflect said experience and classification. The division  
 17 shall apply such form of classification or experience rating  
 18 system which is best calculated to rate individually and  
 19 most equitably the employment for each employer and to  
 20 encourage the stabilization of employment.

21 In making such classification, the division shall take  
 22 account, each to an equal extent, of the following factors  
 23 relating to the unemployment hazard shown by each employer  
 24 on the basis of (1) average annual net percentage declines  
 25 in total payrolls for the last three (3) years prior to

1 computation date; (2) number of years the employer has paid  
 2 contributions; and (3) ~~chargebacks--to--the--individual~~  
 3 ~~employer--account--upon--the--last--employer--basis~~ AVERAGE  
 4 QUARTERLY PERCENTAGE DECLINES IN TOTAL PAYROLLS FOR THE LAST  
 5 THREE (3) YEARS PRIOR TO COMPUTATION DATE. The computation  
 6 date is hereby fixed as of the close of business on June 30  
 7 of the preceding calendar year.

8 WAGES SHALL BE ADJUSTED IN THE DETERMINATION OF THE  
 9 ANNUAL AND QUARTERLY DECREASE PERCENTAGES OF ANY EMPLOYER'S  
 10 PAYROLL IN WHOSE FACTORY OR ESTABLISHMENT THERE WAS IN ANY  
 11 YEAR IN THE QUALIFYING PERIOD OF SUCH EMPLOYER, A STOPPAGE  
 12 OF WORK DUE TO A STRIKE WHICH CAUSED A DECREASE IN SUCH  
 13 EMPLOYER'S PAYROLL OF SUCH MAGNITUDE THAT HIS ACTUAL  
 14 QUARTERLY AND ANNUAL PAYROLL CAUSED BY SUCH A DECREASE OR  
 15 DECREASES WHEN USED WITH OTHER ANNUAL AND QUARTERLY PAYROLL  
 16 DECREASES, IF ANY, IN HIS QUALIFYING PERIOD WOULD CAUSE AN  
 17 INCREASE IN SUCH EMPLOYER'S CONTRIBUTION RATE. AN  
 18 EMPLOYER'S ADJUSTED QUARTERLY PAYROLL FOR THAT QUARTER IN  
 19 WHICH SUCH STOPPAGE OF WORK EXISTED SHALL BE DETERMINED BY  
 20 MULTIPLYING EACH SUCH PAYROLL OR ADJUSTED PAYROLL FOR THE  
 21 QUARTER IMMEDIATELY PRECEDING THE QUARTER IN WHICH SUCH  
 22 STOPPAGE OF WORK EXISTED BY THE AVERAGE QUARTERLY VARIATION  
 23 RATIO. THE AVERAGE QUARTERLY VARIATION RATIO SHALL BE  
 24 COMPUTED BY

25 (1) DIVIDING THE PAYROLL, OR IF ADJUSTED, THE ADJUSTED

1 PAYROLL, FOR THAT QUARTER IN EACH OF THE PRIOR YEARS OF AN  
 2 EMPLOYER'S QUALIFYING PERIOD WHICH CORRESPONDS TO THE  
 3 RESPECTIVE QUARTER IN WHICH A STOPPAGE OF WORK DUE TO A  
 4 STRIKE EXISTED, BY THE PAYROLL OR ADJUSTED PAYROLL FOR THE  
 5 RESPECTIVE QUARTER IMMEDIATELY PRECEDING SUCH CORRESPONDING  
 6 QUARTER, AND

7 (2) TOTALING THE RATIO THUS OBTAINED AND DIVIDING BY  
 8 THE NUMBER OF SUCH RATIOS.

9 ~~The rates for the first calendar quarter of calendar~~  
 10 ~~year 1972 and thereafter, except as hereinafter provided,~~  
 11 ~~shall be so fixed that they would, if applied to all~~  
 12 ~~employers (except those employers making payments in lieu of~~  
 13 ~~contributions) and their total taxable annual payrolls for~~  
 14 ~~the preceding calendar year, have yielded total paid~~  
 15 ~~contributions equaling approximately one and five tenths per~~  
 16 ~~centum (1.5%) of the total of all such payrolls.~~

17 EMPLOYER CLASSIFICATIONS:

18 Employers, for the second calendar quarter of the  
 19 calendar year 1975 and thereafter, shall be grouped into  
 20 fourteen (14) classes, to be designated as classes I through  
 21 XIV, respectively, in accordance with their experience  
 22 factor.

23 Each employer shall be in the class listed below on the  
 24 same horizontal line on which his experience factor appears,  
 25 and each qualified employer shall pay the contribution rate

1 assigned to his class pursuant to the provisions of reserve  
2 to total wages.

<u>Employer's Experience Factor</u>	<u>Class</u>
30-29	I
28-27	II
26-25	III
24-23	IV
22-21	V
20-19	VI
18-17	VII
16-15	VIII
14-13	IX
12-11	X
10-9	XI
8-7	XII
6-(-10)	XIII
Age	XIV

18 RESERVE TO TOTAL WAGES - CLASS RATES:  
19 Class rates shall be assigned based upon the percent of  
20 average trust fund balance of the twelve (12) month period  
21 prior to the computation date to total wages in covered  
22 employment for the same period.

<u>CLASS RATES</u>								
<u>Reserve Percent</u>	<u>Class</u>	<u>Class</u>	<u>Class</u>	<u>Class</u>	<u>Class</u>	<u>Class</u>	<u>Class</u>	<u>Class</u>
<u>of Total Wage</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>7</u>	

1 <u>At least 2.50%</u>	<u>.5</u>	<u>.7</u>	<u>.9</u>	<u>1.1</u>	<u>1.3</u>	<u>.15</u>	<u>1.7</u>
2 <u>2.30 to 2.49%</u>	<u>.7</u>	<u>.9</u>	<u>1.1</u>	<u>1.3</u>	<u>1.5</u>	<u>1.7</u>	<u>1.9</u>
3 <u>2.10 to 2.29%</u>	<u>.9</u>	<u>1.1</u>	<u>1.3</u>	<u>1.5</u>	<u>1.7</u>	<u>1.9</u>	<u>2.1</u>
4 <u>1.90 to 2.09%</u>	<u>1.1</u>	<u>1.3</u>	<u>1.5</u>	<u>1.7</u>	<u>1.9</u>	<u>2.1</u>	<u>2.3</u>
5 <u>1.70 to 1.89%</u>	<u>1.3</u>	<u>1.5</u>	<u>1.7</u>	<u>1.9</u>	<u>2.1</u>	<u>2.3</u>	<u>2.5</u>
6 <u>1.50 to 1.69%</u>	<u>1.5</u>	<u>1.7</u>	<u>1.9</u>	<u>2.1</u>	<u>2.3</u>	<u>2.5</u>	<u>2.7</u>
7 <u>Less than 1.50%</u>	<u>3.1</u>	<u>3.1</u>	<u>3.1</u>	<u>3.1</u>	<u>3.1</u>	<u>3.1</u>	<u>3.1</u>
8 <u>Reserve Percent</u>	<u>Class</u>	<u>Class</u>	<u>Class</u>	<u>Class</u>	<u>Class</u>	<u>Class</u>	<u>Class</u>
9 <u>of Total Wage</u>	<u>8</u>	<u>9</u>	<u>10</u>	<u>11</u>	<u>12</u>	<u>13</u>	<u>14</u>
10 <u>At least 2.50%</u>	<u>1.9</u>	<u>2.1</u>	<u>2.3</u>	<u>2.5</u>	<u>2.7</u>	<u>2.9</u>	<u>3.1</u>
11 <u>2.30 to 2.49%</u>	<u>2.1</u>	<u>2.3</u>	<u>2.5</u>	<u>2.7</u>	<u>2.9</u>	<u>3.1</u>	<u>3.1</u>
12 <u>2.10 to 2.29%</u>	<u>2.3</u>	<u>2.5</u>	<u>2.7</u>	<u>2.9</u>	<u>3.1</u>	<u>3.1</u>	<u>3.1</u>
13 <u>1.90 to 2.09%</u>	<u>2.5</u>	<u>2.7</u>	<u>2.9</u>	<u>3.1</u>	<u>3.1</u>	<u>3.1</u>	<u>3.1</u>
14 <u>1.70 to 1.89%</u>	<u>2.7</u>	<u>2.9</u>	<u>3.1</u>	<u>3.1</u>	<u>3.1</u>	<u>3.1</u>	<u>3.1</u>
15 <u>1.50 to 1.69%</u>	<u>2.9</u>	<u>3.1</u>	<u>3.1</u>	<u>3.1</u>	<u>3.1</u>	<u>3.1</u>	<u>3.1</u>
16 <u>Less than 1.50%</u>	<u>3.1</u>	<u>3.1</u>	<u>3.1</u>	<u>3.1</u>	<u>3.1</u>	<u>3.1</u>	<u>3.1</u>

17 The division shall determine the ~~contribution--rate~~  
18 experience factor applicable to each employer for any  
19 calendar year subject to the following limitations:

20 (1) Each employer's rate shall be three and one-tenth  
21 per centum (3.1%) unless and until there have been three (3)  
22 years prior to the computation date throughout which the  
23 employer has paid contributions at the maximum tax rate set  
24 by law for each of such years and has reported and paid  
25 contributions during each of the three (3) calendar years

1 immediately preceding the computation date and with respect  
 2 to such three (3) calendar years has filed all contribution  
 3 reports prescribed by the division and paid all  
 4 contributions due with respect to the three (3) calendar  
 5 years before March 31 of the rate year. Upon payment of  
 6 past-due contributions the division shall, for the current  
 7 year, compute a rate for the next succeeding quarter  
 8 following the payment.

9 (2) The classified contribution rates for the calendar  
 10 year 1969, and thereafter, except as hereinafter provided,  
 11 shall be: five-tenths of one per centum (.5%), seven-tenths  
 12 of one per centum (.7%), nine-tenths of one per centum  
 13 (.9%), one and one-tenth per centum (1.1%), one and  
 14 three-tenths per centum (1.3%), one and five-tenths per  
 15 centum (1.5%), one and seven-tenths per centum (1.7%), one  
 16 and nine-tenths per centum (1.9%), two and one-tenth per  
 17 centum (2.1%), two and three-tenths per centum (2.3%), two  
 18 and five-tenths per centum (2.5%), two and seven-tenths per  
 19 centum (2.7%), two and nine-tenths per centum (2.9%), and  
 20 three and one-tenth per centum (3.1%).

21 ~~(3) No employer shall be assigned a classified~~  
 22 ~~contribution rate higher than the second classified rate~~  
 23 ~~above the rate which was assigned to him for the last~~  
 24 ~~preceding calendar year except for the year 1961 and further~~  
 25 ~~as hereinafter provided. This subsection shall not apply~~

1 ~~when the employer's chargeback ratio exceeds one hundred per~~  
 2 ~~cent (100%). Any employer may make voluntary payments for~~  
 3 ~~the purpose of reducing or maintaining a reduced rate in~~  
 4 ~~addition to the contributions required. Such voluntary~~  
 5 ~~payments shall first be applied to the benefits charged to~~  
 6 ~~the earliest fiscal year in the computation period. Such~~  
 7 ~~employer must exercise the option of making the voluntary~~  
 8 ~~payments allowed by this section within thirty (30) days~~  
 9 ~~after receipt of such notice.~~

10 ~~(4) An employer whose benefit payments (charged as most~~  
 11 ~~recent employer) in the last three (3) years preceding the~~  
 12 ~~computation date exceeded the amount of his contributions~~  
 13 ~~for those years, may have the option of making a voluntary~~  
 14 ~~contribution to the unemployment compensation fund to cancel~~  
 15 ~~the amount by which the benefit payments charged to him~~  
 16 ~~under section 87-109 (e) during the last three (3) completed~~  
 17 ~~fiscal years exceed his contributions for the same three (3)~~  
 18 ~~years. Such voluntary contribution shall be applied first to~~  
 19 ~~cancel the amount by which benefits exceed contributions in~~  
 20 ~~the earliest of the three (3) years preceding the~~  
 21 ~~computation date, any remaining to cancel the excess in the~~  
 22 ~~second earliest year preceding the computation date, and any~~  
 23 ~~further remaining to cancel the excess in the most recent~~  
 24 ~~year preceding the computation date. Whenever the benefit~~  
 25 ~~payments charged to an eligible employer in the last three~~

1 ~~{3}-fiscal-years--exceed--his--contributions--for--the--same~~  
 2 ~~period,--the-division-shall-notify-him-of-the-amount-of-such~~  
 3 ~~excess-and-the-rate-which-would-be-applicable-to-him-for-the~~  
 4 ~~ensuing-calendar-year,if-he-exercises-the-option.--Such~~  
 5 ~~employer--must--exercise--the-option-of-making-the-voluntary~~  
 6 ~~contribution-allowed-by-this-section-within-thirty-(30)-days~~  
 7 ~~after-receipt-of-such-notice.~~

8 ~~{5}-Rates-as-fixed-by-the-division-shall-stand--and--be~~  
 9 ~~in-effect--unless--and--until--the--cash--reserves--in--the~~  
 10 ~~unemployment-compensation-trust-fund--at--any--time--in--the~~  
 11 ~~future--fall--below,--and--remain--below,--eighteen--million~~  
 12 ~~dollars--(\$18,000,000)--continuously-for-a-period-of--one--(1)~~  
 13 ~~year,--then-employer-rates-effective-at-the-beginning-of-the~~  
 14 ~~next-succeeding-calendar-quarter-shall-be-so-fixed-that-they~~  
 15 ~~would,if-applied-to-all-employers-and-their--total--taxable~~  
 16 ~~annual--payrolls--for--the--preceding--calendar--year,--have~~  
 17 ~~yielded-total-paid-contributions-equaling-approximately--two~~  
 18 ~~per-centum--(2%)--of-the-total-of-all-such-payrolls,--and-shall~~  
 19 ~~continue--at-the-two-per-centum--(2%)--average-rate-until-cash~~  
 20 ~~reserves-in-the-unemployment-compensation-trust-fund--exceed~~  
 21 ~~twenty-six--million--dollars--(\$26,000,000)--at-which-time-all~~  
 22 ~~employer-rates-shall-again-be-so-fixed-to-bring--an--average~~  
 23 ~~return--of--one-and-five-tenths-per-centum--(1.5%)--as-in-this~~  
 24 ~~section--hereinabove--provided,--if--reserves--remain--below~~  
 25 ~~eighteen--million--dollars--(\$18,000,000)--continuously-for-a~~

1 ~~period-of-two-(2)-years,then-the-contribution-rate--of--all~~  
 2 ~~employers-subject-to-this-act-shall-return-to-a-uniform-rate~~  
 3 ~~of--three--and--one-tenth-per-centum--(3.1%)--effective-at-the~~  
 4 ~~beginning-of-the-next-succeeding-calendar-quarter,--and-shall~~  
 5 ~~continue-at-the-three-and-one-tenth-per-centum--(3.1%)--rate~~  
 6 ~~until-cash--reserves-in-the-unemployment-compensation-trust~~  
 7 ~~fund-exceed--twenty-six--million--dollars--(\$26,000,000)--at~~  
 8 ~~which--time--all--employer--rates-shall-again-be-so-fixed-to~~  
 9 ~~bring-an-average-return-of-one-and--five-tenths--per-centum~~  
 10 ~~(1.5%)--as-in-this-section--hereinabove--provided.~~

11 ~~{6} {4}-(3)~~ The division shall by regulation adopt such  
 12 procedures as may be necessary for the substitution, merging  
 13 or acquisition of an employer account by an employing unit,  
 14 and the transfer of such employer account, rights,  
 15 contributions, benefit PAYROLL experience and ratings to the  
 16 successor employing unit or units.

17 ~~{7} {5}-(4)~~ The division shall by regulation provide  
 18 for the proper notification of employers of the  
 19 classification and rate of contribution applicable to their  
 20 accounts. Such notification shall be final for all purposes  
 21 unless and until such employer files a written request with  
 22 the division for a redetermination or hearing thereon within  
 23 thirty (30) days after receipt of such notice.

24 ~~{8} {6}-(5)~~ "Annual total payroll" means the total of  
 25 the four (4) quarters of total payrolls of an employer

1 preceding the computation date as fixed herein.

2 ~~(9) (7) No employer's account shall be charged with~~  
 3 ~~benefits paid to any claimant in determining the~~  
 4 ~~contribution rate of such employer;~~

5 ~~(A) If the claimant has been disqualified under section~~  
 6 ~~87-106 (a), (b), (g), or (h), as a result of separation from~~  
 7 ~~such employer;~~

8 ~~(B) If the claimant left work for nondisqualifying~~  
 9 ~~reasons as provided in section 87-106 (a);~~

10 ~~(C) Unless the employer has had notice of the claim for~~  
 11 ~~the benefits and has been given opportunity for hearing as~~  
 12 ~~an interested party in the manner provided in sections~~  
 13 ~~87-107 and 87-108, written notice of any hearing shall be~~  
 14 ~~mailed to employer not less than ten (10) days prior to the~~  
 15 ~~date set.~~

16 (d) The provisions of this act requiring the payment of  
 17 contributions by employers subject to this act shall apply  
 18 only to wages paid up to and including three thousand  
 19 dollars (\$3,000) by an employer to an employee with respect  
 20 to employment during any calendar year preceding the year  
 21 1972.

22 Payment of contributions shall apply only to wages paid  
 23 up to and including four thousand two hundred dollars  
 24 (\$4,200) by an employer to an employee with respect to  
 25 employment during the calendar year 1972 and thereafter.

1 (e) Contribution appeals.

2 Any person aggrieved by any decision, determination, or  
 3 redetermination of the division involving contribution  
 4 liability, contribution rate, application for refund or the  
 5 charging of benefit payments to employers making payment in  
 6 lieu of contributions is entitled to a review by the  
 7 division or its authorized representative, hereinafter  
 8 referred to as a deputy. The decision of the deputy shall be  
 9 deemed to be the decision of the division. The division or  
 10 the deputy conducting the review may refer the matter to an  
 11 appeal referee, may decide the application for review on the  
 12 basis of such facts and information as may be obtained or  
 13 may hear argument to secure further facts. After such  
 14 review, notice of the decision shall be given to the  
 15 employing unit. Such decision made pursuant to such review  
 16 shall be deemed to be the final decision of the division  
 17 unless the employing unit or any other such interested  
 18 party, within five (5) calendar days after delivery of such  
 19 notification or within seven (7) calendar days after such  
 20 notification was mailed to his last known address, files an  
 21 appeal from this decision. Such appeal will be referred to  
 22 an appeal referee who shall make his decisions with respect  
 23 thereto in accordance with the procedure prescribed in  
 24 section 87-107 (c)."

-End-



March 25, 1975

SENATE COMMITTEE ON LABOR AND EMPLOYMENT RELATIONS

AMENDMENTS TO HOUSE BILL NO. 461

That House Bill No. 461, third reading, be amended as follows:

1. Amend title, line 12.  
Following: "FACTOR;"  
Insert: "changing the taxable wage base;"
2. Amend page 10, section 1, line 2.  
Strike: "2.30"  
Insert: "2.25"
3. Amend page 10, section 1, line 3.  
Strike: "2.10 to 2.29"  
Insert: "2.00 to 2.24"
4. Amend page 10, section 1, line 4.  
Strike: "1.90 to 2.09"  
Insert: "1.75 to 1.99"
5. Amend page 10, section 1, line 5.  
Strike: "1.70 to 1.89"  
Insert: "1.50 to 1.74"
6. Amend page 10, section 1, line 6.  
Strike: "1.50 to 1.69"  
Insert: "1.25 to 1.49"
7. Amend page 10, section 1, line 7.  
Following: "than"  
Strike: "1.50"  
Insert: "1.00"
8. Amend page 10, section 1, line 11.  
Strike: "2.30"  
Insert: "2.25"
9. Amend page 10, section 1, line 12.  
Strike: "2.10 to 2.29"  
Insert: "2.00 to 2.24"
10. Amend page 10, section 1, line 13.  
Strike: "1.90 to 2.09"  
Insert: "1.75 to 1.99"
11. Amend page 10, section 1, line 14.  
Strike: "1.70 to 1.89"  
Insert: "1.50 to 1.74"

12. Amend page 10, section 1, line 15.  
 Strike: "1.50 to 1.69"  
 Insert: "1.25 to 1.49"
13. Amend page 10, section 1, line 16.  
 Following: "than"  
 Strike: "1.50"  
 Insert: "1.00"
14. Amend page 15, section 1, line 25.  
 Following: "calendar"  
 Strike: "year"  
 Insert: "years"
15. Amend page 15, section 1, line 25.  
 Following: "1972"  
 Strike: "and thereafter"  
 Insert: ",1973, 1974 and the first calendar quarter of year 1975 "
16. Amend page 15, section 1, line 25.  
 Following: "thereafter."  
 Insert: "For the second calendar quarter of the calendar year 1975 and thereafter the taxable wage base shall be established for each year based upon the reserve per cent of total wages or the amount of taxable wage base specified in the federal unemployment tax act, whichever is higher."

<u>Reserve Percent of Total Wages</u>	<u>Taxable Wage Base</u>
2.50% and above	\$4,200.00
2.25 to 2.49%	4,400.00
2.00 to 2.24%	4,600.00
less than 2.00%	4,800.00

March 27, 1975

SENATE COMMITTEE OF THE WHOLE  
AMENDMENTS TO HOUSE BILL NO. 461

That House Bill No. 461, third reading, be amended as follows:

1. Amend page 16, section 1, line 24.  
Following: line 24  
Insert: "Section 2. This act is effective on April 1, 1975."

## 1 HOUSE BILL NO. 461

2 INTRODUCED BY KIMBLE (BY REQUEST)

3  
 4 A BILL FOR AN ACT ENTITLED: "AN ACT AMENDING SECTION  
 5 87-109, R.C.M. 1947, SPECIFYING THE METHOD BY WHICH THE  
 6 STATE, POLITICAL SUBDIVISIONS, INSTRUMENTALITIES, AND LOCAL  
 7 GOVERNMENTAL UNITS ARE TO MAKE PAYMENTS TO THE EMPLOYMENT  
 8 SECURITY DIVISION, MONTANA STATE DEPARTMENT OF LABOR AND  
 9 INDUSTRY; AND ESTABLISHING FLUCTUATING RATES OF RETURN BASED  
 10 UPON THE TRUST FUND BALANCE; ~~PROVIDING-A-NEW-METHOD-FOR~~  
 11 ~~VOLUNTARY--PAYMENTS~~ REPLACING CHARGEBACK FACTOR WITH  
 12 QUARTERLY PAYROLL DECLINE FACTOR; CHANGING THE TAXABLE WAGE  
 13 BASE; AND PROVIDING AN EFFECTIVE DATE."  
 14

15 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

16 Section 1. Section 87-109, R.C.M. 1947, is amended to  
 17 read as follows:

18 "87-109. Contributions. (a) Payment. (1) Contributions  
 19 shall accrue and become payable by each employer for each  
 20 calendar year in which he is subject to this act, with  
 21 respect to wages, as defined in section 87-149 (c), paid for  
 22 employment (as defined in this act) occurring during such  
 23 calendar year. Such contributions shall become due and be  
 24 paid by each employer to the division for the fund in  
 25 accordance with such regulations as the division may

1 prescribe and shall not be deducted, in whole or in part,  
 2 from the wages of individuals in his employ.

3 (2) In the payment of any contributions, a fractional  
 4 part of a cent shall be disregarded unless it amounts to  
 5 one-half (1/2) cent or more, in which case it shall be  
 6 increased to one (1) cent.

7 (b) Rate of contribution.

8 (1) Each employer shall pay contributions at the rate  
 9 of three and one-tenth per centum (3.1%) of wages, as  
 10 defined in section 87-149 (c) paid by him with respect to  
 11 such employment, except as provided in subsection (c) of  
 12 this section.

13 Nonprofit organizations defined in section 501 (c) (3)  
 14 of the federal internal revenue code and which are exempt  
 15 from tax under section 501 (a) of such code may elect to  
 16 make payments in lieu of contributions; the state and its  
 17 political subdivisions specifically covered by this act and  
 18 those electing coverage shall make payments in lieu of  
 19 contributions.

20 A group of nonprofit organizations may elect with the  
 21 approval of the division to act as a group in fulfilling the  
 22 requirements of this subsection or of this act.

23 (2) Employers required or eligible to elect to make  
 24 payments in lieu of contributions shall pay into the fund an  
 25 amount equivalent to the full amount of regular benefits

1 plus one-half (1/2) of the amount of extended benefits paid  
 2 to individuals based on wages paid by such employing unit.  
 3 If benefits paid an individual are based on wages paid by  
 4 both such employer and one (1) or more other employers, the  
 5 amount payable by such employer to the fund shall bear the  
 6 same ratio to total benefits paid to the individual as the  
 7 base period wages paid to the individual by such employer  
 8 bear to the total amount of base period wages paid to the  
 9 individual by all his base period employers. If the base  
 10 period wages of an individual include wages from more than  
 11 one (1) such employer, the amount to be paid into the fund  
 12 with respect to the benefits paid to such individual shall  
 13 be prorated among the liable employers in proportion to the  
 14 wages paid to such individual by each such employer during  
 15 the base period. The amount of payment required from such  
 16 employers shall be ascertained by the division quarterly and  
 17 shall become due and payable by such employer quarterly as  
 18 directed in this act. Penalty and interest for delinquency  
 19 shall be assessed such employers as specified in section  
 20 87-135.

21 (3) Any nonprofit organizations as defined in  
 22 subsection (b) (1) of this section electing to become liable  
 23 for payments in lieu of contributions must file with the  
 24 division a written notice of its election not later than  
 25 thirty (30) days immediately following the date of the

1 determination of subjectivity to this act. This election  
 2 shall be for a period of not less than two (2) years.

3 (A) Any nonprofit organization may terminate its  
 4 election to make payments in lieu of contributions after two  
 5 (2) calendar years from the effective date of such election  
 6 by filing a written notice with the division not later than  
 7 thirty (30) days prior to the beginning of the taxable year  
 8 for which such termination is effective.

9 (B) Any nonprofit organization defined in subsection  
 10 (b) (1) of this section which has been paying contributions  
 11 for at least two (2) taxable years may change to payments in  
 12 lieu of contributions by filing with the division a written  
 13 notice to that effect within thirty (30) days before the  
 14 beginning of the taxable year for which the change is  
 15 effective.

16 (C) If the nonprofit organization is delinquent in  
 17 making payments in lieu of contributions, the division may  
 18 terminate the election to make payments in lieu of  
 19 contributions as of the beginning of the next taxable year,  
 20 and such termination shall be effective for that and the  
 21 next taxable year.

22 (4) Payments in lieu of contributions by the state and  
 23 its political subdivisions shall be an amount equivalent to  
 24 the amount of benefits paid to individuals based on wages  
 25 paid by the state and its political subdivisions. The method

1 of determining benefits attributable shall be the same as  
 2 that set forth in subsection (b) (2) of this section. ~~The~~  
 3 ~~amount-of-payments-shall-be-paid-in-such-manner-as-the~~  
 4 ~~division-may-prescribe.~~

5 (A) From the date of subjectivity to this act through  
 6 December 31, 1974, payments shall equal three-tenths percent  
 7 (.3%) of total wages paid employees for services in  
 8 employment during the calendar quarter. Employing units  
 9 covered under this act after December 31, 1974, shall make  
 10 payments equal to four-tenths percent (.4%) of total wages  
 11 paid employees for services in employment during the  
 12 calendar quarter.

13 (B) The rates shall be adjusted after three (3)  
 14 calendar years of subjectivity and the rate shall equal a  
 15 calculated percentage of total wages paid. Such percentage  
 16 being derived by dividing the total sum of benefits charged  
 17 to the employer's account for all past periods which are  
 18 completed transactions by September 30 immediately preceding  
 19 the computation date by total wages paid by said employing  
 20 unit through December immediately preceding the computation  
 21 date.

22 (C) When an employing unit becomes eligible for a rate  
 23 adjustment the division shall determine whether the total  
 24 payments for the three (3) calendar years and subsequent  
 25 calendar years is less than, or in excess of, the total sum

1 of benefits charged to the employer accounts. Each  
 2 employing unit whose total payments for the period are less  
 3 than the benefit charges shall be liable for payment of the  
 4 unpaid balance. Such amount shall be due within thirty (30)  
 5 days from the notice given by the division. If the total  
 6 payments exceed the amount so determined for the period, the  
 7 excess may, at the discretion of the division, be refunded  
 8 or retained as part payments which may be required from the  
 9 next calendar year.

10 (c) Experience rating.

11 The division shall for each calendar year, classify  
 12 employers in accordance with their actual contributions and  
 13 unemployment experience and shall determine for each  
 14 employer the ~~rate-of-contributions~~ experience factor which  
 15 shall apply to him throughout the calendar year in order to  
 16 reflect said experience and classification. The division  
 17 shall apply such form of classification or experience rating  
 18 system which is best calculated to rate individually and  
 19 most equitably the employment for each employer and to  
 20 encourage the stabilization of employment.

21 In making such classification, the division shall take  
 22 account, each to an equal extent, of the following factors  
 23 relating to the unemployment hazard shown by each employer  
 24 on the basis of (1) average annual net percentage declines  
 25 in total payrolls for the last three (3) years prior to

1 computation date; (2) number of years the employer has paid  
 2 contributions; and (3) ~~chargebacks--to--the--individual~~  
 3 ~~employer--account--upon--the--last--employer--basis~~ AVERAGE  
 4 QUARTERLY PERCENTAGE DECLINES IN TOTAL PAYROLLS FOR THE LAST  
 5 THREE (3) YEARS PRIOR TO COMPUTATION DATE. The computation  
 6 date is hereby fixed as of the close of business on June 30  
 7 of the preceding calendar year.

8 WAGES SHALL BE ADJUSTED IN THE DETERMINATION OF THE  
 9 ANNUAL AND QUARTERLY DECREASE PERCENTAGES OF ANY EMPLOYER'S  
 10 PAYROLL IN WHOSE FACTORY OR ESTABLISHMENT THERE WAS IN ANY  
 11 YEAR IN THE QUALIFYING PERIOD OF SUCH EMPLOYER, A STOPPAGE  
 12 OF WORK DUE TO A STRIKE WHICH CAUSED A DECREASE IN SUCH  
 13 EMPLOYER'S PAYROLL OF SUCH MAGNITUDE THAT HIS ACTUAL  
 14 QUARTERLY AND ANNUAL PAYROLL CAUSED BY SUCH A DECREASE OR  
 15 DECREASES WHEN USED WITH OTHER ANNUAL AND QUARTERLY PAYROLL  
 16 DECREASES, IF ANY, IN HIS QUALIFYING PERIOD WOULD CAUSE AN  
 17 INCREASE IN SUCH EMPLOYER'S CONTRIBUTION RATE. AN  
 18 EMPLOYER'S ADJUSTED QUARTERLY PAYROLL FOR THAT QUARTER IN  
 19 WHICH SUCH STOPPAGE OF WORK EXISTED SHALL BE DETERMINED BY  
 20 MULTIPLYING EACH SUCH PAYROLL OR ADJUSTED PAYROLL FOR THE  
 21 QUARTER IMMEDIATELY PRECEDING THE QUARTER IN WHICH SUCH  
 22 STOPPAGE OF WORK EXISTED BY THE AVERAGE QUARTERLY VARIATION  
 23 RATIO. THE AVERAGE QUARTERLY VARIATION RATIO SHALL BE  
 24 COMPUTED BY

25 (1) DIVIDING THE PAYROLL, OR IF ADJUSTED, THE ADJUSTED

1 PAYROLL, FOR THAT QUARTER IN EACH OF THE PRIOR YEARS OF AN  
 2 EMPLOYER'S QUALIFYING PERIOD WHICH CORRESPONDS TO THE  
 3 RESPECTIVE QUARTER IN WHICH A STOPPAGE OF WORK DUE TO A  
 4 STRIKE EXISTED, BY THE PAYROLL OR ADJUSTED PAYROLL FOR THE  
 5 RESPECTIVE QUARTER IMMEDIATELY PRECEDING SUCH CORRESPONDING  
 6 QUARTER, AND

7 (2) TOTALING THE RATIO THUS OBTAINED AND DIVIDING BY  
 8 THE NUMBER OF SUCH RATIOS.

9 ~~The--rates--for--the--first--calendar--quarter--of--calendar~~  
 10 ~~year--1972--and--thereafter,--except--as--hereinafter--provided,~~  
 11 ~~shall--be--so--fixed--that--they--would,--if--applied--to--all~~  
 12 ~~employers--(except--those--employers--making--payments--in--lieu--of~~  
 13 ~~contributions)--and--their--total--taxable--annual--payrolls--for~~  
 14 ~~the--preceding--calendar--year,--have--yielded--total--paid~~  
 15 ~~contributions--equaling--approximately--one--and--five--tenths--per~~  
 16 ~~centum--(1.5%)--of--the--total--of--all--such--payrolls.~~

17 EMPLOYER CLASSIFICATIONS:

18 Employers, for the second calendar quarter of the  
 19 calendar year 1975 and thereafter, shall be grouped into  
 20 fourteen (14) classes, to be designated as classes I through  
 21 XIV, respectively, in accordance with their experience  
 22 factor.

23 Each employer shall be in the class listed below on the  
 24 same horizontal line on which his experience factor appears,  
 25 and each qualified employer shall pay the contribution rate

1 assigned to his class pursuant to the provisions of reserve  
2 to total wages.

<u>Employer's Experience Factor</u>	<u>Class</u>
30-29	I
28-27	II
26-25	III
24-23	IV
22-21	V
20-19	VI
18-17	VII
16-15	VIII
14-13	IX
12-11	X
10-9	XI
8-7	XII
6-(-10)	XIII
Age	XIV

18 RESERVE TO TOTAL WAGES - CLASS RATES:

19 Class rates shall be assigned based upon the percent of  
20 average trust fund balance of the twelve (12) month period  
21 prior to the computation date to total wages in covered  
22 employment for the same period.

23 CLASS RATES

<u>Reserve Percent</u> <u>of Total Wage</u>	<u>Class Class Class Class Class Class Class</u>						
	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>7</u>

1	<u>At least 2.50%</u>	<u>.5</u>	<u>.7</u>	<u>.9</u>	<u>1.1</u>	<u>1.3</u>	<u>.15</u>	<u>1.7</u>
2	<u>2.30 to 2.49%</u>	<u>.7</u>	<u>.9</u>	<u>1.1</u>	<u>1.3</u>	<u>1.5</u>	<u>1.7</u>	<u>1.9</u>
3	<u>2.25</u>							
4	<u>2.10 to 2.29%</u>	<u>.9</u>	<u>1.1</u>	<u>1.3</u>	<u>1.5</u>	<u>1.7</u>	<u>1.9</u>	<u>2.1</u>
5	<u>2.00 TO 2.24%</u>							
6	<u>1.90 to 2.09%</u>	<u>1.1</u>	<u>1.3</u>	<u>1.5</u>	<u>1.7</u>	<u>1.9</u>	<u>2.1</u>	<u>2.3</u>
7	<u>1.75 TO 1.99%</u>							
8	<u>1.70 to 1.89%</u>	<u>1.3</u>	<u>1.5</u>	<u>1.7</u>	<u>1.9</u>	<u>2.1</u>	<u>2.3</u>	<u>2.5</u>
9	<u>1.50 TO 1.74%</u>							
10	<u>1.50 to 1.69%</u>	<u>1.5</u>	<u>1.7</u>	<u>1.9</u>	<u>2.1</u>	<u>2.3</u>	<u>2.5</u>	<u>2.7</u>
11	<u>1.25 TO 1.49%</u>							
12	<u>Less than 1.50%</u>	<u>3.1</u>	<u>3.1</u>	<u>3.1</u>	<u>3.1</u>	<u>3.1</u>	<u>3.1</u>	<u>3.1</u>
13	<u>1.00%</u>							
14	<u>Reserve Percent</u>	<u>Class</u>	<u>Class</u>	<u>Class</u>	<u>Class</u>	<u>Class</u>	<u>Class</u>	<u>Class</u>
15	<u>of Total Wage</u>	<u>8</u>	<u>9</u>	<u>10</u>	<u>11</u>	<u>12</u>	<u>13</u>	<u>14</u>
16	<u>At least 2.50%</u>	<u>1.9</u>	<u>2.1</u>	<u>2.3</u>	<u>2.5</u>	<u>2.7</u>	<u>2.9</u>	<u>3.1</u>
17	<u>2.30 to 2.49%</u>	<u>2.1</u>	<u>2.3</u>	<u>2.5</u>	<u>2.7</u>	<u>2.9</u>	<u>3.1</u>	<u>3.1</u>
18	<u>2.25</u>							
19	<u>2.10 to 2.29%</u>	<u>2.3</u>	<u>2.5</u>	<u>2.7</u>	<u>2.9</u>	<u>3.1</u>	<u>3.1</u>	<u>3.1</u>
20	<u>2.00 TO 2.24%</u>							
21	<u>1.90 to 2.09%</u>	<u>2.5</u>	<u>2.7</u>	<u>2.9</u>	<u>3.1</u>	<u>3.1</u>	<u>3.1</u>	<u>3.1</u>
22	<u>1.75 TO 1.99%</u>							
23	<u>1.70 to 1.89%</u>	<u>2.7</u>	<u>2.9</u>	<u>3.1</u>	<u>3.1</u>	<u>3.1</u>	<u>3.1</u>	<u>3.1</u>
24	<u>1.50 TO 1.74%</u>							
25	<u>1.50 to 1.69%</u>	<u>2.9</u>	<u>3.1</u>	<u>3.1</u>	<u>3.1</u>	<u>3.1</u>	<u>3.1</u>	<u>3.1</u>



1 1.25 TO 1.49%  
 2 Less than 1.50%     3.1   3.1   3.1   3.1   3.1   3.1   3.1  
 3                    1.00%

4        The division shall determine the ~~contribution--rate~~  
 5 experience factor applicable to each employer for any  
 6 calendar year subject to the following limitations:

7        (1) Each employer's rate shall be three and one-tenth  
 8 per centum (3.1%) unless and until there have been three (3)  
 9 years prior to the computation date throughout which the  
 10 employer has paid contributions at the maximum tax rate set  
 11 by law for each of such years and has reported and paid  
 12 contributions during each of the three (3) calendar years  
 13 immediately preceding the computation date and with respect  
 14 to such three (3) calendar years has filed all contribution  
 15 reports prescribed by the division and paid all  
 16 contributions due with respect to the three (3) calendar  
 17 years before March 31 of the rate year. Upon payment of  
 18 past-due contributions the division shall, for the current  
 19 year, compute a rate for the next succeeding quarter  
 20 following the payment.

21        (2) The classified contribution rates for the calendar  
 22 year 1969, and thereafter, except as hereinafter provided,  
 23 shall be: five-tenths of one per centum (.5%), seven-tenths  
 24 of one per centum (.7%), nine-tenths of one per centum  
 25 (.9%), one and one-tenth per centum (1.1%), one and

1 three-tenths per centum (1.3%), one and five-tenths per  
 2 centum (1.5%), one and seven-tenths per centum (1.7%), one  
 3 and nine-tenths per centum (1.9%), two and one-tenth per  
 4 centum (2.1%), two and three-tenths per centum (2.3%), two  
 5 and five-tenths per centum (2.5%), two and seven-tenths per  
 6 centum (2.7%), two and nine-tenths per centum (2.9%), and  
 7 three and one-tenth per centum (3.1%).

8        ~~(3) No employer shall be assigned a classified~~  
 9 ~~contribution rate higher than the second classified rate~~  
 10 ~~above the rate which was assigned to him for the last~~  
 11 ~~preceding calendar year except for the year 1961 and further~~  
 12 ~~as hereinafter provided. This subsection shall not apply~~  
 13 ~~when the employer's chargeback ratio exceeds one hundred per~~  
 14 ~~cent (100%). Any employer may make voluntary payments for~~  
 15 ~~the purpose of reducing or maintaining a reduced rate in~~  
 16 ~~addition to the contributions required. Such voluntary~~  
 17 ~~payments shall first be applied to the benefits charged to~~  
 18 ~~the earliest fiscal year in the computation period. Such~~  
 19 ~~employer must exercise the option of making the voluntary~~  
 20 ~~payments allowed by this section within thirty (30) days~~  
 21 ~~after receipt of such notice.~~

22        (4) An employer whose benefit payments (charged as most  
 23 recent employer) in the last three (3) years preceding the  
 24 computation date exceeded the amount of his contributions  
 25 for those years, may have the option of making a voluntary

1 contribution-to-the-unemployment-compensation-fund-to-cancel  
 2 the-amount-by-which-the--benefit--payments--charged--to--him  
 3 under-section-67-100-(c)-during-the-last-three-(3)-completed  
 4 fiscal-years-exceed-his-contributions-for-the-same-three-(3)  
 5 years.-Such-voluntary-contribution-shall-be-applied-first-to  
 6 cancel--the-amount-by-which-benefits-exceed-contributions-in  
 7 the--earliest--of--the--three--(3)--years---preceeding---the  
 8 computation--date, any-remaining-to-cancel-the-excess-in-the  
 9 second-earliest-year-preceding-the-computation-date, and-any  
 10 further-remaining-to-cancel-the-excess-in--the--most--recent  
 11 year--preceding--the--computation-date. Whenever-the-benefit  
 12 payments-charged-to-an-eligible-employer-in-the--last--three  
 13 (3)--fiscal--years--exceed--his--contributions--for-the-same  
 14 period, the-division-shall-notify-him-of-the-amount-of--such  
 15 excess-and-the-rate-which-would-be-applicable-to-him-for-the  
 16 ensuing--calendar--year,--if--he--exercises-the-option.-Such  
 17 employer-must-exercise-the-option-of--making--the--voluntary  
 18 contribution-allowed-by-this-section-within-thirty-(30)-days  
 19 after-receipt-of-such-notice.

20 (5)--Rates--as-fixed-by-the-division-shall-stand-and-be  
 21 in-effect--unless--and--until--the--cash--reserves--in--the  
 22 unemployment--compensation--trust--fund--at--any-time-in-the  
 23 future--fall--below,--and--remain--below,--eighteen--million  
 24 dollars--(\$18,000,000)--continuously-for-a-period-of-one-(1)  
 25 year, then-employer-rates-effective-at-the-beginning-of--the

1 next-succeeding-calendar-quarter-shall-be-so-fixed-that-they  
 2 would,--if--applied-to-all-employers-and-their-total-taxable  
 3 annual--payrolls--for--the--preceding--calendar--year,--have  
 4 yielded--total-paid-contributions-equaling-approximately-two  
 5 per-centum-(2%)--of-the-total-of-all-such-payrolls, and-shall  
 6 continue-at-the-two-per-centum-(2%)--average-rate-until--cash  
 7 reserves--in-the-unemployment-compensation-trust-fund-exceed  
 8 twenty-six-million-dollars-(26,000,000)-at-which--time--all  
 9 employer--rates--shall-again-be-so-fixed-to-bring-an-average  
 10 return-of-one-and-five-tenths-per-centum-(1.5%)--as--in--this  
 11 section--hereinabove--provided,--if--reserves--remain--below  
 12 eighteen-million-dollars-(18,000,000)--continuously--for--a  
 13 period--of--two-(2)-years, then-the-contribution-rate-of-all  
 14 employers-subject-to-this-act-shall-return-to-a-uniform-rate  
 15 of-three-and-one-tenth-per-centum-(3.1%)--effective--at--the  
 16 beginning-of-the-next-succeeding-calendar-quarter, and-shall  
 17 continue--at--the-three-and-one-tenth-per-centum-(3.1%)--rate  
 18 until-cash-reserves-in-the-unemployment--compensation--trust  
 19 fund--exceed--twenty-six--million--dollars--(26,000,000)-at  
 20 which-time-all-employer-rates-shall-again--be--so--fixed--to  
 21 bring--an--average--return-of-one-and-five-tenths-per-centum  
 22 (1.5%)--as-in-this-section-hereinabove-provided.

23 (6) ~~(4)~~-(3) The division shall by regulation adopt such  
 24 procedures as may be necessary for the substitution, merging  
 25 or acquisition of an employer account by an employing unit,

1 and the transfer of such employer account, rights,  
2 contributions, benefit PAYROLL experience and ratings to the  
3 successor employing unit or units.

4 ~~(7)~~ ~~(5)~~-(4) The division shall by regulation provide  
5 for the proper notification of employers of the  
6 classification and rate of contribution applicable to their  
7 accounts. Such notification shall be final for all purposes  
8 unless and until such employer files a written request with  
9 the division for a redetermination or hearing thereon within  
10 thirty (30) days after receipt of such notice.

11 ~~(8)~~ ~~(6)~~-(5) "Annual total payroll" means the total of  
12 the four (4) quarters of total payrolls of an employer  
13 preceding the computation date as fixed herein.

14 ~~(9)~~ ~~(7)~~- No employer's account shall be charged with  
15 benefits paid to any claimant in determining the  
16 contribution rate of such employer;

17 (A) if the claimant has been disqualified under section  
18 07-106-(a), (b), (g), or (h) as a result of separation from  
19 such employer;

20 (B) if the claimant left work for nondisqualifying  
21 reasons as provided in section 07-106-(a);

22 (C) unless the employer has had notice of the claim for  
23 the benefits and has been given opportunity for hearing as  
24 an interested party in the manner provided in sections  
25 07-107 and 07-108; Written notice of any hearing shall be

1 ~~mailed to employer not less than ten (10) days prior to the~~  
2 ~~date set;~~

3 (d) The provisions of this act requiring the payment of  
4 contributions by employers subject to this act shall apply  
5 only to wages paid up to and including three thousand  
6 dollars (\$3,000) by an employer to an employee with respect  
7 to employment during any calendar year preceding the year  
8 1972.

9 Payment of contributions shall apply only to wages paid  
10 up to and including four thousand two hundred dollars  
11 (\$4,200) by an employer to an employee with respect to  
12 employment during the calendar year YEARS 1972 and  
13 thereafter, 1973, 1974 AND THE FIRST CALENDAR QUARTER OF  
14 YEAR 1975. FOR THE SECOND CALENDAR QUARTER OF THE CALENDAR  
15 YEAR 1975 AND THEREAFTER THE TAXABLE WAGE BASE SHALL BE  
16 ESTABLISHED FOR EACH YEAR BASED UPON THE RESERVE PER CENT OF  
17 TOTAL WAGES OR THE AMOUNT OF TAXABLE WAGE BASE SPECIFIED IN  
18 THE FEDERAL UNEMPLOYMENT TAX ACT, WHICHEVER IS HIGHER.

<u>RESERVE PERCENT</u>	<u>TAXABLE</u>
<u>OF TOTAL WAGES</u>	<u>WAGE BASE</u>
<u>2.50% AND ABOVE</u>	<u>\$4,200.00</u>
<u>2.25 TO 2.49%</u>	<u>4,400.00</u>
<u>2.00 TO 2.24%</u>	<u>4,600.00</u>
<u>LESS THAN 2.00%</u>	<u>4,800.00</u>

25 (e) Contribution appeals.

1 Any person aggrieved by any decision, determination, or  
2 redetermination of the division involving contribution  
3 liability, contribution rate, application for refund or the  
4 charging of benefit payments to employers making payment in  
5 lieu of contributions is entitled to a review by the  
6 division or its authorized representative, hereinafter  
7 referred to as a deputy. The decision of the deputy shall be  
8 deemed to be the decision of the division. The division or  
9 the deputy conducting the review may refer the matter to an  
10 appeal referee, may decide the application for review on the  
11 basis of such facts and information as may be obtained or  
12 may hear argument to secure further facts. After such  
13 review, notice of the decision shall be given to the  
14 employing unit. Such decision made pursuant to such review  
15 shall be deemed to be the final decision of the division  
16 unless the employing unit or any other such interested  
17 party, within five (5) calendar days after delivery of such  
18 notification or within seven (7) calendar days after such  
19 notification was mailed to his last known address, files an  
20 appeal from this decision. Such appeal will be referred to  
21 an appeal referee who shall make his decisions with respect  
22 thereto in accordance with the procedure prescribed in  
23 section 87-107 (c)."

24 SECTION 2. THIS ACT IS EFFECTIVE ON APRIL 1, 1975.

-End-