

HOUSE BILL NO. 302

INTRODUCED BY BARDANOUE

BY REQUEST OF THE DEPARTMENT OF ADMINISTRATION

IN THE HOUSE

January 17, 1981	Introduced and referred to Committee on State Administration.
January 20, 1981	Fiscal note requested.
January 26, 1981	Fiscal note returned.
January 28, 1981	Committee recommend bill do pass as amended. Report adopted.
January 29, 1981	Statement of intent attached. Bill printed and placed on members' desks.
January 30, 1981	Second reading, pass consideration.
January 31, 1981	Second reading, do pass.
February 2, 1981	Correctly engrossed.
February 3, 1981	Third reading, passed. Transmitted to Senate.

IN THE SENATE

February 4, 1981	Introduced and referred to Committee on State Administration.
March 18, 1981	Committee recommend bill be concurred in. Report adopted.
March 20, 1981	Second reading, concurred in.
March 23, 1981	Third reading, concurred in. Ayes, 49; Noes, 0.

IN THE HOUSE

March 24, 1981

Returned from Senate. Con-  
curred in. Sent to enrolling.

Reported correctly enrolled.



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13 in 2-18-618. Payments from the plan may be made only from  
14 funds appropriated for that purpose. Until the plan is  
15 developed and implemented or if no funds are appropriated or  
16 if appropriated funds are insufficient to fully fund the  
17 plan, state employees may utilize sick leave provided for in  
18 2-18-618, including accrued sick leave.

19 Section 3. Saving clause. This act does not affect  
20 existing rights to sick leave under 2-18-618, including  
21 accrued sick leave; provided, however, that the department  
22 of administration may utilize the use of sick leave credits  
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24 sick-pay plan for state employees.

-End-

STATE OF MONTANA

REQUEST NO. 161-81

FISCAL NOTE

Form BD-15

In compliance with a written request received January 22, 19 81, there is hereby submitted a Fiscal Note for House Bill 302 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 authorize the Department of Administration to develop and administer a sick-pay plan for state employees." Specifically, the bill will authorize the State to pay sick pay "on account of illness" and to not represent the present plan as simply a continuation of wages. The latter characteristic precludes us from excluding sick pay (for illness of the employee) from the calculation of the FICA tax.

ASSUMPTIONS:

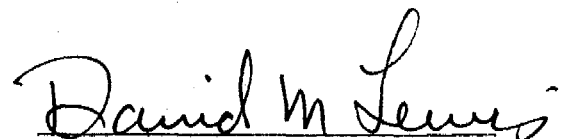
For approximately 11,000 employees on central payroll, taking an average of five (5) sick days per year, and averaging an expected \$65.00 per day in FY 1983, the savings to the State would be approximately \$222,000. The 11,000 employees would realize a similar savings in increased take-home pay. PERS estimates that there are approximately 28,000 public employees in the State. If the above assumptions are applied and all jurisdictions take advantage of the exclusion, the savings to the public jurisdiction would exceed \$500,000.

FISCAL IMPACT:

The fiscal impact of this bill is actually nil, but it should open the way for the State to take advantage of the exclusion of sick pay from FICA tax, which can result in significant savings to the State of approximately \$222,000 per year.

COMMENT:

The State of Montana will not be able to take advantage of the exclusion until the mechanism is in place to allow us to account for sick-pay (for illness). The new Payroll/Personnel/Position Control System will be in place by July 1, 1982.



BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 1-26-81

1 STATEMENT OF INTENT

2 HOUSE BILL 302

3 House State Administration Committee

4

5 The intent of House Bill 302 is to give the Department  
6 of Administration the authority to pay sick pay in  
7 accordance with the criteria established in 42 U.S.C. 409(b)  
8 or (d). This authority will allow the state of Montana and  
9 other political subdivisions to take advantage of the option  
10 to exclude payments of sick pay (for illness) from the  
11 Social Security (FICA) Tax.

Approved by Committee  
on State Administration

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A BILL FOR AN ACT ENTITLED: "AN ACT TO AUTHORIZE THE DEPARTMENT OF ADMINISTRATION TO DEVELOP AND ADMINISTER A SICK-PAY PLAN FOR STATE EMPLOYEES AND PERMITTING LOCAL GOVERNING BODIES TO ADMINISTER SIMILAR PLANS; AMENDING SECTION 2-18-601, MCA."

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

Section 1. Section 2-18-601, MCA, is amended to read:

"2-18-601. Definitions. For the purpose of this part, the following definitions apply:

(1) "Agency" means any legally constituted department, board, or commission of state, county, or city government or any political subdivision thereof.

(2) "Employee" means any person employed by an agency except elected state, county, and city officials, schoolteachers, and persons contracted as independent contractors or hired under personal services contracts.

(3) "Permanent employee" means an employee who is assigned to a position designated as permanent on the appropriate list of authorized positions referenced in 2-18-206 and approved as such in the biennium budget.

(4) "Part-time employee" means an employee who normally works less than 40 hours a week.

(5) "Full-time employee" means an employee who normally works 40 hours a week.

(6) "Temporary employee" means an employee assigned to a position designated as temporary on the appropriate agency list of authorized positions referenced in 2-18-206, created for a definite period of time not to exceed 9 months.

(7) "Seasonal employee" means an employee assigned to a position designated as seasonal on the appropriate agency list of authorized positions referenced in 2-18-206 and for which the agency has a permanent need but which is interrupted by the seasonal nature of the assignment.

(8) "Vacation leave" means a leave of absence with pay for the purpose of rest, relaxation, or personal business at the request of the employee and with the concurrence of the employer.

(9) "Sick leave" means a leave of absence with pay for a sickness suffered by an employee or his immediate family.

(10) "Sick-pay plan" means a plan that:  
(a) provides for an agency to make payments in lieu of wages to employees on account of sickness or accident disability; and

(b) meets the requirements of 42 U.S.C. 409(b) or (d).  
~~(10)~~ (11) "Transfer" means a change of employment from

1 one agency to another agency in the same jurisdiction  
2 without a break in service.

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