

SENATE BILL 372

IN THE SENATE

February 5, 1979	Introduced and referred to Committee on Labor and Employment Relations.
February 7, 1979	Fiscal note requested.
February 14, 1979	Fiscal note returned.
February 17, 1979	Committee recommend bill, do not pass.
February 19, 1979	Printed and placed members' desks.
February 20, 1979	Second reading, pass consideration. On motion, taken from second reading and rereferred to Committee on Finance and Claims.
March 14, 1979	Committee recommend bill, as amended.
March 15, 1979	Printed and placed on members' desks.
March 16, 1979	Second reading, do pass.
March 17, 1979	Considered correctly engrossed.
March 19, 1979	Third reading, passed.

IN THE HOUSE

March 20, 1979	Introduced and referred to Committee on Rules Rereferred to Committee on Appropriations.
April 9, 1979	Committee recommend bill, as amended
April 10, 1979	On motion, taken from second reading and referred to Committee on Rules.
April 18, 1979	On motion, taken from Committee on Rules and referred to second reading this day.

Second reading, pass consideration, as amended.

April 19, 1979

Second reading, as amended, not concurred.

IN THE SENATE

April 20, 1979

Returned from House, not concurred, as amended.

1 *Sen. Bill No. 372*
 2 INTRODUCED BY *Sen. R. Smith Nelson Tharion*
 3

4 A BILL FOR AN ACT ENTITLED: "AN ACT REQUIRING A GOVERNMENT
 5 EMPLOYER TO PAY THE SAME UNEMPLOYMENT CONTRIBUTION RATE AS A
 6 PRIVATE EMPLOYER THEREBY ELIMINATING THE SPECIAL
 7 CONTRIBUTIONS PLAN FOR GOVERNMENT EMPLOYERS; AMENDING
 8 SECTIONS 39-51-1103 AND 39-51-1106, MCA."
 9

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

11 Section 1. Section 39-51-1103, MCA, is amended to
 12 read:

13 "39-51-1103. Contributions by employers required --
 14 payments in lieu thereof authorized for certain employers.

15 (1) Contributions shall accrue and become payable by each
 16 employer for each calendar year in which he is subject to
 17 this chapter with respect to wages, as defined in
 18 39-51-201(19), paid for employment, as defined in this
 19 chapter, occurring during such calendar year.

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

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

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

4 (4) (a) Nonprofit organizations defined in section
 5 501(c)(3) of the federal Internal Revenue Code and which are
 6 exempt from tax under section 501(a) of such code may elect
 7 to make payments in lieu of contributions.

8 (b) A group of nonprofit organizations may elect, with
 9 the approval of the division, to act as a group in
 10 fulfilling the requirements of 39-51-1106(1) or of this
 11 chapter.

12 (5) The state and its political subdivisions,
 13 effective January 1, 1977, for the rate year as defined in
 14 39-51-1106(3), may elect to make payments in lieu of
 15 contributions ~~or pay under a special contributions plan~~
 16 ~~established for governmental entities only.~~"

17 Section 2. Section 39-51-1106, MCA, is amended to
 18 read:

19 "39-51-1106. Rates of contribution or amount of
 20 payment in lieu thereof due. (1) Each employer shall pay
 21 contributions at the rate of 3.1% of wages, as defined in
 22 39-51-201(19), paid by him with respect to such employment,
 23 except as provided in part 12 of this chapter.

24 (2) (a) Eligible employers electing to make payments
 25 in lieu of contributions shall pay into the fund an amount

1 equivalent to the full amount of regular benefits plus
 2 one-half of the amount of extended benefits paid to
 3 individuals based on wages paid by such employing unit.
 4 After December 31, 1978, governmental entities shall pay the
 5 full amount of extended benefits.

6 (b) If benefits paid an individual are based on wages
 7 paid by both such employer and one or more other employers,
 8 the amount payable by such employer to the fund shall bear
 9 the same ratio to total benefits paid to the individual as
 10 the base period wages paid to the individual by such
 11 employer bear to the total amount of base period wages paid
 12 to the individual by all his base period employers.

13 (c) If the base period wages of an individual include
 14 wages from more than one such employer, the amount to be
 15 paid into the fund with respect to the benefits paid to such
 16 individual shall be prorated among the liable employers in
 17 proportion to the wages paid to such individual by each such
 18 employer during the base period.

19 (d) The amount of payment required from such employers
 20 shall be ascertained by the division quarterly and shall
 21 become due and payable by such employer quarterly as
 22 directed in this chapter. Penalty and interest for
 23 delinquency shall be assessed such employers as specified in
 24 39-51-1301.

25 (e) 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 39-51-204(3)(c), 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) ~~(b)~~ Payments in lieu of contributions by the state
 10 and its political subdivisions shall be an amount equivalent
 11 to the amount of benefits paid to individuals based on wages
 12 paid by the state and its political subdivisions. The method
 13 of determining benefits attributable shall be the same as
 14 that set forth in subsection (2) of this section.

15 ~~(b)--Employing-units-covered-under-this--chapter--after~~
 16 ~~December-31-1974--shall--make--payments--equal--to--4%--of--total~~
 17 ~~wages--paid--employees--for--services--in--employment--during--the~~
 18 ~~entender--quarter.~~

19 ~~(c)--The--rates--shall--be--adjusted--annually--as--follows:~~
 20 ~~each--governmental--entity--shall--be--assigned--a--rate--based~~
 21 ~~upon:~~

22 ~~(i)--its--benefit--cost--experience--to--be--arrived--at--by~~
 23 ~~dividing--the--total--sum--of--benefits--charged--to--the--employer's~~
 24 ~~account--for--all--past--periods--which--are--completed~~
 25 ~~transactions--by--December-31--by--total--wages--from--date--of~~

1 subjectivity--of-the-employing-unit-through-December-31--and
2 (ii)--the--benefit--cost---for---all---past---years---of
3 governmental-entities-electing-to-pay-contributions-compared
4 with--total--payrolls--reported--for--all--past-years-by-these
5 governmental-entities-used-as-a-median--The-rates--shall--be
6 so--fixed--using--the-median-that-they-will--when-applied-to
7 the-total-annual-payroll-for-subject-governmental--entities
8 yield--total--paid--contributions-equating-approximately-the
9 total-benefit-costs
10 (d)--New--governmental--entities--electing--to--pay
11 contributions--shall--be--assigned--the--median--rate--for--the--year
12 in-which-they-become-subjects
13 (e)--At--no--time--may--the--minimum--rate--be--less--than--will
14 or--the--maximum--be--greater--than--is--5%--rates--to--be--graduated
15 at-one-tenth-intervals
16 (f)--The--computed--rate--shall--be--effective--July-1--of
17 each-year"

-End-

STATE OF MONTANA

REQUEST NO. 276-79

FISCAL NOTE

Form BD-15

In compliance with a written request received February 8, 1979, there is hereby submitted a Fiscal Note for Senate Bill 372 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 requiring a government employer to pay the same unemployment contribution rate as a private employer thereby eliminating the special contributions plan for government employers.

ASSUMPTIONS:

1. Under the proposed law, all government employers will pay the same contribution rate as a private employer.
2. Projections are based on HB 190 as introduced.
3. Average tax rates for government employers will be less than for private employers.
4. The revenue projected from the proposed legislation is for the Unemployment Insurance Trust Fund and any administrative costs will be borne by the Federal government.

FISCAL IMPACT:	<u>FY80</u>	<u>FY81</u>
Revenue Under Proposed Law	\$6,950,000	\$9,400,000
Revenue Under Current Law	4,000,000	3,950,000
Increased Revenue Under Proposed Law	<u>\$2,950,000</u>	<u>\$5,450,000</u>

The increased revenue will be collected from state and local governments. Data is not immediately available to indicate what portion will be collected from state government and from which funds (General, Earmarked Revenue, etc.) these monies will come.

LOCAL IMPACT:

Expenditures for unemployment insurance taxes will be increased approximately three-fold.

Richard L. Jung
BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 2/13/79

STATE OF MONTANA

Request No. 276-79
Revised
Form BD-15

FISCAL NOTE

In compliance with a written request received February 8, 1979, there is hereby submitted a Fiscal Note for Senate Bill 372 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.

This fiscal note revises the original note to assume that all government employers will elect to pay contributions under the option which will be of least cost based on their experience.

DESCRIPTION OF PROPOSED LEGISLATION:

An act requiring a government employer to pay the same unemployment contribution rate as a private employer thereby eliminating the special contributions plan for government employers.

ASSUMPTIONS:

1. Under the proposed law, all government employers will elect to pay contributions under the option which will be of least cost based on their experience.
2. Projections are based on HB 190 as amended on second reading.
3. Average tax rates for government employers will be less than for private employers.
4. The revenue projected for this legislation are for the Unemployment Insurance Trust Fund and any administrative costs will be borne by the Federal Government.

FISCAL IMPACT:

	<u>FY 1980</u>	<u>FY 1981</u>
Revenue under proposed law	\$4,750,000	\$5,450,000
Revenue under current law	<u>4,000,000</u>	<u>3,950,000</u>
Increased revenue under proposed law	<u>\$ 750,000</u>	<u>\$1,500,000</u>

The increased revenue will be collected from state and local governments. Data is not immediately available to indicate what portion will be collected from state government and from which funds (General, Earmarked Revenue, etc.) these monies will come.

LOCAL IMPACT:

Expenditures for unemployment insurance taxes will increase in an amount necessary to cover benefit costs under the elected coverage.

Richard L. Dwyer
BUDGET DIRECTOR
Office of Budget and Program Planning
Date: 2/20/79

Approved by Committee
on Finance & Claims

SENATE BILL NO. 372

INTRODUCED BY LOWE, R. SMITH, NELSON, THIESSEN

A BILL FOR AN ACT ENTITLED: "AN ACT REQUIRING A GOVERNMENT EMPLOYER TO PAY THE SAME UNEMPLOYMENT CONTRIBUTION RATE AS A PRIVATE EMPLOYER THEREBY ELIMINATING THE SPECIAL CONTRIBUTIONS PLAN FOR GOVERNMENT EMPLOYERS; AMENDING SECTIONS 39-51-1103 AND 39-51-1106, MCA; AND PROVIDING AN EFFECTIVE DATE."

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

Section 1. Section 39-51-1103, MCA, is amended to read:

"39-51-1103. Contributions by employers required -- payments in lieu thereof authorized for certain employers.

(1) Contributions shall accrue and become payable by each employer for each calendar year in which he is subject to this chapter with respect to wages, as defined in 39-51-201(19), paid for employment, as defined in this chapter, occurring during such calendar year.

(2) 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.

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

(4) (a) 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.

(b) A group of nonprofit organizations may elect, with the approval of the division, to act as a group in fulfilling the requirements of 39-51-1106(1) or of this chapter.

(5) The state and its political subdivisions, effective January 1, 1977, for the rate year as defined in 39-51-1106(3), may elect to make payments in lieu of ~~contributions or pay under a special contributions plan established for governmental entities only.~~

Section 2. Section 39-51-1106, MCA, is amended to read:

"39-51-1106. Rates of contribution or amount of payment in lieu thereof due. (1) Each employer shall pay contributions at the rate of 3.1% of wages, as defined in 39-51-201(19), paid by him with respect to such employment, except as provided in part 12 of this chapter.

(2) (a) Eligible employers electing to make payments

1 in lieu of contributions shall pay into the fund an amount
 2 equivalent to the full amount of regular benefits plus
 3 one-half of the amount of extended benefits paid to
 4 individuals based on wages paid by such employing unit.
 5 After December 31, 1978, governmental entities shall pay the
 6 full amount of extended benefits.

7 (b) If benefits paid an individual are based on wages
 8 paid by both such employer and one or more other employers
 9 the amount payable by such employer to the fund shall bear
 10 the same ratio to total benefits paid to the individual as
 11 the base period wages paid to the individual by such
 12 employer bear to the total amount of base period wages paid
 13 to the individual by all his base period employers.

14 (c) If the base period wages of an individual include
 15 wages from more than one 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.

20 (d) The amount of payment required from such employers
 21 shall be ascertained by the division quarterly and shall
 22 become due and payable by such employer quarterly as
 23 directed in this chapter. Penalty and interest for
 24 delinquency shall be assessed such employers as specified in
 25 39-51-1301.

1 (e) A nonprofit organization which elects to make
 2 payments in lieu of contributions into the unemployment
 3 compensation fund as provided in this subsection is not
 4 liable to make such payments with respect to the benefits
 5 paid to any individual whose base period wages include wages
 6 for previously uncovered services, as defined in
 7 39-51-204(3)(c), to the extent that the unemployment
 8 compensation fund is reimbursed for such benefits pursuant
 9 to section 121 of Public Law 94-566.

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

16 ~~(b) -- Employing units covered under this chapter after~~
 17 ~~December 31, 1974, shall make payments equal to 4% of total~~
 18 ~~wages paid employees for services in employment during the~~
 19 ~~calendar quarter.~~

20 ~~(c) -- The rates shall be adjusted annually as follows:~~
 21 ~~each governmental entity shall be assigned a rate based~~
 22 ~~upon:~~

23 ~~(1) -- its benefit cost experience to be arrived at by~~
 24 ~~dividing the total sum of benefits charged to the employer's~~
 25 ~~account for all past periods which are completed~~

1 transactions--by--December--31--by--total--wages--from--date--of
2 subjectivity--of--the--employing--unit--through--December--31--and
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12 contributions--shall--be--assigned--the--median--rate--for--the--year
13 in--which--they--become--subject

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

17 (f)--The--computed--rate--shall--be--effective--only--1--of
18 each--year

19 SECTION 3. EFFECTIVE DATE. THIS ACT SHALL BE
20 EFFECTIVE JANUARY 1, 1980.

-End-

1 *House* BILL NO. *372*
 2 INTRODUCED BY *Don R. Smith Nelson Thomas*
 3

4 A BILL FOR AN ACT ENTITLED: "AN ACT REQUIRING A GOVERNMENT
 5 EMPLOYER TO PAY THE SAME UNEMPLOYMENT CONTRIBUTION RATE AS A
 6 PRIVATE EMPLOYER THEREBY ELIMINATING THE SPECIAL
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 19 chapter, occurring during such calendar year.

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 23 shall not be deducted in whole or in part from the wages of
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1 part of a cent shall be disregarded unless it amounts to
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24 (2) (a) Eligible employers electing to make payments
 25 in lieu of contributions shall pay into the fund an amount

1 equivalent to the full amount of regular benefits plus
 2 one-half of the amount of extended benefits paid to
 3 individuals based on wages paid by such employing unit.
 4 After December 31, 1978, governmental entities shall pay the
 5 full amount of extended benefits.

6 (b) If benefits paid an individual are based on wages
 7 paid by both such employer and one or more other employers,
 8 the amount payable by such employer to the fund shall bear
 9 the same ratio to total benefits paid to the individual as
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13 (c) If the base period wages of an individual include
 14 wages from more than one such employer, the amount to be
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1 payments in lieu of contributions into the unemployment
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 6 39-51-204(3)(c), to the extent that the unemployment
 7 compensation fund is reimbursed for such benefits pursuant
 8 to section 121 of Public Law 94-566.

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 10 and its political subdivisions shall be an amount equivalent
 11 to the amount of benefits paid to individuals based on wages
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 13 of determining benefits attributable shall be the same as
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19 ~~(c) --The rates shall be adjusted annually as follows:~~
 20 ~~each governmental entity shall be assigned a rate based~~
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22 ~~(i) --its benefit cost experience to be arrived at by~~
 23 ~~dividing the total sum of benefits charged to the employer's~~
 24 ~~account for all past periods which are completed~~
 25 ~~transactions by December 31 by total wages from date of~~

1 ~~subjectivity of the employing unit through December 31 and~~
2 ~~(i) the benefit cost for all past years of~~
3 ~~governmental entities electing to pay contributions compared~~
4 ~~with total payrolls reported for all past years by these~~
5 ~~governmental entities used as a median. The rates shall be~~
6 ~~so fixed using the median that they will, when applied to~~
7 ~~the total annual payroll for subject governmental entities,~~
8 ~~yield total paid contributions equating approximately the~~
9 ~~total benefit costs.~~
10 ~~(d) New governmental entities electing to pay~~
11 ~~contributions shall be assigned the median rate for the year~~
12 ~~in which they become subjects.~~
13 ~~(e) At no time may the minimum rate be less than 1%~~
14 ~~or the maximum be greater than 15%; rates to be graduated~~
15 ~~at one-tenth intervals.~~
16 ~~(f) The computed rate shall be effective July 1 of~~
17 ~~each year.~~"

-End-

SB 372

SENATE BILL NO. 372

INTRODUCED BY LOWE, R. SMITH, NELSON, THIESSEN

A BILL FOR AN ACT ENTITLED: "AN ACT REQUIRING A GOVERNMENT EMPLOYER TO PAY THE SAME UNEMPLOYMENT CONTRIBUTION RATE AS A PRIVATE EMPLOYER THEREBY ELIMINATING THE SPECIAL CONTRIBUTIONS PLAN FOR GOVERNMENT EMPLOYERS; AMENDING SECTIONS 39-51-1103 AND 39-51-1106, MCA, AND PROVIDING AN EFFECTIVE DATE."

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(5) The state and its political subdivisions, effective January 1, 1977, for the rate year as defined in 39-51-1106(3), may elect to make payments in lieu of contributions or pay under special contributions plan established for governmental entities only.

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 25 ~~account--for--all--past--periods--which--are--completed~~

1 ~~transactions--by--December--31--by--total--wages--from--date--of~~
2 ~~subjectivity--of--the--employing--unit--through--December--31--and~~
3 ~~(ii)--the--benefit--cost--for--all--past--years--of~~
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6 ~~governmental--entities--used--as--a--median--The--rates--shall--be~~
7 ~~so--fixed--using--the--median--that--they--will--when--applied--to~~
8 ~~the--total--annual--payroll--for--subject--governmental--entities~~
9 ~~yield--total--paid--contributions--equating--approximately--the~~
10 ~~total--benefit--costs~~
11 ~~(d)--New--governmental--entities--electing--to--pay~~
12 ~~contributions--shall--be--assigned--the--median--rate--for--the--year~~
13 ~~in--which--they--become--subjects~~
14 ~~(e)--At--no--time--may--the--minimum--rate--be--less--than--.1%~~
15 ~~or--the--maximum--be--greater--than--2.5%--rates--to--be--graduated~~
16 ~~at--one--tenth--intervals~~
17 ~~(f)--The--computed--rate--shall--be--effective--July--1--of~~
18 ~~each--year~~"

19 SECTION 3. EFFECTIVE DATE. THIS ACT SHALL BE
20 EFFECTIVE JANUARY 1, 1980.

-End-

April 9, 1979

APPROPRIATIONS COMMITTEE AMENDMENTS TO SENATE BILL 372

Third reading copy, second printing, be amended as follows:

1. Title, line 7.

Following: "EMPLOYERS;"

Insert: "DISQUALIFYING EMPLOYEES OF EDUCATIONAL INSTITUTIONS FOR
BENEFITS DURING PERIODS BETWEEN REGULAR TERMS;"

2. Page 5.

Following: line 18

Insert: "SECTION 3. THERE IS A NEW MCA SECTION THAT READS:

Political subdivision tax levy to pay premiums. Notwithstanding any provisions of law to the contrary, all political subdivisions shall have authority to levy an annual property tax in the amount necessary to pay the premium for unemployment tax as herein authorized, even though as a result of such levy the maximum levy as otherwise restricted by law is exceeded thereby; provided that the revenues derived therefrom may not be used for any other purpose.

SECTION 4. THERE IS A NEW MCA SECTION THAT READS:

Nonpayment of benefits. Unemployment benefits based on service for an educational institution shall not be paid to an individual for any week of unemployment which begins during the period between 2 successive academic years or during a similar period between two regular terms, whether or not successive, if the individual has a contract to perform services in any capacity for the educational institution for both academic years or both terms."

Renumber: subsequent section.

AND AS AMENDED BE CONCURRED IN