

HOUSE BILL NO. 314

Introduced: 01/18/83

Referred to Committee on Labor & Employment Relations: 01/18/83

Hearing: 1/27/83

Report: 02/01/83, Do Not Pass

Bill Killed: 02/02/83

1 House BILL NO. 314
 2 INTRODUCED BY Baran
 3 BY REQUEST OF THE DEPARTMENT OF LABOR AND INDUSTRY
 4
 5 A BILL FOR AN ACT ENTITLED: "AN ACT TO INCREASE THE TAXABLE
 6 WAGE BASE AND DECREASE THE PERCENTAGE USED IN CALCULATING
 7 THE INDIVIDUAL BENEFIT ENTITLEMENT FOR PURPOSES OF
 8 UNEMPLOYMENT INSURANCE; AMENDING SECTIONS 39-51-1108 AND
 9 39-51-2201, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

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

12 Section 1. Section 39-51-1108, MCA, is amended to
 13 read:

14 "39-51-1108. Amount of wages per employee subject to
 15 contribution. ~~(1) Payment of contributions shall apply only~~
 16 ~~to wages paid up to and including \$4,200 by an employer to~~
 17 ~~an employee with respect to employment during the calendar~~
 18 ~~years 1972, 1973, 1974, and the first calendar quarter of~~
 19 ~~year 1975.~~

20 ~~(2) For the second calendar quarter of the calendar~~
 21 ~~year 1975 through the fourth calendar quarter of 1977, the~~
 22 ~~taxable wage base for each year is \$4,800.~~

23 ~~(3) Effective January 1, 1979, and thereafter the~~
 24 ~~taxable wage base for each year is \$6,000.~~

25 ~~(4) For the first calendar quarter of 1979 1982 and~~

1 thereafter, the taxable wage base for each year is the
 2 greater of:

3 ~~(1) 75% of the average annual wage as determined~~
 4 ~~under 39-51-2201(2)(1) (rounded to the nearest \$100 not to~~
 5 ~~exceed an increase of \$200 over the taxable wage base of the~~
 6 ~~preceding year) during the calendar year immediately~~
 7 ~~preceding the most recently completed calendar year; or~~

8 ~~(2) the amount of taxable wage base specified in~~
 9 ~~the Federal Unemployment Tax Act.~~

10 ~~(5) Notwithstanding subsection (4) the taxable wage~~
 11 ~~base for 1979 shall be \$7,400.~~

12 Section 2. Section 39-51-2201, MCA, is amended to
 13 read:

14 "39-51-2201. Weekly benefit amount -- determination of
 15 average weekly wage. ~~(1) Any individual whose benefit year~~
 16 ~~begins on or after July 1, 1971, shall receive as his weekly~~
 17 ~~benefit amount an amount equal to one twenty-sixth of his~~
 18 ~~total wages for insured work paid during the calendar~~
 19 ~~quarter of his base period in which his wages were highest.~~
 20 ~~Such weekly benefit amount, if not a multiple of \$1, shall~~
 21 ~~be rounded to the nearest multiple of \$1.~~

22 ~~(2)(1) On and after July 1, 1980 1982, an eligible~~
 23 ~~individual's weekly benefit amount shall be the total base~~
 24 ~~period wages divided by the number of weeks of covered~~
 25 ~~employment times 50% 45%. However, such amount shall not be~~

1 less than the minimum, or more than the maximum weekly
2 benefit amount.

3 ~~(2)~~ (2) On or before May 31 of each year, the total
4 wages paid by all employers as reported on contribution
5 reports submitted on or before such date for the preceding
6 calendar year shall be divided by the average monthly number
7 of individuals employed during the same preceding calendar
8 year as reported on such contribution reports. The amount
9 thus obtained shall be divided by 52 and the average weekly
10 wage, rounded to the nearest cent, thus determined. Sixty
11 percent of the average weekly wage shall constitute the
12 maximum weekly benefit amount and shall apply to all maximum
13 weekly benefit amount claims for benefits filed to establish
14 a benefit year commencing on or after July 1 of the same
15 year. Such maximum weekly benefit amount if not a multiple
16 of \$1, shall be computed to the nearest multiple of \$1.

17 ~~(3)~~ (3) The minimum weekly benefit amount shall be 15%
18 of the average weekly wage.

19 ~~(5) The department shall prepare and publish annually~~
20 ~~a benefit schedule in accordance with the provisions of this~~
21 ~~subsection."~~

22 NEW SECTION. Section 3. Effective date. This act is
23 effective on passage and approval.

-End-

STATE OF MONTANA

REQUEST NO. 163-83

FISCAL NOTE

Form BD-15

In compliance with a written request received January 22, , 19 83 , there is hereby submitted a Fiscal Note for House Bill 314 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 314 increases the taxable wage base, decreases the percentage used to calculate individual UI benefit entitlement.

ASSUMPTIONS:

- 1) Assume taxable wages under current law equal to 48% of CY84 total wages or \$1.826B in FY84 and 46% of CY85 total wages or \$1.9B in FY85 for current wage base of \$8,200 in CY83, \$8,400 in CY84 and \$8,600 in CY85.
- 2) Assume taxable wages under proposed law equal to 58% of CY84 total wages or \$2.114B in FY84 and 58% of CY85 total wages or \$2.289B in FY85 for proposed wage base of \$10,200 in CY83, \$11,000 in CY84 and \$11,800 in CY85.
- 3) Assume Schedule X or 3.1% average tax rate for the biennium under current and proposed law.
- 4) Since proposed tax base increase takes effect 1-1-83, assume additional \$3M in contributions under proposed law for 4th fiscal quarter 1983.
- 5) Assume interest earnings at 10% per year.
- 6) Assume decrease in benefits cost of 10% per year by reducing WBA calculation from 50% of claimant's AWW to 45% under proposed law.

FISCAL IMPACT:

Contributions		
Under Current Law	56,600,000	58,900,000
Under Proposed Law	65,550,000	70,950,000
Increased Revenue	<u>8,950,000</u>	<u>12,050,000</u>

Interest Earnings		
Under Current Law	-0-	-0-
Under Proposed Law	154,007	556,514
Increased Revenue	<u>154,007</u>	<u>556,514</u>

TOTAL INCREASE IN REVENUE	<u>9,104,007</u>	<u>12,606,514</u>
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Benefits		
Under Current Law	67,900,000	71,300,000
Under Proposed Law	60,950,000	61,100,000
Decreased Expenditures	<u>(6,950,000)</u>	<u>(7,200,000)</u>

Continued

BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 1-25-83

Net Effect		
Under Current Law	(11,300,000)	(12,400,000)
Under Proposed Law	4,754,007	7,406,514
UI Trust Fund Balance		
Under Current Law	(16,032,282)	(28,432,282)
Under Proposed Law	3,021,716	10,428,230

NOTE:

The intent of this bill is to raise revenues and cut expenditures in order to keep the Unemployment Insurance Trust Fund solvent.

FISCAL NOTE 6:R/2

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