

HOUSE BILL NO. 406

Introduced: 01/19/83

Referred to Committee on Labor & Employment Relations:  
01/19/83

Hearing: 2/1/83

Report: 02/08/82, Do Pass

2nd Reading: 02/10/83, Do Pass

3rd Reading: 02/12/83, Do Pass

Transmitted to Senate: 02/12/83

Referred to Committee on Labor & Employment Relations:  
02/12/83

Hearing: 3/17/83

Report: 03/25/83, Be Not Concurred In

Bill Killed: 03/25/83

1 *House* BILL NO. *406* *Schoett*  
 2 INTRODUCED BY *Smith - Terrill Jones* *Stobie*  
 3 *Underdale* BY REQUEST OF THE DEPARTMENT OF LABOR AND INDUSTRY *HARP*  
 4 *W/1/2m: Sept* *Threet*

5 A BILL FOR AN ACT ENTITLED: "AN ACT AUTHORIZING THE  
 6 WORKERS' COMPENSATION DIVISION TO COLLECT A PREMIUM FROM  
 7 INSURED EMPLOYERS TO PROVIDE ADDITIONAL FUNDING SOURCES FOR  
 8 THE UNINSURED EMPLOYERS' FUND; AMENDING SECTION 39-71-504,  
 9 MCA."

10

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

12 Section 1. Section 39-71-504, MCA, is amended to read:

13 "39-71-504. Funding of fund. The fund shall be funded  
 14 in the following manner:

15 (1) The division shall require that the uninsured  
 16 employer pay to the fund a penalty of either double the  
 17 premium amount the employer would have paid on the payroll  
 18 of the employer's workers in this state if the employer had  
 19 been enrolled with compensation plan No. 3 or \$200,  
 20 whichever is greater. In determining the premium amount for  
 21 the calculation of the penalty under this subsection, the  
 22 division shall make an assessment on how much premium would  
 23 have been paid on the employer's past 3-year payroll for  
 24 periods within the 3 years when the employer was uninsured.  
 25 An assessment for payroll paid by the uninsured employer for

1 any time prior to July 1, 1977, may not be made.

2 (2) The fund shall receive from an uninsured employer  
 3 an amount equal to all benefits paid or to be paid from the  
 4 fund to an injured employee of the uninsured employer.  
 5 However, the uninsured employer's liability under this  
 6 subsection may not exceed \$30,000.

7 (3) The division may determine that the \$1,000  
 8 assessments that are charged against an insurer in each case  
 9 of an industrial death under 39-71-902(1) shall be paid to  
 10 the uninsured employers' fund rather than the subsequent  
 11 injury fund.

12 ~~(4) (a) If funding sources provided in subsections (1)~~  
 13 ~~through (3) are inadequate, the division shall assess~~  
 14 ~~against and collect from every employer a premium to be~~  
 15 ~~calculated as a percentage of the gross wage paid to each~~  
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17 ~~(b) The division shall establish the procedure for~~  
 18 ~~collection of the premium, including a procedure whereby the~~  
 19 ~~obligation to collect such premiums and forward the same to~~  
 20 ~~the division is placed upon all insurers under plan No. 1,~~  
 21 ~~2, or 3.~~

22 ~~(c) The division in fixing the premium shall provide~~  
 23 ~~for the expenses of administering the fund, the~~  
 24 ~~disbursements on account of injuries and deaths of~~  
 25 ~~employees, an actuarially sound catastrophe reserve.~~

1 reserves actuarially determined to meet anticipated and  
2 unexpected losses, and such other reserves and surplus as  
3 may be determined by the division. The amounts of such  
4 reserves and surplus must be determined from time to time by  
5 the division to be adequate but not excessive for the  
6 purposes intended.

7 (d) The fund must be neither more nor less than  
8 self-supporting."

-End-

## STATE OF MONTANA

REQUEST NO. 195-83

## 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 406 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:

House Bill 406 authorizes the Workers' Compensation Division to collect a premium from insured employers to provide additional funding sources for the uninsured employers fund and amends Section 39-71-504, MCA.

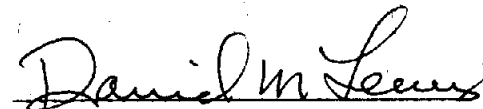
ASSUMPTIONS:

- 1) The average cost per uninsured employer's claim will be nearly the same as the average cost of a claim paid by the State Compensation Insurance Fund.
- 2) The Uninsured Employers Fund will accept 760 accidents per year.
- 3) All employers in the state, both public and private, will be subject to the assessment.
- 4) Other sources of revenue will continue at the current level.
- 5) Two fulltime investigators will be active.
- 6) The payroll base upon which assessments are made will increase 3% between FY 82 and 84 and 2% between FY 84 and 85.

FISCAL IMPACT:

	<u>FY 84</u>	<u>FY 85</u>
Revenue:		
Fines Collected	\$ 102,500	\$ 110,000
Benefits Recovered	125,000	130,000
Bad Debts Collected	51,000	51,000
Interest Earnings	17,000	17,000
Fatality Assessments	45,500	45,000
Increased Employer Payroll Assessments (1)	995,500	1,040,000
Total Revenue	<u>\$1,336,000</u>	<u>\$1,393,000</u>
Costs:		
Benefits	\$1,216,000	\$1,273,000
Administrative Expenses	120,000	120,000
Total Costs	<u>\$1,336,000</u>	<u>\$1,393,000</u>

- (1) Assessments made with authority given in House Bill 406.  
Other resources authorized in current law.

Continued


BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 1-26-83

LONG-RANGE EFFECT:

The costs are based on current estimates of probable uninsured accidents. Number and costs can vary. Subsequent years assessments have a good possibility of increasing.

FISCAL NOTE 8:D/1

HB 406

Approved by Committee  
on Labor & Employment  
Relations

1 *House* BILL NO. *406* *Schoff*  
2 INTRODUCED BY *Smith - Terrell Jones* *Stobie*  
3 *Underdahl* BY REQUEST OF THE DEPARTMENT OF LABOR AND INDUSTRY *HARP*  
4 *Williams Seybert* *Freest*  
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*W7/12/77* *Seast* *Therrell*

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THIRD READING



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