

1 H BILL NO. 402  
2 INTRODUCED BY Menchen  
3 BY REQUEST OF THE DEPARTMENT OF LABOR  
4  
5 A BILL FOR AN ACT ENTITLED: "AN ACT TO PROVIDE FOR  
6 COLLECTION OF DELINQUENT TAXES OWED BY CORPORATIONS  
7 DELINQUENT IN FILING THEIR ANNUAL CORPORATE REPORT; AMENDING  
8 SECTION 87-136, R.C.M. 1947."  
9  
10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:  
11 Section 1. Section 87-136, R.C.M. 1947, is amended to  
12 read as follows:  
13 "87-136. Collection -- reciprocity with other states  
14 in effecting collection of unpaid unemployment compensation  
15 taxes. (1) If, after due notice, any employer defaults in  
16 any payment of contributions or interest thereon, the amount  
17 due shall be collected by civil action in the name of the  
18 division, Montana department of labor and industry, and the  
19 employer adjudged in default shall pay the costs of such  
20 action. Civil actions brought under this section to collect  
21 contributions or interest thereon from an employer shall be  
22 heard by the court at the earliest possible date and shall  
23 be entitled to preference upon the calendar of the court  
24 over all other civil actions except petitions for judicial  
25 review under this act and cases arising under the ~~workmen's~~

1 ~~workers'~~ compensation law of this state. Action for the  
2 collection of contributions due shall be brought within ~~five~~  
3 ~~five~~ years after the due date of such contributions,  
4 otherwise to be barred as provided in section 93-2604.  
5 (2) The courts of this state shall recognize and  
6 enforce liabilities for unemployment contributions imposed  
7 by other states which extend a like comity to this state.  
8 The division, Montana department of labor and industry, is  
9 hereby empowered to sue in the courts of any other  
10 jurisdiction which extends such comity, to collect  
11 unemployment contributions and interest due this state. The  
12 officials of other states which by statute or otherwise  
13 extend a like comity to this state may sue in the courts of  
14 this state, to collect for such contributions and interest  
15 and penalties, if any, due such state; in any such case the  
16 administrator may through his attorney or attorneys  
17 institute and conduct such suit for such other state. Venue  
18 of such proceedings shall be the same as for actions to  
19 collect delinquent contributions, penalties and interest due  
20 under this act. A certificate by the secretary of any such  
21 state under the great seal of such state attesting the  
22 authority of such official or officials to collect  
23 unemployment compensation contributions, penalties and  
24 interest shall be conclusive evidence of such authority.  
25 (3) Any contractor, who is or becomes an employer

INTRODUCED BILL

1 under the provisions of this act, who contracts with any  
2 subcontractor, who also is or becomes an employer under the  
3 provisions of this act, shall withhold sufficient money on  
4 the contract to guarantee that all contributions, penalties,  
5 and interest are paid upon completion of the contract. It  
6 shall be the duty of any subcontractor who is or becomes an  
7 employer under the provisions of this act, to furnish the  
8 contractor with a certification issued by the employment  
9 security division, prior to final payment for the particular  
10 job, stating that said subcontractor is current and in full  
11 compliance with the provisions of this act. Failure to  
12 comply with the provisions of this section shall render the  
13 contractor directly liable for all contributions, penalties  
14 and interest due from the subcontractor on the particular  
15 job and the administrator has all of the remedies of  
16 collection against the contractor under the provisions of  
17 this act as though the services in question were performed  
18 directly for the contractor.

19 (4) When a corporation subject to Montana corporate  
20 law has failed to file the annual corporation report with  
21 the Montana secretary of state, as required by law, the  
22 division may hold the corporate officers jointly and  
23 severally liable for any contributions due for the period in  
24 which the corporation is delinquent in filing the annual  
25 corporation report. If the required annual corporation

1 report is made and filed after the time specified, the  
2 directors may not, on account of prior failure to make  
3 report, be held liable for the contributions thereafter  
4 accruing."

-End-

Approved by Committee  
on Taxation

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THIRD READING

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-End-

March 29, 1977

SENATE  
STANDING COMMITTEE REPORT  
Taxation Committee

That House Bill No. 402, third reading, be amended as follows:

1. Amend page 3, section 1, line 22.

Following: "division"

Strike: "may"

Insert: "shall"

Following: "the"

Strike: "corporate officers"

Insert: "president, vice president, secretary and treasurer"

2. Amend page 4, section 1, lines 1 and 2.

Following: "specified,"

Strike: "the directors"

Insert: "such officers"

## HOUSE BILL NO. 402

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19 (4) When a corporation subject to Montana corporate  
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 22 division may SHALL hold the corporate-officers PRESIDENT,  
 23 VICE PRESIDENT, SECRETARY AND TREASURER jointly, and  
 24 severally liable for any contributions due for the period in  
 25 which the corporation is delinquent in filing the annual

1 corporation report. If the required annual corporation  
 2 report is made and filed after the time specified, the  
 3 directors SUCH OFFICERS may not, on account of prior failure  
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