

House Bill 386

In The House

January 20, 1981	Introduced and referred to Committee on Business and Industry.
January 22, 1981	Fiscal note requested.
January 27, 1981	Fiscal note returned.
February 2, 1981	Committee recommend bill do not pass.

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HOUSE BILL NO. 386

INTRODUCED BY Patricia Richard Manning-----

A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING A TAX ON PREMIUMS PAID BY AN EMPLOYER UNDER COMPENSATION PLAN NO. 3 OF THE WORKERS' COMPENSATION ACT IN THE SAME MANNER AS OTHER INSURANCE PREMIUMS ARE TAXED."

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

Section 1. Tax on premiums paid under plan. (1) There is a tax imposed on all premiums paid to the division under compensation plan No. 3.

(2) At the time set by the division for the payment of the premiums under 39-71-2303, each employer shall pay to the division a tax equal to 2 3/4% of the amount of the premium.

(3) Money collected from the tax imposed by this section shall be deposited to the credit of the general fund.

Section 2. Codification instruction. This act is intended to be codified as an integral part of Title 39, chapter 71, and the provisions of Title 39, chapter 71, apply to this act.

-End-

INTRODUCED BILL
HB 386

STATE OF MONTANA

REQUEST NO. 191-81

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 386 pursuant to Title 5, Chapter 4, Part 2 of the Montana Code Annotated (MCA). 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

A proposal to levy a tax on premiums paid by an employer who carries industrial accident insurance with the State Compensation Insurance Fund.

Assumptions

1. The tax on premiums will have no effect on the level of earned premium.
2. "Premiums Paid" means earned premium.
3. Department of Administration would have staff available on timely basis to make computer changes as required.

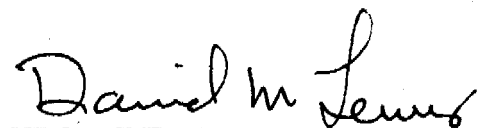
Fiscal Impact

State Fund Estimated Earned Premium	\$28,650,000	\$29,875,000
Premium Tax Imposed	<u>.0275</u>	<u>.0275</u>
Estimated Additional General Fund Revenue	\$ 787,875	\$ 821,562

Comment

As written, the proposed bill will create a financial and administrative burden in fiscal year 1982. If the tax is applied to each employer as proposed, the cost for computer programming and form changes would approach \$40,000. If the tax were to be remitted directly to the general fund at year end on the basis of total earned premium for the previous fiscal year, the administrative cost would be nil. In either case, the total deposited to the general fund would be comparable.

An additional \$40,000, one time, appropriation should be made to the department for the additional programming required to implement this bill.



BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 1-27-81