

HOUSE BILL NO. 302

INTRODUCED BY HARPER

BY REQUEST OF THE DEPARTMENT OF LABOR AND INDUSTRY

IN THE HOUSE

January 18, 1983	Introduced and referred to Committee on Labor and Employment Relations.
January 25, 1983	Committee recommend bill do pass. Report adopted. Bill printed and placed on members' desks.
January 27, 1983	Second reading, do pass.
January 28, 1983	Considered correctly engrossed.
January 29, 1983	Third reading, passed. Transmitted to Senate.

IN THE SENATE

January 31, 1983	Introduced and referred to Committee on Labor and Employment Relations.
March 15, 1983	Committee recommend bill be concurred in. Report adopted.
March 17, 1983	Second reading, concurred in.
March 19, 1983	Third reading, concurred in. Ayes, 49; Noes 1.

IN THE HOUSE

March 17, 1983	Returned to House.
March 21, 1983	Sent to enrolling. Reported correctly enrolled.

House BILL NO. *302*

INTRODUCED BY *Hayes*

BY REQUEST OF THE DEPARTMENT OF LABOR AND INDUSTRY

A BILL FOR AN ACT ENTITLED: "AN ACT AUTHORIZING THE DEPARTMENT OF LABOR AND INDUSTRY TO BORROW MONEY FROM THE FEDERAL UNEMPLOYMENT TRUST FUND AND PROVIDING FOR THE PAYMENT OF INTEREST ON THE BORROWED MONEY."

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

Section 1. Advances from federal unemployment trust fund. (1) The department is authorized to apply for advances on behalf of the state of Montana from its account in the federal unemployment trust fund and to accept responsibility for repayment of such advances in accordance with the conditions specified by congress.

(2) (a) The interest cost, if any, from such advances must be assessed against employers subject to experience rating. Interest cost may not be assessed against state or local government employees covered by 39-51-1212 or against nonprofit organizations making payments in lieu of contributions pursuant to 39-51-1124.

(b) An assessment must be made beginning with the calendar year following the calendar year in which it became necessary to apply for an advance from the federal

unemployment trust fund and after the interest charges on the advance have been determined. The rate will be determined by the department based upon the interest charges. This rate must be applied to the employer's taxable wages and be submitted in the same manner as regular contributions but as a separate payment.

(c) The amount received must be deposited in the unemployment insurance account and used to pay interest costs. Any surplus must be used to pay benefits. The department shall maintain separate records of deposits, obligations, and expenditures of all money collected pursuant to this section.

Section 2. Codification instruction. Section 1 is intended to be codified as an integral part of Title 39, chapter 51, and the provisions of Title 39, chapter 51, apply to section 1.

-End-

INTRODUCED BILL

HB 302

STATE OF MONTANA

REQUEST NO. 157-83

FISCAL NOTE

Form BD-15

In compliance with a written request received January 21, , 19 83 , there is hereby submitted a Fiscal Note for House Bill 302 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:

House Bill 302 authorizes the Department of Labor & Industry to borrow money from the federal unemployment trust fund and to assess employers a rate on taxable wages in order to pay for the interest on outstanding loans.

ASSUMPTIONS:

- 1) Assume interest assessed at 10% annual rate for calendar years 1983 and 1984.
- 2) Assume trust fund loans are assessed interest if loan is not repaid by November 9 of each year.
- 3) Assume outstanding loan of \$10M from February 83 to November 9, 1983. Assume outstanding loan of \$10M from November 9, 1983 to December 83 and \$22M from January 1, 1984 to November 9, 1984.
- 4) Assume taxable wages of \$2,220,968,000 for experience rated employers in CY84 and \$2,400,577,000 in CY85.
- 5) Assume 1st calendar quarter 84 assessment for interest will be collected in FY84.
- 6) Assume remaining 3 calendar quarters 84 (.03% assessment) and 1st calendar 85 (.08% assessment) for interest will be collected in FY85.

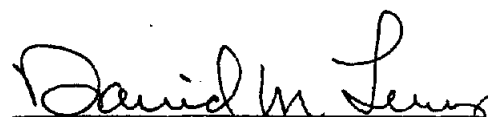
FISCAL IMPACT:*

	<u>FY84</u>	<u>FY85</u>
Collections	\$245,806	\$1,210,871
Interest Due	750,000	2,000,000
Cost to Trust Fund	<u>(504,194)</u>	<u>(789,129)</u>

The net effect of this bill is that the employer will pay the interest with the .03% assessment in 1984 and the .08% assessment in 1985.

*Note: Revenues don't match expenditures on a fiscal year basis because interest is due on FY basis and assessment is on calendar year basis.

FISCAL NOTE 6:N/1



BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 1-25-83

Approved by Committee
on Labor & Employment
Relations

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(b) An assessment must be made beginning with the
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pursuant to this section.

Section 2. Codification instruction. Section 1 is
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SECOND READING

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