

SENATE BILL NO. 156

INTRODUCED BY STORY

BY REQUEST OF THE DEPARTMENT OF ADMINISTRATION

IN THE SENATE

January 18, 1979	Introduced and referred to Committee on State Administration.
January 19, 1979	Fiscal note requested.
January 24, 1979	Fiscal note returned.
February 14, 1979	Committee recommend bill do pass as amended. Report adopted.
February 15, 1979	Printed and placed on members' desks.
February 16, 1979	Statement of Intent distributed prior to second reading. Second reading, do pass.
February 17, 1979	Considered correctly engrossed.
February 19, 1979	Third reading, passed. Transmitted to second house.

IN THE HOUSE

February 20, 1979	Introduced and referred to Committee on State Administration.
March 8, 1979	Committee recommend bill be concurred in. Report adopted.
March 12, 1979	Second reading, concurred in.
March 15, 1979	Third reading, concurred in.

IN THE SENATE

March 16, 1979

Returned from second house.  
Concurred in. Sent to enrolling.

Reported correctly enrolled.

1 *Senators* BILL NO. *156*  
 2 INTRODUCED BY *Stony*  
 3 BY REQUEST OF THE DEPARTMENT OF ADMINISTRATION  
 4

5 A BILL FOR AN ACT ENTITLED: "AN ACT TO REVISE AND CLARIFY  
 6 THE PROCEDURE EMPLOYERS IN THE PUBLIC EMPLOYEES' RETIREMENT  
 7 SYSTEM MUST FOLLOW IN PROVIDING MONTHLY REPORTS AND MONTHLY  
 8 DEPOSITS OF CONTRIBUTIONS TO THE SYSTEM; TO PROVIDE A  
 9 PENALTY FOR LATE DEPOSITS; AND AMENDING SECTIONS 19-3-802  
 10 AND 19-3-804, MCA."  
 11

12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:  
 13 Section 1. Section 19-3-802, MCA, is amended to read:  
 14 "19-3-802. Payment of state contributions by state  
 15 agencies -- accompanying reports -- penalty. (1) No later  
 16 than the 10th day of each month, each department, board,  
 17 commission, bureau, or other agency of the state shall  
 18 certify to the state auditor and each agency of the state  
 19 which is not paid through the state central payroll system  
 20 shall remit to the public employees' retirement system all  
 21 contributions required of the unit each employer and its  
 22 employees under this chapter on the basis of compensation  
 23 paid during the previous month, including any contributions  
 24 payable with respect to members absent in the armed forces  
 25 of the United States. The state auditor shall thereupon draw

1 ~~a warrant upon the state treasurer for the contributions.~~  
 2 ~~The warrant shall be drawn to the credit of the retirement~~  
 3 ~~fund on the funds appropriated to the unit. These~~  
 4 ~~remittances shall be accompanied by such reports as the~~  
 5 ~~board requires.~~

6 ~~(2) The board may collect payments delinquent under~~  
 7 ~~subsection (1) with an interest penalty at the rate of 9% a~~  
 8 ~~year or \$10 a day, whichever is greater, from the~~  
 9 ~~appropriation account of the reporting agency by submission~~  
 10 ~~of a claim to the state treasurer. The board may, in its~~  
 11 ~~discretion, waive the interest penalty."~~

12 Section 2. Section 19-3-804, MCA, is amended to read:  
 13 "19-3-804. Payment of contributions by contracting  
 14 employer ~~-- accompanying reports -- penalty. Between the 1st~~  
 15 ~~and 20th (1) No later than the 10th day of each month, each~~  
 16 ~~contracting employer shall remit to the public employees'~~  
 17 ~~retirement system all contributions required of the employer~~  
 18 ~~and its employees under this chapter on the basis of~~  
 19 ~~compensation paid during the previous month. These~~  
 20 ~~remittances shall be accompanied by such reports as are~~  
 21 ~~required by rules of the board requires.~~

22 ~~(2) The board may collect payments delinquent under~~  
 23 ~~subsection (1) with an interest penalty at the rate of 9% a~~  
 24 ~~year or \$10 a day, whichever is greater. The board may, in~~  
 25 ~~its discretion, waive the interest penalty. The collection~~

1 may be made by either of the following means:

2 (a) by an action therefor in a court of competent  
3 jurisdiction against the employer;

4 (b) by deductions, at the request of the board, from  
5 any other money payable to the employer by any agency or  
6 fund of the state."

-End-

## STATE OF MONTANA

Request No. 47-79

## FISCAL NOTE

Form BD-15

In compliance with a written request received January 19, 1979, there is hereby submitted a Fiscal Note for Senate Bill 156 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:

Senate Bill 156 is an act clarifying present monthly statutory employer reporting and depositing procedures and defining penalties for noncompliance of these reporting procedures.

## ASSUMPTIONS:

1. The penalty will be assessed only to secure compliance, not as revenue.
2. Approximately 100 delinquent agencies out of 350 reporting would report currently due to the compliance penalty.
3. The current level interest loss averages \$100 per day on \$465,000 delinquent deposits using October, 1978, as a basis.

## FISCAL IMPACT:

## Interest earnings on delinquent accounts

Under current law	\$ -0-	\$ -0-
Under proposed law	<u>36,000</u>	<u>39,600</u>

Additional interest earnings under proposed law	<u>\$36,000</u>	<u>\$39,600</u>
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The additional revenue will be deposited into the P.E.R.S. agency account.

## COMMENTS:

Enactment of S.B. 156 will provide incentive for agencies to report and permit employees to receive their refunds and retirement benefits in a more expeditious manner.

*Richard L. Drury*  
 BUDGET DIRECTOR  
 Office of Budget and Program Planning  
 Date: 1/24/79

1                   STATEMENT OF INTENT RE: SB 156

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A statement of intent is included with this Bill because the Committee felt that there is a need to clarify the conditions under which an interest penalty may be waived. This pertains to Section 1, subsection (2) and Section 2, subsection (2), of Senate Bill No. 156.

1. When an agency or contracting employer requests a time extension upon a showing of good faith effort or because of circumstances beyond their control, the board will grant a reasonable extension of time without penalty.

Adopted by the SENATE COMMITTEE ON STATE ADMINISTRATION on February 14, 1979.

SB 156

Approved by Committee  
on State Administration

1 SENATE BILL NO. 156

2 INTRODUCED BY STORY

3 BY REQUEST OF THE DEPARTMENT OF ADMINISTRATION

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5 A BILL FOR AN ACT ENTITLED: "AN ACT TO REVISE AND CLARIFY  
6 THE PROCEDURE EMPLOYERS IN THE PUBLIC EMPLOYEES' RETIREMENT  
7 SYSTEM MUST FOLLOW IN PROVIDING MONTHLY REPORTS AND MONTHLY  
8 DEPOSITS OF CONTRIBUTIONS TO THE SYSTEM; TO PROVIDE A  
9 PENALTY FOR LATE DEPOSITS; AND AMENDING SECTIONS 19-3-802  
10 AND 19-3-804, MCA."

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

13 Section 1. Section 19-3-802, MCA, is amended to read:

14 "19-3-802. Payment of state contributions by state  
15 agencies -- accompanying reports -- penalty. (1) No later  
16 than the 10th 15TH day of each month OR 5 WORKING DAYS AFTER  
17 PAYROLL WARRANTS HAVE BEEN ISSUED FOR THE LAST NORMAL PAY  
18 PERIOD OF THE PREVIOUS MONTH, WHICHEVER IS LATER, each  
19 department, board, commission, bureau or other agency of  
20 the state shall certify to the state auditor and each agency  
21 of the state which is not paid through the state central  
22 payroll system shall remit to the public employees'  
23 retirement system all contributions required of the unit  
24 each employer and its employees under this chapter on the  
25 basis of compensation paid during the previous month;

1 including any contributions payable with respect to members  
2 absent in the armed forces of the United States. The state  
3 auditor shall thereupon draw a warrant upon the state  
4 treasurer for the contributions. The warrant shall be drawn  
5 to the credit of the retirement fund on the funds  
6 appropriated to the unit. These remittances shall be  
7 accompanied by such reports as the board requires.

8 (2) The board may collect payments delinquent under  
9 subsection (1) with an interest penalty at the rate of 9% a  
10 year or \$10 a day whichever is greater, from the  
11 appropriation account of the reporting agency by submission  
12 of a claim to the state treasurer. The board may, in its  
13 discretion, waive the interest penalty."

14 Section 2. Section 19-3-804, MCA, is amended to read:

15 "19-3-804. Payment of contributions by contracting  
16 employer -- accompanying reports -- penalty. Between the 1st  
17 and 20th (1) No later than the 10th 15TH day of each month,  
18 each contracting employer shall remit to the public  
19 employees' retirement system all contributions required of  
20 the employer and its employees under this chapter on the  
21 basis of compensation paid during the previous month. These  
22 remittances shall be accompanied by such reports as are  
23 required by rules of ARE REQUIRED BY RULES OF the board  
24 requires.

25 (2) The board may collect payments delinquent under

1 subsection (l) with an interest penalty at the rate of 2% a  
2 year or \$10 a day, whichever is greater. The board may, in  
3 its discretion, waive the interest penalty. The collection  
4 may be made by either of the following means:

5 (a) by an action therefor in a court of competent  
6 jurisdiction against the employer;

7 (b) by deductions, at the request of the board, from  
8 any other money payable to the employer by any agency or  
9 fund of the state."

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18 ~~PERIOD OF THE PREVIOUS MONTH, WHICHEVER IS LATER,~~ each  
19 ~~department, board, commission, bureau, or other agency of~~  
20 ~~the state shall certify to the state auditor and each agency~~  
21 ~~of the state which is not paid through the state central~~  
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23 ~~retirement system~~ all contributions required of the unit  
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25 basis of compensation paid during the previous month,

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