

1 H BILL NO. 244  
 2 INTRODUCED BY Kiehl, by request  
 3 BY REQUEST OF THE DEPARTMENT OF LABOR

4  
 5 A BILL FOR AN ACT ENTITLED: "AN ACT TO AMEND SECTION  
 6 87-109, R.C.M. 1947, TO PROVIDE AN ELECTION OF THE METHOD OF  
 7 PAYING THE EMPLOYMENT SECURITY DIVISION BY GOVERNMENTAL  
 8 ENTITIES TO BE EFFECTIVE JANUARY 1, 1977, AND TO PROVIDE FOR  
 9 AN INCREASE IN THE TAXABLE WAGE BASE TO \$6,000, EFFECTIVE  
 10 JANUARY 1, 1978."

11  
 12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

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

15 "87-109. Contributions. (a) Payment. (1) Contributions  
 16 shall accrue and become payable by each employer for each  
 17 calendar year in which he is subject to this act, with  
 18 respect to wages, as defined in section 87-149 (c), paid for  
 19 employment (as defined in this act) occurring during such  
 20 calendar year. Such contributions shall become due and be  
 21 paid by each employer to the division for the fund in  
 22 accordance with such regulations as the division may  
 23 prescribe and shall not be deducted, in whole or in part,  
 24 from the wages of individuals in his employe.

25 (2) In the payment of any contributions, a fractional

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

4 (b) Rate of contribution.

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

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

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

20 The state and its political subdivisions, effective  
 21 January 1, 1977, for the rate year as defined in subsection  
 22 (b)(4) of this section, may elect to make payments in lieu  
 23 of contributions or pay under a special contributions plan  
 24 established for governmental entities only.

25 (2) Eligible employers ~~employers required or eligible~~

1 ~~to elect electing~~ to make payments in lieu of contributions  
 2 shall pay into the fund an amount equivalent to the full  
 3 amount of regular benefits plus one-half (1/2) of the amount  
 4 of extended benefits paid to individuals based on wages paid  
 5 by such employing unit. ~~After December 31, 1978,~~  
 6 ~~governmental entities shall pay the full amount of extended~~  
 7 ~~benefits.~~ If benefits paid an individual are based on wages  
 8 paid by both such employer and one (1) or more other  
 9 employers, the amount payable by such employer to the fund  
 10 shall bear the same ratio to total benefits paid to the  
 11 individual as the base period wages paid to the individual  
 12 by such employer bear to the total amount of base period  
 13 wages paid to the individual by all his base period  
 14 employers. If the base period wages of an individual include  
 15 wages from more than one (1) such employer, the amount to be  
 16 paid into the fund with respect to the benefits paid to such  
 17 individual shall be prorated among the liable employers in  
 18 proportion to the wages paid to such individual by each such  
 19 employer during the base period. The amount of payment  
 20 required from such employers shall be ascertained by the  
 21 division quarterly and shall become due and payable by such  
 22 employer quarterly as directed in this act. Penalty and  
 23 interest for delinquency shall be assessed such employers as  
 24 specified in section 87-135.

25 ~~(A) A nonprofit organization which elects to make~~

1 ~~payments in lieu of contributions into the unemployment~~  
 2 ~~compensation fund as provided in this subsection is not~~  
 3 ~~liable to make such payments with respect to the benefits~~  
 4 ~~paid to any individual whose base period wages include wages~~  
 5 ~~for previously uncovered services as defined in~~  
 6 ~~87-148(j)(7)(A)(3) to the extent that the unemployment~~  
 7 ~~compensation fund is reimbursed for such benefits pursuant~~  
 8 ~~to section 121 of Public Law 94-566.~~

9 (3) Any nonprofit organizations as defined in  
 10 subsection (b) (1) of this section ~~and governmental entities~~  
 11 electing to become liable for payments in lieu of  
 12 contributions must file with the division a written notice  
 13 of its election not later than thirty (30) days immediately  
 14 following the date of the determination of subjectivity to  
 15 this act. This election shall be for a period of not less  
 16 than two (2) years.

17 (A) Any nonprofit organization ~~or governmental entity~~  
 18 may terminate its election to make payments in lieu of  
 19 contributions after two (2) ~~calendar~~ years from the  
 20 effective date of such election by filing a written notice  
 21 with the division not later than thirty (30) days prior to  
 22 the beginning of the taxable year for which such termination  
 23 is effective.

24 (B) Any nonprofit organization defined in subsection  
 25 (b) (1) of this section ~~or governmental entity~~ which has

1 been paying contributions for at least two (2) taxable years  
 2 may change to payments in lieu of contributions by filing  
 3 with the division a written notice to that effect within  
 4 thirty (30) days before the beginning of the taxable year  
 5 for which the change is effective.

6 (C) If the nonprofit organization or governmental  
 7 entity is delinquent in making payments in lieu of  
 8 contributions, the division may terminate the election to  
 9 make payments in lieu of contributions as of the beginning  
 10 of the next taxable year, and such termination shall be  
 11 effective for that and the next taxable year.

12 (4) Payments in lieu of contributions by the state and  
 13 its political subdivisions shall be an amount equivalent to  
 14 the amount of benefits paid to individuals based on wages  
 15 paid by the state and its political subdivisions. The method  
 16 of determining benefits attributable shall be the same as  
 17 that set forth in subsection (b) (2) of this section.

18 ~~(A) From the date of subjectivity to this act through~~  
 19 ~~December 31, 1974, payments shall equal three tenths percent~~  
 20 ~~(.3%) of total wages paid employees for services in~~  
 21 ~~employment during the calendar quarter. Employing units~~  
 22 covered under this act after December 31, 1974, shall make  
 23 payments equal to four tenths percent (.4%) of total wages  
 24 paid employees for services in employment during the  
 25 calendar quarter.

1 (B) The rates shall be adjusted annually as follows:  
 2 Each governmental entity shall be assigned a rate based upon  
 3 (1) its benefit cost experience, to be arrived at by  
 4 dividing the total sum of benefits charged to the employer's  
 5 account for all past periods which are completed  
 6 transactions by December 31 by total wages from date of  
 7 subjectivity of the employing unit through December 31, and  
 8 (2) the benefit cost for all past years of governmental  
 9 entities electing to pay contributions compared with total  
 10 payrolls reported for all past years by these governmental  
 11 entities used as a median. The rates shall be so fixed using  
 12 the median that they will, when applied to the total annual  
 13 payroll for subject governmental entities, yield total paid  
 14 contributions equaling approximately the total benefit costs  
 15 ~~after three (3) calendar years of subjectivity and the rate~~  
 16 ~~shall equal a calculated percentage of total wages paid,~~  
 17 ~~such percentage being derived by dividing the total sum of~~  
 18 ~~benefits charged to the employer's account for all past~~  
 19 ~~periods which are completed transactions by September 30~~  
 20 ~~immediately preceding the computation date by total wages~~  
 21 ~~paid by said employing unit through December immediately~~  
 22 ~~preceding the computation date.~~

23 (C) ~~When an employing unit becomes eligible for a rate~~  
 24 ~~adjustment the division shall determine whether the total~~  
 25 ~~payments for the three (3) calendar years and subsequent~~

1 calendar year is less than, or in excess of, the total sum  
 2 of benefits charged to the employer accounts. Each  
 3 employing unit whose total payments for the period are less  
 4 than the benefit charges shall be liable for payment of the  
 5 unpaid balance. Such amount shall be due within thirty (30)  
 6 days from the notice given by the division. If the total  
 7 payments exceed the amount so determined for the period, the  
 8 excess may, at the discretion of the division, be refunded  
 9 or retained as part payments which may be required from the  
 10 next calendar year. New governmental entities electing to pay  
 11 contributions shall be assigned the median rate for the year  
 12 in which they become subject.

13 (D) At no time may the minimum rate be less than .1%  
 14 or the maximum be greater than 1.5%, rates to be graduated  
 15 at one-tenth intervals.

16 (E) The computed rate shall be effective July 1 of  
 17 each year.

18 (c) Experience rating.

19 The division shall for each calendar year, classify  
 20 employers in accordance with their actual contributions and  
 21 unemployment experience and shall determine for each  
 22 employer the experience factor rate which shall apply to him  
 23 throughout the calendar year ~~in order to reflect said~~  
 24 ~~experience and classification.~~ The division shall apply such  
 25 form of classification or experience rating system which is

1 best calculated to rate individually and most equitably the  
 2 employment for each employer and to encourage the  
 3 stabilization of employment.

4 In making such classification, the division shall take  
 5 account, each to an equal extent, of the following factors  
 6 relating to the unemployment hazard shown by each employer  
 7 on the basis of (1) ~~average annual net percentage declines~~  
 8 ~~in total payrolls for the last three (3) years prior to~~  
 9 ~~computation date~~ number of years the employer has paid  
 10 contributions; (2) number of years the employer has paid  
 11 contributions average quarterly percentage declines in total  
 12 payrolls for the last 3 fiscal years ending June 30; and (3)  
 13 average quarterly percentage declines in total payrolls for  
 14 the last three (3) years prior to computation date average  
 15 annual net percentage declines in total payrolls for the  
 16 last 3 fiscal years ending June 30. ~~The~~ ~~the~~ computation date  
 17 ~~is hereby fixed as of the close of business on June 30 of~~  
 18 ~~the preceding calendar year.~~

19 Wages shall be adjusted in the determination of the  
 20 annual and quarterly decrease percentages of any employer's  
 21 payroll in whose ~~factory or~~ establishment there was in any  
 22 year in the qualifying period of such employer, a stoppage  
 23 of work due to a strike which caused a decrease in such  
 24 employer's payroll of such magnitude that his actual  
 25 quarterly and annual payroll caused by such a decrease or

1 decreases when used with other annual and quarterly payroll  
 2 decreases, if any, in his qualifying period would cause an  
 3 increase in such employer's contribution rate. An  
 4 employer's adjusted quarterly payroll for that quarter in  
 5 which such stoppage of work existed shall be determined by  
 6 multiplying each such payroll or adjusted payroll for the  
 7 quarter immediately preceding the quarter in which such  
 8 stoppage of work existed by the average quarterly variation  
 9 ratio. The average quarterly variation ratio shall be  
 10 computed by

11 (1) dividing the payroll, or if adjusted, the adjusted  
 12 payroll, for that quarter in each of the prior years of an  
 13 employer's qualifying period which corresponds to the  
 14 respective quarter in which a stoppage of work due to a  
 15 strike existed, by the payroll or adjusted payroll for the  
 16 respective quarter immediately preceding such corresponding  
 17 quarter, and

18 (2) totaling the ratio thus obtained and dividing by  
 19 the number of such ratios.

20 EMPLOYER CLASSIFICATIONS:

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

1 Each employer shall be in the class listed below on the  
 2 same horizontal line on which his experience factor appears,  
 3 and each qualified employer shall pay the contribution rate  
 4 assigned to his class pursuant to the provisions of reserve  
 5 to total wages.

Employer's Experience Factor	Class
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- <del>(-10)</del> 0	XIII
Age	XIV

21 RESERVE TO TOTAL WAGES -- CLASS RATES:

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

CLASS RATES								
Reserve Percent	Class	Class	Class	Class	Class	Class	Class	Class
of Total Wage	1	2	3	4	5	6	7	
At least 2.50%	.5	.7	.9	1.1	1.3	1.5	1.7	1.9
2.25 to 2.49%	.7	.9	1.1	1.3	1.5	1.7	1.9	
2.00 to 2.24%	.9	1.1	1.3	1.5	1.7	1.9	2.1	
1.75 to 1.99%	1.1	1.3	1.5	1.7	1.9	2.1	2.3	
1.50 to 1.74%	1.3	1.5	1.7	1.9	2.1	2.3	2.5	
1.25 to 1.49%	1.5	1.7	1.9	2.1	2.3	2.5	2.7	
<del>1.00 to 1.24%</del>	<del>1.7</del>	<del>1.9</del>	<del>2.1</del>	<del>2.3</del>	<del>2.5</del>	<del>2.7</del>	<del>2.9</del>	
Less than 1.00%	3.1	3.1	3.1	3.1	3.1	3.1	3.1	
Reserve Percent	Class	Class	Class	Class	Class	Class	Class	Class
of Total Wage	8	9	10	11	12	13	14	
At least 2.50%	1.9	2.1	2.3	2.5	2.7	2.9	3.1	
2.25 to 2.49%	2.1	2.3	2.5	2.7	2.9	3.1	3.1	
2.00 to 2.24%	2.3	2.5	2.7	2.9	3.1	3.1	3.1	
1.75 to 1.99%	2.5	2.7	2.9	3.1	3.1	3.1	3.1	
1.50 to 1.74%	2.7	2.9	3.1	3.1	3.1	3.1	3.1	
1.25 to 1.49%	2.9	3.1	3.1	3.1	3.1	3.1	3.1	
<del>1.00 to 1.24%</del>	<del>3.1</del>	<del>3.1</del>	<del>3.1</del>	<del>3.1</del>	<del>3.1</del>	<del>3.1</del>	<del>3.1</del>	
Less than 1.00%	3.1	3.1	3.1	3.1	3.1	3.1	3.1	

The division shall determine the experience factor rate applicable to each employer for any calendar year subject to the following limitations:

(1) Each employer's rate shall be three and one-tenth

per centum (3.1%) unless and until there have been three (3) years prior to the computation date throughout which the employer has paid contributions at the maximum tax rate set by law for each of such years and has reported and paid contributions during each of the three (3) calendar years immediately preceding the computation date and with respect to such three (3) calendar years has filed all contribution reports prescribed by the division and paid all contributions due with respect to the three (3) calendar years before March 31 of the rate year. Upon payment of past-due contributions the division shall, for the current year, compute a rate for the next succeeding quarter following the payment.

(2) ~~The classified contribution rates for the calendar year 1969 and thereafter except as hereinafter provided shall be five-tenths of one per centum (5%) seven-tenths of one per centum (7%) nine-tenths of one per centum (9%) one and one-tenth per centum (11%) one and three-tenths per centum (13%) one and five-tenths per centum (15%) one and seven-tenths per centum (17%) one and nine-tenths per centum (19%) two and one-tenth per centum (21%) two and three-tenths per centum (23%) two and five-tenths per centum (25%) two and seven-tenths per centum (27%) two and nine-tenths per centum (29%) and three and one-tenth per centum (31%). At no time may the~~

1 ~~minimum classified contributions rate be less than .2% or~~  
 2 ~~the maximum be greater than 3.1%, rates to be graduated at~~  
 3 ~~two-tenth intervals, as shown on the class rate schedule.~~

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

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

17 (5) "Annual total payroll" means the total of the four  
 18 (4) quarters of total payrolls of an employer preceding the  
 19 computation date as fixed herein.

20 ~~(d) The provisions of this act requiring the payment~~  
 21 ~~of contributions by employers subject to this act shall~~  
 22 ~~apply only to wages paid up to and including three thousand~~  
 23 ~~dollars (\$3,000) by an employer to an employee with respect~~  
 24 ~~to employment during any calendar year preceding the year~~  
 25 ~~1972. Payment of contributions shall apply only to wages~~

1 paid up to and including ~~four-thousand-two-hundred~~ dollars  
 2 ~~(\$4,200)~~ by an employer to an employee with respect to  
 3 employment during the calendar years 1972, 1973, 1974 and  
 4 the first calendar quarter of year 1975. For the second  
 5 calendar quarter of the calendar year 1975 and thereafter  
 6 the taxable wage base shall be established for each year  
 7 based upon the reserve per cent of total wages or the amount  
 8 of taxable wage base specified in the federal unemployment  
 9 tax act, whichever is higher. Effective January 1, 1978 and  
 10 thereafter the Federal Unemployment Tax Act provides that  
 11 contributions shall be paid on wages up to and including  
 12 \$6,000 per employee.

13 Reserve Percent	14 Taxable
15 of Total Wages	16 Wage Base
17 2.50% and above	18 \$4,200.00
19 2.25 to 2.49%	20 4,400.00
21 2.00 to 2.24%	22 4,600.00
23 Less than 2.00%	24 4,800.00

19 (e) Contribution appeals.

20 Any person aggrieved by any decision, determination, or  
 21 redetermination of the division involving contribution  
 22 liability, contribution rate, application for refund or the  
 23 charging of benefit payments to employers making payment in  
 24 lieu of contributions is entitled to a review by the  
 25 division or its authorized representative, hereinafter

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

-End-



STATE OF MONTANA

REQUEST NO. 119-77

FISCAL NOTE

Form BD-15

In compliance with a written request received January 20, 19 77, there is hereby submitted a Fiscal Note for House Bill 244 pursuant to Chapter 53, Laws of Montana, 1965 - Thirty-Ninth Legislative Assembly.

Background information used in developing this Fiscal Note is available from the Office of Budget and Program Planning, to members of the Legislature upon request.

DESCRIPTION OF PROPOSED LEGISLATION:

An act to amend section 87-109, R.C.M. 1947, to provide an election of the method of paying the Employment Security Division by governmental entities to be effective January 1, 1977, and to provide for an increase in the taxable wage base to \$6,000, effective January 1, 1978.

ASSUMPTIONS:

1. Revenues collected under the bill are to be used only for the Unemployment Insurance Benefit Trust Fund.
2. All administrative expenditures will continue to be borne by the federal government.

FISCAL IMPACT:

	<u>FY 78</u>	<u>FY 79</u>
Collections to Unemployment Insurance Benefit Trust Fund under current law	\$29.3M	\$30.6M
Collections to Unemployment Insurance Benefit Trust Fund under proposed law	<u>30.2M</u>	<u>33.6M</u>
Increased collections under proposed law	<u>\$ .9M</u>	<u>\$ 3.0M</u>

*Richard L. Z...*  
 BUDGET DIRECTOR  
 Office of Budget and Program Planning  
 Date: 1-24-77

Approved by Committee on Labor & Employment Relations

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2 INTRODUCED BY Kittel, by request  
3 BY REQUEST OF THE DEPARTMENT OF LABOR

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6 87-109, R.C.M. 1947, TO PROVIDE AN ELECTION OF THE METHOD OF  
7 PAYING THE EMPLOYMENT SECURITY DIVISION BY GOVERNMENTAL  
8 ENTITIES TO BE EFFECTIVE JANUARY 1, 1977, AND TO PROVIDE FOR  
9 AN INCREASE IN THE TAXABLE WAGE BASE TO \$6,000, EFFECTIVE  
10 JANUARY 1, 1978."

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

15 "87-109. Contributions. (a) Payment. (1) Contributions  
16 shall accrue and become payable by each employer for each  
17 calendar year in which he is subject to this act, with  
18 respect to wages, as defined in section 87-149 (c), paid for  
19 employment (as defined in this act) occurring during such  
20 calendar year. Such contributions shall become due and be  
21 paid by each employer to the division for the fund in  
22 accordance with such regulations as the division may  
23 prescribe and shall not be deducted, in whole or in part,  
24 from the wages of individuals in his employ.

25 (2) In the payment of any contributions, a fractional

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

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

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

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

20 The state and its political subdivisions, effective  
21 January 1, 1977, for the rate year as defined in subsection  
22 (b)(4) of this section, may elect to make payments in lieu  
23 of contributions or pay under a special contributions plan  
24 established for governmental entities only.

25 (2) Eligible Employers ~~employers required or eligible~~

There are no changes in HB 244, & will not be re-run.  
Please refer to white copy for complete text SECOND READING

HB, 244

1 ~~to elect electing~~ to make payments in lieu of contributions  
 2 shall pay into the fund an amount equivalent to the full  
 3 amount of regular benefits plus one-half (1/2) of the amount  
 4 of extended benefits paid to individuals based on wages paid  
 5 by such employing unit. ~~After December 31, 1978,~~  
 6 ~~governmental entities shall pay the full amount of extended~~  
 7 ~~benefits.~~ If benefits paid an individual are based on wages  
 8 paid by both such employer and one (1) or more other  
 9 employers, the amount payable by such employer to the fund  
 10 shall bear the same ratio to total benefits paid to the  
 11 individual as the base period wages paid to the individual  
 12 by such employer bear to the total amount of base period  
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 15 wages from more than one (1) such employer, the amount to be  
 16 paid into the fund with respect to the benefits paid to such  
 17 individual shall be prorated among the liable employers in  
 18 proportion to the wages paid to such individual by each such  
 19 employer during the base period. The amount of payment  
 20 required from such employers shall be ascertained by the  
 21 division quarterly and shall become due and payable by such  
 22 employer quarterly as directed in this act. Penalty and  
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 24 specified in section 87-135.

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1 ~~payments in lieu of contributions into the unemployment~~  
 2 ~~compensation fund as provided in this subsection is not~~  
 3 ~~liable to make such payments with respect to the benefits~~  
 4 ~~paid to any individual whose base period wages include wages~~  
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 6 ~~§7-148(j)(7)(A)(3) to the extent that the unemployment~~  
 7 ~~compensation fund is reimbursed for such benefits pursuant~~  
 8 ~~to section 121 of Public Law 94-566.~~

9 (3) Any nonprofit organizations as defined in  
 10 subsection (b) (1) of this section ~~and governmental entities~~  
 11 electing to become liable for payments in lieu of  
 12 contributions must file with the division a written notice  
 13 of its election not later than thirty (30) days immediately  
 14 following the date of the determination of subjectivity to  
 15 this act. This election shall be for a period of not less  
 16 than two (2) years.

17 (A) Any nonprofit organization ~~or governmental entity~~  
 18 may terminate its election to make payments in lieu of  
 19 contributions after two (2) ~~calendar~~ years from the  
 20 effective date of such election by filing a written notice  
 21 with the division not later than thirty (30) days prior to  
 22 the beginning of the taxable year for which such termination  
 23 is effective.

24 (B) Any nonprofit organization defined in subsection  
 25 (b) (1) of this section ~~or governmental entity~~ which has

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 21 paid by each employer to the division for the fund in  
 22 accordance with such regulations as the division may  
 23 prescribe and shall not be deducted, in whole or in part,  
 24 from the wages of individuals in his employ.

25 (2) In the payment of any contributions, a fractional

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

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

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

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

20 The state and its political subdivisions, effective  
 21 January 1, 1977, for the rate year as defined in subsection  
 22 (b)(4) of this section, may elect to make payments in lieu  
 23 of contributions or pay under a special contributions plan  
 24 established for governmental entities only.

25 (2) Eligible employers ~~employers~~ required or eligible

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1 ~~to elect electing~~ to make payments in lieu of contributions  
 2 shall pay into the fund an amount equivalent to the full  
 3 amount of regular benefits plus one-half (1/2) of the amount  
 4 of extended benefits paid to individuals based on wages paid  
 5 by such employing unit. ~~After December 31, 1978,~~  
 6 ~~governmental entities shall pay the full amount of extended~~  
 7 ~~benefits.~~ If benefits paid an individual are based on wages  
 8 paid by both such employer and one (1) or more other  
 9 employers, the amount payable by such employer to the fund  
 10 shall bear the same ratio to total benefits paid to the  
 11 individual as the base period wages paid to the individual  
 12 by such employer bear to the total amount of base period  
 13 wages paid to the individual by all his base period  
 14 employers. If the base period wages of an individual include  
 15 wages from more than one (1) such employer, the amount to be  
 16 paid into the fund with respect to the benefits paid to such  
 17 individual shall be prorated among the liable employers in  
 18 proportion to the wages paid to such individual by each such  
 19 employer during the base period. The amount of payment  
 20 required from such employers shall be ascertained by the  
 21 division quarterly and shall become due and payable by such  
 22 employer quarterly as directed in this act. Penalty and  
 23 interest for delinquency shall be assessed such employers as  
 24 specified in section 87-135.

25 ~~(A) A nonprofit organization which elects to make~~

1 ~~payments in lieu of contributions into the unemployment~~  
 2 ~~compensation fund as provided in this subsection is not~~  
 3 ~~liable to make such payments with respect to the benefits~~  
 4 ~~paid to any individual whose base period wages include wages~~  
 5 ~~for previously uncovered services as defined in~~  
 6 ~~87-148(j)(7)(A)(3) to the extent that the unemployment~~  
 7 ~~compensation fund is reimbursed for such benefits pursuant~~  
 8 ~~to section 121 of Public Law 94-566.~~

9 (3) Any nonprofit organizations as defined in  
 10 subsection (b) (1) of this section ~~and governmental entities~~  
 11 electing to become liable for payments in lieu of  
 12 contributions must file with the division a written notice  
 13 of its election not later than thirty (30) days immediately  
 14 following the date of the determination of subjectivity to  
 15 this act. This election shall be for a period of not less  
 16 than two (2) years.

17 (A) Any nonprofit organization ~~or governmental entity~~  
 18 may terminate its election to make payments in lieu of  
 19 contributions after two (2) ~~calendar~~ years from the  
 20 effective date of such election by filing a written notice  
 21 with the division not later than thirty (30) days prior to  
 22 the beginning of the taxable year for which such termination  
 23 is effective.

24 (B) Any nonprofit organization defined in subsection  
 25 (b) (1) of this section ~~or governmental entity~~ which has

1 been paying contributions for at least two (2) taxable years  
2 may change to payments in lieu of contributions by filing  
3 with the division a written notice to that effect within  
4 thirty (30) days before the beginning of the taxable year  
5 for which the change is effective.

6 (C) If the nonprofit organization or governmental  
7 entity is delinquent in making payments in lieu of  
8 contributions, the division may terminate the election to  
9 make payments in lieu of contributions as of the beginning  
10 of the next taxable year, and such termination shall be  
11 effective for that and the next taxable year.

12 (4) Payments in lieu of contributions by the state and  
13 its political subdivisions shall be an amount equivalent to  
14 the amount of benefits paid to individuals based on wages  
15 paid by the state and its political subdivisions. The method  
16 of determining benefits attributable shall be the same as  
17 that set forth in subsection (b) (2) of this section.

18 (A) ~~From the date of subjectivity to this act through~~  
19 ~~December 31, 1974, payments shall equal three tenths percent~~  
20 ~~(.3%) of total wages paid employees for services in~~  
21 ~~employment during the calendar quarter.~~ Employing units  
22 covered under this act after December 31, 1974, shall make  
23 payments equal to four tenths percent (.4%) of total wages  
24 paid employees for services in employment during the  
25 calendar quarter.

1 (8) The rates shall be adjusted annually as follows:  
2 Each governmental entity shall be assigned a rate based upon  
3 (1) its benefit cost experience, to be arrived at by  
4 dividing the total sum of benefits charged to the employer's  
5 account for all past periods which are completed  
6 transactions by December 31 by total wages from date of  
7 subjectivity of the employing unit through December 31, and  
8 (2) the benefit cost for all past years of governmental  
9 entities electing to pay contributions compared with total  
10 payrolls reported for all past years by these governmental  
11 entities used as a median. The rates shall be so fixed using  
12 the median that they will, when applied to the total annual  
13 payroll for subject governmental entities, yield total paid  
14 contributions equaling approximately the total benefit costs  
15 ~~after three (3) calendar years of subjectivity and the rate~~  
16 ~~shall equal a calculated percentage of total wages paid~~  
17 ~~such percentage being derived by dividing the total sum of~~  
18 ~~benefits charged to the employer's account for all past~~  
19 ~~periods which are completed transactions by September 30~~  
20 ~~immediately preceding the computation date by total wages~~  
21 ~~paid by said employing unit through December immediately~~  
22 ~~preceding the computation date.~~

23 (C) ~~When an employing unit becomes eligible for a rate~~  
24 ~~adjustment the division shall determine whether the total~~  
25 ~~payments for the three (3) calendar years and subsequent~~

1 calendar years is less than or in excess of, the total sum  
 2 of benefits charged to the employer accounts. Each  
 3 employing unit whose total payments for the period are less  
 4 than the benefit charges shall be liable for payment of the  
 5 unpaid balance. Such amount shall be due within thirty (30)  
 6 days from the notice given by the division. If the total  
 7 payments exceed the amount so determined for the period, the  
 8 excess may, at the discretion of the division, be refunded  
 9 or retained as part payments which may be required from the  
 10 next calendar year. New governmental entities electing to pay  
 11 contributions shall be assigned the median rate for the year  
 12 in which they become subject.

13 (D) At no time may the minimum rate be less than .1%  
 14 or the maximum be greater than 1.5%, rates to be graduated  
 15 at one-tenth intervals.

16 (E) The computed rate shall be effective July 1 of  
 17 each year.

18 (c) Experience rating.

19 The division shall for each calendar year, classify  
 20 employers in accordance with their actual contributions and  
 21 unemployment experience and shall determine for each  
 22 employer the experience factor rate which shall apply to him  
 23 throughout the calendar year in order to reflect said  
 24 experience and classification. The division shall apply such  
 25 form of classification or experience rating system which is

1 best calculated to rate individually and most equitably the  
 2 employment for each employer and to encourage the  
 3 stabilization of employment.

4 In making such classification, the division shall take  
 5 account, each to an equal extent, of the following factors  
 6 relating to the unemployment hazard shown by each employer  
 7 on the basis of (1) average annual net percentage declines  
 8 in total payrolls for the last three (3) years prior to  
 9 computation date number of years the employer has paid  
 10 contributions; (2) number of years the employer has paid  
 11 contributions average quarterly percentage declines in total  
 12 payrolls for the last 3 fiscal years ending June 30; and (3)  
 13 average quarterly percentage declines in total payrolls for  
 14 the last three (3) years prior to computation date average  
 15 annual net percentage declines in total payrolls for the  
 16 last 3 fiscal years ending June 30. The computation date  
 17 is hereby fixed as of the close of business on June 30 of  
 18 the preceding calendar year.

19 Wages shall be adjusted in the determination of the  
 20 annual and quarterly decrease percentages of any employer's  
 21 payroll in whose factory or establishment there was in any  
 22 year in the qualifying period of such employer, a stoppage  
 23 of work due to a strike which caused a decrease in such  
 24 employer's payroll of such magnitude that his actual  
 25 quarterly and annual payroll caused by such a decrease or

1 decreases when used with other annual and quarterly payroll  
 2 decreases, if any, in his qualifying period would cause an  
 3 increase in such employer's contribution rate. An  
 4 employer's adjusted quarterly payroll for that quarter in  
 5 which such stoppage of work existed shall be determined by  
 6 multiplying each such payroll or adjusted payroll for the  
 7 quarter immediately preceding the quarter in which such  
 8 stoppage of work existed by the average quarterly variation  
 9 ratio. The average quarterly variation ratio shall be  
 10 computed by

11 (1) dividing the payroll, or if adjusted, the adjusted  
 12 payroll, for that quarter in each of the prior years of an  
 13 employer's qualifying period which corresponds to the  
 14 respective quarter in which a stoppage of work due to a  
 15 strike existed, by the payroll or adjusted payroll for the  
 16 respective quarter immediately preceding such corresponding  
 17 quarter, and

18 (2) totaling the ratio thus obtained and dividing by  
 19 the number of such ratios.

20 EMPLOYER CLASSIFICATIONS:

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

1 Each employer shall be in the class listed below on the  
 2 same horizontal line on which his experience factor appears,  
 3 and each qualified employer shall pay the contribution rate  
 4 assigned to his class pursuant to the provisions of reserve  
 5 to total wages.

Employer's Experience Factor	Class
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- <del>4-10</del> 0	XIII
Age	XIV

21 RESERVE TO TOTAL WAGES -- CLASS RATES:

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



CLASS RATES								
Reserve Percent	Class	Class	Class	Class	Class	Class	Class	Class
of Total Wage	1	2	3	4	5	6	7	
At least 2.50%	.5	.7	.9	1.1	1.3	1.5	1.7	1.9
2.25 to 2.49%	.7	.9	1.1	1.3	1.5	1.7	1.9	
2.00 to 2.24%	.9	1.1	1.3	1.5	1.7	1.9	2.1	
1.75 to 1.99%	1.1	1.3	1.5	1.7	1.9	2.1	2.3	
1.50 to 1.74%	1.3	1.5	1.7	1.9	2.1	2.3	2.5	
1.25 to 1.49%	1.5	1.7	1.9	2.1	2.3	2.5	2.7	
<del>1.00 to 1.24%</del>	<del>1.7</del>	<del>1.9</del>	<del>2.1</del>	<del>2.3</del>	<del>2.5</del>	<del>2.7</del>	<del>2.9</del>	
Less than 1.00%	3.1	3.1	3.1	3.1	3.1	3.1	3.1	

  

Reserve Percent	Class	Class	Class	Class	Class	Class	Class
of Total Wage	8	9	10	11	12	13	14
At least 2.50%	1.9	2.1	2.3	2.5	2.7	2.9	3.1
2.25 to 2.49%	2.1	2.3	2.5	2.7	2.9	3.1	3.1
2.00 to 2.24%	2.3	2.5	2.7	2.9	3.1	3.1	3.1
1.75 to 1.99%	2.5	2.7	2.9	3.1	3.1	3.1	3.1
1.50 to 1.74%	2.7	2.9	3.1	3.1	3.1	3.1	3.1
1.25 to 1.49%	2.9	3.1	3.1	3.1	3.1	3.1	3.1
<del>1.00 to 1.24%</del>	<del>3.1</del>	<del>3.1</del>	<del>3.1</del>	<del>3.1</del>	<del>3.1</del>	<del>3.1</del>	<del>3.1</del>
Less than 1.00%	3.1	3.1	3.1	3.1	3.1	3.1	3.1

The division shall determine the experience factor rate applicable to each employer for any calendar year subject to the following limitations:

(1) Each employer's rate shall be three and one-tenth

per centum (3.1%) unless and until there have been three (3) years prior to the computation date throughout which the employer has paid contributions at the maximum tax rate set by law for each of such years and has reported and paid contributions during each of the three (3) calendar years immediately preceding the computation date and with respect to such three (3) calendar years has filed all contribution reports prescribed by the division and paid all contributions due with respect to the three (3) calendar years before March 31 of the rate year. Upon payment of past-due contributions the division shall, for the current year, compute a rate for the next succeeding quarter following the payment.

(2) ~~The classified contribution rates for the calendar year 1969 and thereafter except as hereinafter provided shall be five tenths of one per centum (0.5%) seven tenths of one per centum (0.7%) nine tenths of one per centum (0.9%) one and one tenth per centum (1.1%) one and three tenths per centum (1.3%) one and five tenths per centum (1.5%) one and seven tenths per centum (1.7%) one and nine tenths per centum (1.9%) two and one tenth per centum (2.1%) two and three tenths per centum (2.3%) two and five tenths per centum (2.5%) two and seven tenths per centum (2.7%) two and nine tenths per centum (2.9%) and three and one tenth per centum (3.1%). At no time may the~~

1 ~~minimum classified contributions rate be less than .2% or~~  
 2 ~~the maximum be greater than 3.1%, rates to be graduated at~~  
 3 ~~two-tenth intervals, as shown on the class rate schedule.~~

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

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

17 (5) "Annual total payroll" means the total of the four  
 18 (4) quarters of total payrolls of an employer preceding the  
 19 computation date as fixed herein.

20 ~~(d) The provisions of this act requiring the payment~~  
 21 ~~of contributions by employers subject to this act shall~~  
 22 ~~apply only to wages paid up to and including three thousand~~  
 23 ~~dollars (\$3,000) by an employer to an employee with respect~~  
 24 ~~to employment during any calendar year preceding the year~~  
 25 ~~1972. Payment of contributions shall apply only to wages~~

1 paid up to and including ~~four thousand two hundred dollars~~  
 2 ~~(\$4,200) by an employer to an employee with respect to~~  
 3 ~~employment during the calendar years 1972, 1973, 1974 and~~  
 4 ~~the first calendar quarter of year 1975. For the second~~  
 5 ~~calendar quarter of the calendar year 1975 and thereafter~~  
 6 ~~the taxable wage base shall be established for each year~~  
 7 ~~based upon the reserve per cent of total wages or the amount~~  
 8 ~~of taxable wage base specified in the federal unemployment~~  
 9 ~~tax act, whichever is higher. Effective January 1, 1978 and~~  
 10 ~~thereafter the Federal Unemployment Tax Act provides that~~  
 11 ~~contributions shall be paid on wages up to and including~~  
 12 ~~\$6,000 per employee.~~

Reserve Percent	Taxable
of Total Wages	Wage Base
15 2.50% and above	\$4,200.00
16 2.25 to 2.49%	4,400.00
17 2.00 to 2.24%	4,600.00
18 Less than 2.00%	4,800.00

19 (e). Contribution appeals.  
 20 Any person aggrieved by any decision, determination, or  
 21 redetermination of the division involving contribution  
 22 liability, contribution rate, application for refund or the  
 23 charging of benefit payments to employers making payment in  
 24 lieu of contributions is entitled to a review by the  
 25 division or its authorized representative, hereinafter

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

-End-

1 HOUSE BILL NO. 244  
 2 INTRODUCED BY KIMBLE, BY REQUEST  
 3 BY REQUEST OF THE DEPARTMENT OF LABOR  
 4  
 5 A BILL FOR AN ACT ENTITLED: "AN ACT TO AMEND SECTION  
 6 87-109, R.C.M. 1947, TO PROVIDE AN ELECTION OF THE METHOD OF  
 7 PAYING THE EMPLOYMENT SECURITY DIVISION BY GOVERNMENTAL  
 8 ENTITIES TO BE EFFECTIVE JANUARY 1, 1977, AND TO PROVIDE FOR  
 9 AN INCREASE IN THE TAXABLE WAGE BASE TO \$6,000, EFFECTIVE  
 10 JANUARY 1, 1978."  
 11  
 12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:  
 13 Section 1. Section 87-109, R.C.M. 1947, is amended to  
 14 read as follows:  
 15 "87-109. Contributions. (a) Payment. (1) Contributions  
 16 shall accrue and become payable by each employer for each  
 17 calendar year in which he is subject to this act, with  
 18 respect to wages, as defined in section 87-149 (c), paid for  
 19 employment (as defined in this act) occurring during such  
 20 calendar year. Such contributions shall become due and be  
 21 paid by each employer to the division for the fund in  
 22 accordance with such regulations as the division may  
 23 prescribe and shall not be deducted, in whole or in part,  
 24 from the wages of individuals in his employ.  
 25 (2) In the payment of any contributions, a fractional

1 part of a cent shall be disregarded unless it amounts to  
 2 one-half (1/2) cent or more, in which case it shall be  
 3 increased to one (1) cent.  
 4 (b) Rate of contribution.  
 5 (1) Each employer shall pay contributions at the rate  
 6 of three and one-tenth per centum (3.1%) of wages, as  
 7 defined in section 87-149 (c) paid by him with respect to  
 8 such employment, except as provided in subsection (c) of  
 9 this section.  
 10 Nonprofit organizations defined in section 501 (c) (3)  
 11 of the federal internal revenue code and which are exempt  
 12 from tax under section 501 (a) of such code may elect to  
 13 make payments in lieu of contributions, ~~the state and its~~  
 14 ~~political subdivisions specifically covered by this act and~~  
 15 ~~those electing coverage shall make payments in lieu of~~  
 16 ~~contributions.~~  
 17 A group of nonprofit organizations may elect with the  
 18 approval of the division to act as a group in fulfilling the  
 19 requirements of this subsection or of this act.  
 20 the state and its political subdivisions, effective  
 21 January 1, 1977, for the rate year as defined in subsection  
 22 (a)(4) of this section, may elect to make payments in lieu  
 23 of contributions or pay under a special contributions plan  
 24 established for governmental entities only.  
 25 (2) Eligible employers ~~employers required or eligible~~

1 to elect ~~electing~~ to make payments in lieu of contributions  
 2 shall pay into the fund an amount equivalent to the full  
 3 amount of regular benefits plus one-half (1/2) of the amount  
 4 of extended benefits paid to individuals based on wages paid  
 5 by such employing unit. ~~After December 31, 1978,~~  
 6 ~~governmental entities shall pay the full amount of extended~~  
 7 ~~benefits.~~ If benefits paid an individual are based on wages  
 8 paid by both such employer and one (1) or more other  
 9 employers, the amount payable by such employer to the fund  
 10 shall bear the same ratio to total benefits paid to the  
 11 individual as the base period wages paid to the individual  
 12 by such employer bear to the total amount of base period  
 13 wages paid to the individual by all his base period  
 14 employers. If the base period wages of an individual include  
 15 wages from more than one (1) such employer, the amount to be  
 16 paid into the fund with respect to the benefits paid to such  
 17 individual shall be prorated among the liable employers in  
 18 proportion to the wages paid to such individual by each such  
 19 employer during the base period. The amount of payment  
 20 required from such employers shall be ascertained by the  
 21 division quarterly and shall become due and payable by such  
 22 employer quarterly as directed in this act. Penalty and  
 23 interest for delinquency shall be assessed such employers as  
 24 specified in section 87-135.

25 ~~(A) A nonprofit organization which elects to make~~

1 ~~payments in lieu of contributions into the unemployment~~  
 2 ~~compensation fund as provided in this subsection is not~~  
 3 ~~liable to make such payments with respect to the benefits~~  
 4 ~~paid to any individual whose base period wages include wages~~  
 5 ~~for previously uncovered services as defined in~~  
 6 ~~87-148(j)(7)(A)(3) to the extent that the unemployment~~  
 7 ~~compensation fund is reimbursed for such benefits pursuant~~  
 8 ~~to section 121 of Public Law 94-566.~~

9 (3) Any nonprofit organizations as defined in  
 10 subsection (b) (1) of this section ~~and governmental entities~~  
 11 electing to become liable for payments in lieu of  
 12 contributions must file with the division a written notice  
 13 of its election not later than thirty (30) days immediately  
 14 following the date of the determination of subjectivity to  
 15 this act. This election shall be for a period of not less  
 16 than two (2) years.

17 (A) Any nonprofit organization ~~or governmental entity~~  
 18 may terminate its election to make payments in lieu of  
 19 contributions after two (2) ~~calendar~~ years from the  
 20 effective date of such election by filing a written notice  
 21 with the division not later than thirty (30) days prior to  
 22 the beginning of the taxable year for which such termination  
 23 is effective.

24 (B) Any nonprofit organization defined in subsection  
 25 (b) (1) of this section ~~or governmental entity~~ which has

1 been paying contributions for at least two (2) taxable years  
 2 may change to payments in lieu of contributions by filing  
 3 with the division a written notice to that effect within  
 4 thirty (30) days before the beginning of the taxable year  
 5 for which the change is effective.

6 (C) If the nonprofit organization or governmental  
 7 entity is delinquent in making payments in lieu of  
 8 contributions, the division may terminate the election to  
 9 make payments in lieu of contributions as of the beginning  
 10 of the next taxable year, and such termination shall be  
 11 effective for that and the next taxable year.

12 (4) Payments in lieu of contributions by the state and  
 13 its political subdivisions shall be an amount equivalent to  
 14 the amount of benefits paid to individuals based on wages  
 15 paid by the state and its political subdivisions. The method  
 16 of determining benefits attributable shall be the same as  
 17 that set forth in subsection (b) (2) of this section.

18 ~~(A) From the date of subjectivity to this act through~~  
 19 ~~December 31, 1974, payments shall equal three tenths percent~~  
 20 ~~(.3%) of total wages paid employees for services in~~  
 21 ~~employment during the calendar quarters. Employing units~~  
 22 ~~covered under this act after December 31, 1974, shall make~~  
 23 ~~payments equal to four tenths percent (.4%) of total wages~~  
 24 ~~paid employees for services in employment during the~~  
 25 ~~calendar quarter.~~

1 (B) The rates shall be adjusted annually as follows:  
 2 Each governmental entity shall be assigned a rate based upon  
 3 (1) its benefit cost experience, to be arrived at by  
 4 dividing the total sum of benefits charged to the employer's  
 5 account for all past periods which are completed  
 6 transactions by December 31 by total wages from date of  
 7 subjectivity of the employing unit through December 31, and  
 8 (2) the benefit cost for all past years of governmental  
 9 entities electing to pay contributions compared with total  
 10 payrolls reported for all past years by these governmental  
 11 entities used as a median. The rates shall be so fixed using  
 12 the median that they will, when applied to the total annual  
 13 payroll for subject governmental entities, yield total paid  
 14 contributions equaling approximately the total benefit costs  
 15 ~~after three (3) calendar years of subjectivity and the rate~~  
 16 ~~shall equal a calculated percentage of total wages paid.~~  
 17 ~~Such percentage being derived by dividing the total sum of~~  
 18 ~~benefits charged to the employer's account for all past~~  
 19 ~~periods which are completed transactions by September 30~~  
 20 ~~immediately preceding the computation date by total wages~~  
 21 ~~paid by said employing unit through December immediately~~  
 22 ~~preceding the computation date.~~

23 (C) ~~When an employing unit becomes eligible for a rate~~  
 24 ~~adjustment the division shall determine whether the total~~  
 25 ~~payments for the three (3) calendar years and subsequent~~

~~calendar year is less than or in excess of the total sum of benefits charged to the employer accounts. Each employing unit whose total payments for the period are less than the benefit charges shall be liable for payment of the unpaid balance. Such amount shall be due within thirty (30) days from the notice given by the division. If the total payments exceed the amount so determined for the period, the excess may, at the discretion of the division, be refunded or retained as port payments which may be required from the next calendar year. New governmental entities electing to pay contributions shall be assigned the median rate for the year in which they become subject.~~

~~(D) At no time may the minimum rate be less than .1% or the maximum be greater than 1.5%, rates to be graduated at one-tenth intervals.~~

~~(E) The computed rate shall be effective July 1 of each year.~~

(c) Experience rating.

The division shall for each calendar year, classify employers in accordance with their actual contributions and unemployment experience and shall determine for each employer the experience factor rate which shall apply to him throughout the calendar year ~~in order to reflect said experience and classification.~~ The division shall apply such ~~form~~ of classification or experience rating system which is

best calculated to rate individually and most equitably the employment for each employer and to encourage the stabilization of employment.

In making such classification, the division shall take account, each ~~to an equal extent,~~ of the following factors relating to the unemployment hazard shown by each employer on the basis of (1) ~~average annual net percentage declines in total payrolls for the last three (3) years prior to computation date~~ number of years the employer has paid contributions; (2) ~~number of years the employer has paid contributions~~ average quarterly percentage declines in total payrolls for the last 3 fiscal years ending June 30; and (3) ~~average quarterly percentage declines in total payrolls for the last three (3) years prior to computation date~~ average annual net percentage declines in total payrolls for the last 3 fiscal years ending June 30. ~~The computation date is hereby fixed as of the close of business on June 30 of the preceding calendar year.~~

Wages shall be adjusted in the determination of the annual and quarterly decrease percentages of any employer's payroll in whose ~~factory or~~ establishment there was in any year in the qualifying period of such employer, a stoppage of work due to a strike which caused a decrease in such employer's payroll of such magnitude that his actual quarterly and annual payroll caused by such a decrease or

1 decreases when used with other annual and quarterly payroll  
 2 decreases, if any, in his qualifying period would cause an  
 3 increase in such employer's contribution rate. An  
 4 employer's adjusted quarterly payroll for that quarter in  
 5 which such stoppage of work existed shall be determined by  
 6 multiplying each such payroll or adjusted payroll for the  
 7 quarter immediately preceding the quarter in which such  
 8 stoppage of work existed by the average quarterly variation  
 9 ratio. The average quarterly variation ratio shall be  
 10 computed by

11 (1) dividing the payroll, or if adjusted, the adjusted  
 12 payroll, for that quarter in each of the prior years of an  
 13 employer's qualifying period which corresponds to the  
 14 respective quarter in which a stoppage of work due to a  
 15 strike existed, by the payroll or adjusted payroll for the  
 16 respective quarter immediately preceding such corresponding  
 17 quarter, and

18 (2) totaling the ratio thus obtained and dividing by  
 19 the number of such ratios.

20 EMPLOYER CLASSIFICATIONS:

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

1 Each employer shall be in the class listed below on the  
 2 same horizontal line on which his experience factor appears,  
 3 and each qualified employer shall pay the contribution rate  
 4 assigned to his class pursuant to the provisions of reserve  
 5 to total wages.

6 Employer's Experience Factor	7 Class
7 30-29	I
8 28-27	II
9 26-25	III
10 24-23	IV
11 22-21	V
12 20-19	VI
13 18-17	VII
14 16-15	VIII
15 14-13	IX
16 12-11	X
17 10-9	XI
18 8-7	XII
19 6- <del>4-10</del> 0	XIII
20 Age	XIV

21 RESERVE TO TOTAL WAGES -- CLASS RATES:

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



1 CLASS RATES

2 Reserve Percent	Class 1	Class 2	Class 3	Class 4	Class 5	Class 6	Class 7
3 of Total Wage	1	2	3	4	5	6	7
4 At least 2.50%	.5	.7	.9	1.1	1.3	1.5	1.7
5 2.25 to 2.49%	.7	.9	1.1	1.3	1.5	1.7	1.9
6 2.00 to 2.24%	.9	1.1	1.3	1.5	1.7	1.9	2.1
7 1.75 to 1.99%	1.1	1.3	1.5	1.7	1.9	2.1	2.3
8 1.50 to 1.74%	1.3	1.5	1.7	1.9	2.1	2.3	2.5
9 1.25 to 1.49%	1.5	1.7	1.9	2.1	2.3	2.5	2.7
10 <del>1.00 to 1.24%</del>	<del>1.7</del>	<del>1.9</del>	<del>2.1</del>	<del>2.3</del>	<del>2.5</del>	<del>2.7</del>	<del>2.9</del>
11 Less than 1.00%	3.1	3.1	3.1	3.1	3.1	3.1	3.1

12 Reserve Percent	Class 8	Class 9	Class 10	Class 11	Class 12	Class 13	Class 14
13 of Total Wage	8	9	10	11	12	13	14
14 At least 2.50%	1.9	2.1	2.3	2.5	2.7	2.9	3.1
15 2.25 to 2.49%	2.1	2.3	2.5	2.7	2.9	3.1	3.1
16 2.00 to 2.24%	2.3	2.5	2.7	2.9	3.1	3.1	3.1
17 1.75 to 1.99%	2.5	2.7	2.9	3.1	3.1	3.1	3.1
18 1.50 to 1.74%	2.7	2.9	3.1	3.1	3.1	3.1	3.1
19 1.25 to 1.49%	2.9	3.1	3.1	3.1	3.1	3.1	3.1
20 <del>1.00 to 1.24%</del>	<del>3.1</del>	<del>3.1</del>	<del>3.1</del>	<del>3.1</del>	<del>3.1</del>	<del>3.1</del>	<del>3.1</del>
21 Less than 1.00%	3.1	3.1	3.1	3.1	3.1	3.1	3.1

22 The division shall determine the experience factor rate  
 23 applicable to each employer for any calendar year subject to  
 24 the following limitations:

25 (1) Each employer's rate shall be three and one-tenth

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

14 (2) ~~The classified contribution rates for the calendar~~  
 15 ~~year 1969 and thereafter except as hereinafter provided~~  
 16 ~~shall be five-tenths of one per centum (1/2%) seven-tenths~~  
 17 ~~of one per centum (1/2%) nine-tenths of one per centum~~  
 18 ~~(1/2%), one and one-tenth per centum (1 1/10%), one and~~  
 19 ~~three-tenths per centum (1 3/10%), one and five-tenths per~~  
 20 ~~centum (1 5/10%), one and seven-tenths per centum (1 7/10%), one~~  
 21 ~~and nine-tenths per centum (1 9/10%), two and one-tenth per~~  
 22 ~~centum (2 1/10%), two and three-tenths per centum (2 3/10%), two~~  
 23 ~~and five-tenths per centum (2 5/10%), two and seven-tenths per~~  
 24 ~~centum (2 7/10%), two and nine-tenths per centum (2 9/10%) and~~  
 25 ~~three and one-tenth per centum (3 1/10%). At no time may the~~

1 ~~minimum classified contributions rate be less than .5% or~~  
2 ~~the maximum be greater than 3.1%, rates to be graduated at~~  
3 ~~two-tenth intervals, as shown on the class rate schedule.~~

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

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

17 (5) "Annual total payroll" means the total of the four  
18 (4) quarters of total payrolls of an employer preceding the  
19 computation date as fixed herein.

20 ~~(d) The provisions of this act requiring the payment~~  
21 ~~of contributions by employers subject to this act shall~~  
22 ~~apply only to wages paid up to and including three thousand~~  
23 ~~dollars (\$3,000) by an employer to an employee with respect~~  
24 ~~to employment during any calendar year preceding the year~~  
25 ~~1972. Payment of contributions shall apply only to wages~~

1 paid up to and including ~~four thousand two hundred dollars~~  
2 ~~(\$4,200) by an employer to an employee with respect to~~  
3 ~~employment during the calendar years 1972, 1973, 1974 and~~  
4 ~~the first calendar quarter of year 1975. For the second~~  
5 ~~calendar quarter of the calendar year 1975 and thereafter~~  
6 ~~the taxable wage base shall be established for each year~~  
7 ~~based upon the reserve per cent of total wages or the amount~~  
8 ~~of taxable wage base specified in the federal unemployment~~  
9 ~~tax act, whichever is higher. Effective January 1, 1978 and~~  
10 ~~thereafter the Federal Unemployment Tax Act provides that~~  
11 ~~contributions shall be paid on wages up to and including~~  
12 ~~\$6,000 per employee.~~

13 Reserve Percent	Taxable
14 of Total Wages	Wage Base
15 2.50% and above	\$4,200.00
16 2.25 to 2.49%	4,400.00
17 2.00 to 2.24%	4,600.00
18 Less than 2.00%	4,800.00

19 (e) Contribution appeals.

20 Any person aggrieved by any decision, determination, or  
21 redetermination of the division involving contribution  
22 liability, contribution rate, application for refund or the  
23 charging of benefit payments to employers making payment in  
24 lieu of contributions is entitled to a review by the  
25 division or its authorized representative, hereinafter

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

-End-