HOUSE BILL NO 284

.

INTRODUCED BY HARPER, DONALDSON, FULLER, QUILICI

BY REQUEST OF THE DEPARTMENT OF LABOR AND INDUSTRY

IN THE HOUSE

January 19, 1985	Introduced and referred to Committee on Business and Labor.
January 21, 1985	Fiscal Note requested.
January 25, 1985	Fiscal Note returned.
February 8, 1985	Committee recommend bill do pass as amended. Report adopted.
	Bill printed and placed on members' desks.
February 9, 1985	Second reading, do pass.
February 11, 1985	Considered correctly engrossed.
February 12, 1985	Third reading, passed.
	Transmitted to Senate.
IN TH	E SENATE
February 13, 1985	Introduced and referred to Committee on Labor and Employment Relations.
March 26, 1985	Committee recommend bill be concurred in. Report adopted.
March 28, 1985	Second reading, concurred in.
March 30, 1985	Third reading, concurred in. Ayes, 49; Noes, 0.
	Deturned to House

Returned to House.

IN THE HOUSE

March 30, 1985

...

Received from Senate.

Sent to enrolling.

Reported correctly enrolled.

49th Legislature

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HOUSE BILL NO. 284 1 Julle Julin 2 INTRODUCED BY BY REQUEST OF THE DEPARTMENT OF LABOR AND INDUSTRY З. 4 A BILL FOR AN ACT ENTITLED: "AN ACT MAKING THE UNEMPLOYMENT 5 6 TRUST FUND SOLVENT; INCREASING THE TAX ON EMPLOYERS; 7 CHANGING THE METHOD OF COMPUTING THE EXPERIENCE RATING: CHANGING BENEFIT AMOUNTS: PROVIDING FOR DISQUALIFICATION IF 8 9 AN EMPLOYEE LEAVES WORK WITHOUT GOOD CAUSE ATTRIBUTABLE TO 10 HIS EMPLOYMENT; AMENDING SECTIONS 39-51-1108, 39-51-1213, 39-51-1215. 39-51-1218. 39-51-2104, 39-51-2201, 11 AND 12 39-51-2302, MCA; PROVIDING THAT CERTAIN SECTIONS OF THE ACT RETROACTIVE: AND PROVIDING EFFECTIVE DATES AND A 13 ARE TERMINATION DATE." 14 15 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA: 16 NEW SECTION. Section 1. Surtax to 17 pay federal 18 advances. The department shall for each calendar year 19 determine the rate of a surtax to be charged during that year to all employers. The rate of the surtax must be based 20 on federal advances that will or have become due in that 21 22 calendar year. The surtax applies to each employer's total 23 wages paid during that calendar year. The surtax rate for any calendar year may not be more than 0.3% of total wages 24 paid during that calendar year. The surtax must be paid in 25

25

1 the same manner as regular contributions.

2 Section 2. Section 39-51-1108, MCA, is amended to 3 read:

"39-51-1108. Amount of wages per employee subject to
contribution. (1) Payment of contributions shall apply only
to wages paid up to and including \$47200 the amount
specified in this section by an employer to an employee with
respect to employment during-the-calendar-years-19727-19737
19747-and-the-first-calendar-quarter-of-year-1975.

10 (2)--For-the-second-calendar-quarter-of--the--calendar
11 year--1975--through-the-fourth-calendar-quarter-of-1977,-the
12 taxable-wage-base-for-each-year-is-\$4,800,

13 (3)--Effective-January--17--19707--and--thereafter--the 14 taxable-wage-base-for-each-year-is-\$67000.

15 (4)(2) For-the-first--calendar--quarter-of-1979-and 16 thereafter7-the <u>The</u> taxable wage base for each year is the 17 greater of:

18 (a)--75% 80% of the average annual wage as determined 19 under 39-51-2201(2) (rounded to the nearest \$100 not--to 20 exceed-an-increase-of-\$200-over-the-taxable-wage-base-of-the 21 preceding---year) during the calendar year immediately 22 preceding the most recently completed calendar year;, or

23 (b) the amount of taxable wage base specified in the24 Federal Unemployment Tax Act.

(5)--Notwithstanding--subsection--(4)--the-taxable-wage INTRODUCED BILL

1 base-for-1979-shall-be-\$77400-"

2 Section 3. Section 39-51-1213, MCA, is amended to 3 read:

4 "39-51-1213. Classification of employers for 5 experience rating purposes. (1) The department shall for 6 each calendar year classify employers in accordance with 7 their actual experience in the payment of contributions and 8 with respect to benefits charged against their accounts, with contribution rates reflecting benefit experience. Each 9 10 employer's rate for a calendar year shall be determined on 11 the basis of his record as of October 1 of the preceding 12 calendar year.

13 (2) In making the classification, each eligible and 14 deficit employer's contribution rate is determined in the 15 manner set forth below for-the-calendar-year-1980-and-for 16 each-calendar-year-thereafter:

(a) Each employer is given an "experience factor" 17 18 which is contributions paid since October 1, 1981, minus 19 benefits charged on each employer's account for--the--most 20 recent--3-fiscal-years-immediately-preceding-the-computation 21 date since October 1, 1981, divided by his average annual 22 taxable payroll rounded to the next lower dollar amount for 23 the same 3 fiscal years immediately preceding the 24 computation date. The computation of the "experience factor" 25 shall be to six decimal places.

(b) Schedules shall be prepared listing all eligible
 and deficit employers in inverse numerical order of their
 experience factors. There shall be listed on such schedules
 for each employer in addition to the experience factor:

5 (i) the amount of his taxable payroll for the fiscal 6 year ending on the computation date; and

7 (ii) the cumulative total consisting of the sum of the
8 employer's taxable payroll for the fiscal year ending on the
9 computation date and the corresponding taxable payrolls for
10 all other employers preceding him on the schedules.

11 (3) The cumulative taxable payroll amounts listed on 12 the schedules provided for in 39-51-1218 shall be segregated 13 into groups that will yield approximately the average tax 14 rate according to the tax schedule assigned for that particular taxable year. Each group shall be identified by 15 16 the rate class number listed in the table which represents 17 the percentage limits of each group. Each employer on the 18 schedules is assigned that contribution rate opposite his rate class for the tax schedule in effect for the taxable 19 20 year.

(4) (a) If the grouping of rate classes requires the
inclusion of exactly one-half of an employer's taxable
payroll, the employer is assigned the lower of the two rates
designated for the two classes in which the halves of his
taxable payroll are so required.

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1 (b) If the group of rate classes requires the 2 inclusion of a portion other than exactly one-half of an 3 employer's taxable payroll, the employer is assigned the 4 rate designated for the class in which the greater part of 5 his taxable payroll is so required.

6 (c) If one or more employers on the schedules have 7 experience factors identical to that of the last employer 8 included in a particular rate class, all such employers are 9 included in and assigned the contribution rate specified for 10 such class, notwithstanding the provisions of 39-51-1214.

11 (5) If the taxable payroll amount or the experience 12 factor or both such taxable payroll amount and experience factor of any eligible or deficit employer listed on the 13 14 schedules is changed, the employer is placed in that 15 position on the schedules which he would have occupied had 16 his taxable payroll amount or experience factor as changed 17 been used in determining his position in the first instance, but such change does not affect the position or rate 18 classification of any other employer listed on the schedules 19 and does not affect the rate determination for previous 20 21 years." Section 4. Section 39-51-1215, MCA, is amended to 22 23 read:

24 "39-51-1215. Maintenance of experience rating records.
25 An experience rating record shall be maintained for each

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employer. The record is credited with all 1 covered contributions which the covered employer has paid for--the 2 most---recent--3--fiscal--years--immediately--preceding--the 3 computation-date_-prior-to-the-cutoff-date since October 1, 4 1981. The record is also charged with the amount of benefits 5 paid which are chargeable to the covered employer's account 6 7 for-the-most-recent-3-fiscal-years-ending-September-30 since October 1, 1981. Nothing in this section grants any covered 8. employer or individual in his service a priority with 9 respect to any claim or right because of amounts paid by the 10 covered employer into the employment security fund." 11 Section 5. Section 39-51-1218, MCA, is amended to 12 13 read: 14 "39-51-1218. Rate schedules. 15 SCHEDULES OF CONTRIBUTION RATES -- Part I 16 Sched. Sched. Sched. Sched. 17 I II III IV 18 Minimum Ratio of 19 t-0145; t-0140; f=0130+

20 (.0270)(.0260) (.0245) (.0225) 21 Average Tax Rate ±-3 ±-5 ±-7 1-9 22 1.4 1.6 1.8 2.0 23 24 Rate Class Contribution Rates For Eligible Employers 25 1 0-28 0-3% 0-5% 0-7%

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1		0.0%	0.18	0.3%	0.5%
2	2	0. 4	0 76	0-8	±÷0
3		0.1	0.3	0.5	0.7
4	3	9.7	0 - 9	±÷∓	±÷3
5		0.3	0.5	0.7	0.9
6	4	±÷0	1 -2	±=4	1.6
7		0.5	0.7	0.9	1.1
8	5	1-3	1 -5	1.7	1.9
9		0.7	0.9	1.1	1.3
10	б	1 -6	±8	\$-0	2-5
11		0.9	1.1	1.3	1.5
12	7	1-9	÷÷∓	2 -3	275
13		<u>1.1</u>	1.3	1.5	1.7
14	8	1.3	1.5	1.7	<u>1.9</u>
15	9	1.5	1.7	<u>1.9</u>	2.1
16	<u>10</u>	1.7	1.9	2.1	2.3
17					
18		Contribution	Rates For	Unrated	Employers
19		5-78	5-38	2-5%	2-78
20				2.4%	
21	• • • • • • • • • • • • • • • • • • •				
22	Rate Class	Contribution	Rates For	Deficit 1	Employers
23	1	5-58	2-4%	2-6%	2-88
24		3.2%	3.4%	3.6%	3.8%
25	2	2 .4	2-6	2-8	∃ , 0

1				3.4	3.6	3.8	4.0
2	3			2-6	2-8	3-0	9- 2
3				3.6	3.8	4.0	4.2
4	4			2-8	∃ ∓θ	3 . 2	3-4
5				<u>3.8</u>	4.0	4.2	4.4
6	5			3. 0	3 -2	3-4	3-6
7				4.0	4.2	4.4	4.6
8	6			3-5	3-4	3+6	3 -8
9				4.2	4.4	4.6	4.8
10	7			4.4	4.6	4.8	5.0
11	<u>8</u>			4.6	4.8	5.0	<u>5.2</u>
12	<u>9</u>			4.8	5.0	5.2	5.4
13	<u>10</u>			6.4	6.4	6.4	<u>6.4</u>
14		SCHED	ULES OF C	CONTRIBUTI	ON RATES	Part I	I
15		Sched.	Sched.	Sched.	Sched.	Sched.	Sched.
16		v	VI	VII	VIII	IX	x
17		(-0120)	(:0110)	(.0095)	{. 0075}	(.0050)	()
18		(.0200)	(.0170)	(.0135)	(.0095)		
19		5-J	2 +3	2-5	2.7	2 .9	θτł
20		2.2	2.4	2.6	2.8	3.0	3.2
21	-						
22		Contr	ibution R	lates For	Eligible	Employers	
23		8-98	1-18	1-38	±-5%	1-74	±-9%
24		0.7%	0.9%	1.1%	1.38	1.5%	1.78
25		1-2	±-4	±-6	÷÷8	2-0	2-2

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1	0.9	1.1	1.3	1.5	<u>1.7</u>	1.9
2	±-5	±=7	1-9	2 -1	2+3	2-5
3	1.1	<u>1.3</u>	1.5	<u>1.7</u>	1.9	2.1
4	±-0	5-0	2-2	2-4	2-6	2.0
5	1.3	<u>1.5</u>	1.7	<u>1.9</u>	2.1	2.3
6	2-1	2-3	2-5	2.7	2-9] -1
7	1.5	<u>1.7</u>	<u>1.9</u>	2.1	2.3	2.5
8	274	2-6	2 -8	∃ ∓0	3-5	3-4
9	<u>1.7</u>	1.9	2.1	2.3	2.5	2.7
10	2-7	2-9	3 .1	3 +3	3-5	3-7
11	<u>1.9</u>	2.1	2.3	2.5	2.7	2.9
12	2.1	2.3	2.5	<u>2.7</u>	2.9	<u>3.1</u>
13	2.3	2.5	2.7	2.9	<u>3.1</u>	<u>3.3</u>
14	2.5	2.7	2.9	<u>3.1</u>	<u>3.3</u>	<u>3.5</u>
15	 					
16	Contri	ibution Ra	ates For Q	Unrated En	nployers	
17	2-9%	3-18	3 -3 %	3-2%	3-7%	3-9%
18	2.8%	3.0%	3.2%	3.4%	3.6%	3.8%
19	 					
20	Contri	ibution Ra	ites For D	Deficit Em	ployers	
21	3-0%	3-58	3 -4%	∃ -6%	3 +8%	4-08
22	4.0%	4.2%	4.48	4.6%	4.8%	5.08
23	3-2	3-4	3. 6	3 -8	4-9	4-2
24	4.2	4.4	4.6	4.8	5.0	5.2
25	3-4	3-6	3 ÷8	4-9	4-2	4:4

	4.4	4.6	4.8	<u>5.0</u>	5.2	5.4
	3 .6	3+8	40	472	4-4	4-4
	4.6	4.8	5.0	<u>5.2</u>	5.4	5.6
	3-8	4-0	4-2	4-4	4-4	4-4
	4.8	<u>5.0</u>	5.2	5.4	5.6	5.8
	4-0	4-2	4-4	4-4	4-4	4-4
	4 -0 <u>5.0</u>	4 .2 5.2	4-4 5.4	4-4 5.6	4-4 5.8	4-4 <u>6.0</u>
	<u>5.0</u>	<u>5.2</u>	5.4	5.6	5.8	<u>6.0</u>
1	<u>5.0</u> 5.2	<u>5.2</u> 5.4	<u>5.4</u> 5.6	5.6 5.8	<u>5.8</u> 6.0	<u>6.0</u>

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12 Section 6. Section 39-51-2104, MCA, is amended to 13 read:

14 "39-51-2104. General benefit eligibility conditions.
15 An unemployed individual is eligible to receive benefits for
16 any week of total unemployment within his benefit year only
17 if the department finds that:

(1) he has registered for work at and thereafter has 18 19 continued to report at an employment office in accordance with such regulation as the department may prescribe, except 20 that the department may, by regulation, prescribe that in 21 cases in which it finds such requirements oppressive or 22 inconsistent with the purposes of this chapter, 23 an 24 unemployed individual may register and report for work by mail or through other governmental agencies; 25

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(2) he has made a claim for benefits in accordance
 with the provisions of 39-51-2401;

3 (3) he is able to work and is available for work and 4 is seeking work; provided, however, that no claimant is considered ineligible in any week of unemployment for 5 6 failure to comply with the provisions of this subsection if 7 such failure is due to an illness or disability which occurs 8 after he has registered for work and no suitable work has 9 been offered to such claimant after the beginning of such 10 illness or disability;

11 (4) prior to any the first week for which he elaims is 12 paid benefits he has been totally unemployed for a waiting 13 period of 1 week. However--if--claimant-s--benefit--vear 14 expires --- during --- a -- period -- of -- compensable -- unemployment; 15 claimant-will-continue-to-receive-weekly-benefits-in--a--new benefit-yeary-if-otherwise-eligibley-without-interruption-to 16 17 serve--the--waiting--week--for-the-new-benefit-year-but-will 18 thereafter-be-required-to-~serve--the--waiting--week--before 19 receiving-benefits-during-subsequent-unemployment-in-the-new 20 benefit--year- No week is counted as a week of total 21 unemployment for the purposes of this subsection:

(a) if benefits have been paid with respect thereto;
(b) unless the individual was eligible for benefits
with respect thereto;

25

l claimant;

2 (d) unless it occurs after benefits first could become3 payable to any individual under this chapter."

4 Section 7. Section 39-51-2201, MCA, is amended to 5 read:

6 "39-51-2201. Weekly benefit amount -- determination of average weekly wage. (1) An For claims filed before July 7, 7 1985, an eligible individual's weekly benefit amount shall 8 be the total base period wages divided by the number of 9 weeks of covered employment times 50%. The weekly benefit 10 amount, if not a multiple of \$1, must be rounded to the 11 nearest lower full dollar amount. However, such amount shall 12 not be less than the minimum or more than the maximum weekly 13 benefit amount. For claims effective July 7, 1985, and 14 after, an individual's weekly benefit amount shall be the 15 total base period wages divided by the number of weeks of 16 17 covered employment times 49%. The weekly benefit amount, if not a multiple of \$1, must be rounded to the nearest lower 18 full dollar amount. However, such amount shall not be less 19 than the minimum or more than the maximum weekly benefit 20 21 amount. (2) On or before May 31 of each year, the total wages 22 paid by all employers as reported on contribution reports 23 submitted on or before such date for the preceding calendar 24 year shall be divided by the average monthly number of 25

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(c) unless it occurs within the benefit year of the

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1	individuals employed during the same preceding calendar year
2	as reported on such contribution reports. The amount thus
3	obtained shall be divided by 52 and the average weekly wage,
4	rounded to the nearest cent, thus determined. Sixty percent
5	of the average weekly wage shall constitute the maximum
б	weekly benefit amount and shall apply to all maximum weekly
7	benefit amount claims for benefits filed to establish a
8	benefit year commencing on or after July 1 of the same year,
9	except that the maximum weekly benefit amount for benefit
10	years commencing on or after July 1, 1984, through January
11	3, 1987, is the amount calculated under this subsection
12	after January 1, 1984, and on or before May 31, 1984. Such
13	maximum weekly benefit amount, if not a multiple of \$1,
14	shall be computed to the nearest lower full dollar amount.
15	(3) The minimum weekly benefit amount shall be 15% of
16	the average weekly wage. The minimum weekly benefit amount,
17	if not a multiple of \$1, shall be computed to the nearest
18	lower full dollar amount."

19 Section 8. Section 39-51-2302, MCA, is amended to 20 read:

21 "39-51-2302. Disqualification for leaving work without 22 good cause. (1) An individual shall be disqualified for 23 benefits if he has left work without good cause <u>attributable</u> 24 <u>to his employment</u>.

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injury not associated with misconduct or left his employment 2 upon the advice of a licensed and practicing physician and, 3 after recovering from his illness or injury when recovery is 4 certified by a licensed and practicing physician, 5 he 6 returned to his employer and offered his service and his 7 regular or comparable suitable work was not available, if so found by the department, provided he is otherwise eligible. 8 9 (3) To requalify for benefits, an individual must perform services other than self-employment for which 10 remuneration is received equal to or in excess of six times 11 12 his weekly benefit amount subsequent to the week in which the act causing the disqualification occurred unless he has 13 been in regular attendance at an educational institution 14 accredited by the state of Montana for at least 3 15 consecutive months from the date of his enrollment." 16

that he left his employment because of personal illness or

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17 <u>NEW SECTION.</u> Section 9. Extension of authority. Any
18 existing authority of the department of labor and industry
19 to make rules on the subject of the provisions of this act
20 is extended to the provisions of this act.

<u>NEW SECTION.</u> Section 10. 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.

25 NEW SECTION. Section 11. Applicability. Sections 1

(2) He may not be disgualified if the department finds

through 5 apply retroactively, within the meaning of
 1-2-109, to January 1, 1985.

3 <u>NEW SECTION.</u> Section 12. Effective dates --

4 termination. (1) Sections 1 through 5, 9, 11, and this

5 section are effective on passage and approval.

6 (2) Sections 6 through 8 are effective July 1, 1985.

7 (3) Section 1 terminates on July 1, 1987.

-End-

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STATE OF MONTANA

FISCAL NOTE

REQUEST NO. FNN 144-85

Form BD-15

In compliance with a written request received <u>January 21</u>, 19<u>85</u>, there is hereby submitted a Fiscal Note for <u>H.B. 284</u> 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:

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This proposal generally revises the unemployment compensation laws to make the unemployment trust fund solvent. Changes are proposed in the taxable wage base, employer contributions, and benefits.

ASSUMPTIONS:

Assumptions are itemized for each section that would be amended under this proposal. Please refer to aitachments for specific assumptions associated with each section to be amended.

FISCAL IMPACT ON STATE SPECIAL REVENUES:

	<u>FY 86</u>	<u>FY 87</u>
Contributions Current Law	\$ 62,200,000	\$ 65,100,000
Contributions	87,000,000	82,600,000
Proposed Law Net Change	+ 24,800,000	\$ + 20,500,000
Benefits Current Law	\$ 67,000,000	\$ 73,000,000
Benefits Proposed Law	61,100,000	67,500,000
Net Change	\$ - 5,900,000	\$ - 5,500,000

BUDGET DIRECTOR Office of Budget and Program Planning

JAN 25 Date:

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CONTRIBUTIONS (current law)

Assumptions:

- 1. Total wages are estimated to be \$3.4 B, \$3.7 B and \$4.0 B for C.Y.s 1985, 1986 and 1987 respectively.
- 2. The Ratio of Taxable Wages to Total Wages $\frac{TxW}{ToW}$ will be .49, .47, and .45 for C.Y.s 1985, 1986 and 1987 respectively.
- 3. The Average Tax Rate applied for Total Taxable Wages will be 3.1% for each calendar year named above.
- Other miscellaneous collections are deposited into the Trust Fund. These include: 1) Contributions from state and local government entities,
 2) Benefit reimbursements from private non-profit employers, 3) Benefit reimbursements from other states, 4) Penalty and interest on delinquent contributions, and 5) U.S. Treasury interest on the Trust Fund.

These miscellaneous collections are estimated to be \$9,570,000, \$10,370,000 and \$11,170,000 for C.Y.s 1985, 1986 and 1987 respectively and will be equally distributed over four quarters.

5. The percent distribution of contributions due by quarter for any calendar year are as follows: 1st Qtr = .385, 2nd Qtr = .279, 3rd Qtr = .196 and 4th Qtr = .14.

However, contributions will be collected the following quarter, so the percent distribution of actual collections is as follows: lst Qtr = .14, 2nd Qtr = .385, 3rd Qtr = .279, and 4th Qtr = .196.

Then, the percent distribution of collections by quarter for any fiscal year will be as follows: 1st Qtr = .279, 2nd Qtr - .196, 3rd Qtr - .14, and 4th Qtr = .385.

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CONTRIBUTIONS (current law)

Derivation of Estimates of Contributions (current law)

- 1. \$3.4 B (Tot.Wages) x .49 $\frac{TxW}{ToW}$ = \$1.66 B (Taxable Wages) CY 1985 \$3.7 B (Tot.Wages) x .47 $\frac{TxW}{ToW}$ = \$1.74 B (Taxable Wages) CY 1986 \$4.0 B (Tot.Wages) x .45 $\frac{TxW}{ToW}$ = \$1.80 B (Taxable Wages) CY 1987
- 2. \$1.66 B (Taxable Wages) x .031(Avg.Tax Rate)= \$51.5 M (Contributions due)CY 1985 \$1.74 B (Taxable Wages) x .031(Avg.Tax Rate)= \$53.9 M (Contributions due)CY 1986 \$1.80 B (Taxable Wages) x .031(Avg.Tax Rate)= \$55.8 M(Contributions due)CY 1987
- 3. \$51.5 M (Contributions due) + \$9.6 M (Misc.collections) = \$61.1 M (Tot.Collections) CY1985 \$53.9 M (Contributions due) + \$10.4 M (Misc.collections) = \$64.3 M (Tot.Collections) CY 1986 \$55.8 M (Contributions due) + \$11.2 M (Misc.collections) = \$67.0 M (Tot.Collections) CY 1987

4. Convert to Fiscal Year Collections

5.

Collections Due C.Y. 1985	Collections Due C.Y. 1986	Collections Due C.Y. 1987
lst Qtr = \$22.2 M	\$23.3 M	\$24.2 M
2nd Qtr = \$16.8 M	\$17.6 M	\$18.4 M
3rd Qtr = \$12.5 M	\$13.2 M	\$13.7 M
4th Qtr = \$9.6 M	\$10.1 M	\$10.6 M
Actual Collections F.Y. 1986	Actual Collections F.Y. 1987	
1st Qtr = \$16.8 M	\$17.6 M	
2nd Qtr = \$12.5 M	\$13.2 M	
3rd Qtr = \$9.6 M	\$10.1 M	
4th Qtr = \$23.3 M	\$24.2 M	
Total = \$62.2 M	\$65.1 M	

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BENEFITS (current law)

Assumptions:

1. It is estimated the Average Weekly Claims (AWC) for benefits will be 11,250 and 11,600 for F.Y.s 1986 and 1987 respectively.

Of these, approximately 85% will actually be paid benefits.

- 2. It is estimated the Average Weekly Benefit Amount (AWBA) will be \$134 and \$142 for F.Y.s 1986 and 1987 respectively.
- 3. There will be no Extended Benefit Periods during F.Y.s 1986 and 1987.

Derivation of Estimates:

11,300 (AWC) x .85 x \$134 (AWBA) x 52 weeks = $\frac{67M}{\text{Total Benefits}}$ FY 1986 11,600 (AWC) x .85 x \$142 (AWBA) x 52 weeks = $\frac{73M}{\text{Total Benefits}}$ FY 1987

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Surtax to Pay Federal Advances

(Proposal)

New Section

Assumptions

- 1. It is estimated that \$8.5 M is needed to repay the federal loan.
- 2. The surtax will be applied to an estimated \$3.4 B total wages, therefore the surtax will be .25%.

Derivation of Estimates

\$3.4 B X .25% estimated rate = \$8.5 M (Begin collection on passage)

HB 284 Request No. FNN 144-85

Taxable Wage Base = 80% of Average Annual Wage

(Proposed Law)

Section 39-51-1108

Assumptions

- 1. There will be total experience rated wages of \$3.4 B, \$3.7 B and \$4.0 B for calendar years 1985, 1986 and 1987 respectively.
- 2. The ratio of taxable wages to total wages will be .60 for calendar years 1985, 1986 and 1987.
- 3. The average tax rate applied to total taxable wages will be 3.1% for calendar years 1985, 1986 and 1987. (This includes 0.1% Job Service Assessment)
- 4. Under current law, contributions due for CYs 1985, 1986 and 1987 are estimated to be \$51.5 M, \$53.8 M, and \$55.7 M respectively.

Derivation of Estimates

- CY 1985 \$3.4 B X .6 X 3.1 = \$63.2 M Contributions Due
- CY 1986 \$3.7 B X .6 X 3.1 = \$68.8 M Contributions Due
- CY 1987 \$4.0 X .6 X 3.1 = \$74.4 M Contributions Due

Collections due are distributed quarterly when collected, then converted to Fiscal Year. The net result is an increase in collections of \$12.1 M and \$13.1 M for FYs 1986 and 1987 respectively.

HB 284 Request No. FNN 144-85 Page 7

Changes in the method of computing the experience rate for employers

Proposed Law

Section 39-51-1213 and 39-51-1215

There would be no significant affect on expenditures and revenues for the biennium under this proposal.

Required waiting week on Transitional Claims

Proposed Law

Section 39-51-2104

There will be no significant affect on expenditures or revenues during the biennium under this proposal.

Page 8

Increase in The Average Tax Rate

(Proposed Law)

Section 39-51-1218

Assumptions

- 1. There will be total experience rated wages of \$3.4.B, \$3.7 B and \$4.0 B for calendar years 1985, 1986 and 1987.
- 2. The ratio of taxable wages to total wages $\left(\frac{T \times W}{T \circ W}\right)$ will be .60 for calendar years 1985, 1986 and 1987.
- 3. The increase in the average tax rate is 0.2% for calendar year 1985, 1986 and 1987.

Derivation of Estimates

CY 1985 \$3.4 B X 60% X 0.2% = \$4.08 M (additional collections)

CY 1986 \$3.7 B X 60% X 0.2% = \$4.44 M (additional collections)

CY 1987 \$4.0 B X 60% X 0.2% = \$4.80 M (additional collections)

FY 1986 Collections compute to \$4.2 M

FY 1987 Collections compute to \$4.4 M

Collections are distributed quarterly when collected, then converted to fiscal year.

HB 284 Request No. FNN 144-85 ' Page 9

Freeze Maximum Benefit Amount

(Proposed Law)

Section 39-51-2201

Assumptions

- 1. Under proposed law the maximum weekly benefit amount (MWBA) will remain at \$171 for the period July 1, 1985 to January 3, 1987. Therefore, the (MWBA) is expected to be reduced by \$12 in FY 1986 and \$24 for half of FY 1987.
- 2. It is estimated that 14,000 claimants will have their benefit amount reduced by an average of \$11.50/wk for an average of 13 weeks in FY 1986.

It is estimated that 5,000 claimants will have their benefit amount reduced by an average of \$23/wk for an average of 13 weeks in the first half of FY 1987.

Derivation of Estimates

14,000 (claimants) X 11.50 (reduction) X 13 weeks = \$2.1 M (FY 1986)

5,000 (claimants) X \$23 (reduction) X 13 weeks = \$1.5 M (FY 1987)

Page 10

(Proposed Law)

Section 39-51-2302

Assumptions

- 1. The number of individuals considered for disqualification under voluntary quit for FY 1986 and FY 1987 will be 8,000 and 7,500 respectively.
- 2. Of those considered for disqualification, 1,600 more will be disqualified in FY 1986 and 1,500 more will be disqualified in FY 1987 than under current law.
- 3. 10% of those individuals disqualified requalify for and receive benefits. Therefore, 1,600 x 90% not qualifying or 1,440 and 1,500 x 90% not qualifying or 1,350 more claimants would be disqualified in Fiscal Years 1986 and 1987 respectively.
- 4. The expected average weekly benefit amount (AWBA) is \$134 and \$142 for FYs 1986 and 1987 respectively.
- 5. The expected average duration is 13 weeks.

Derivation of Estimates

1,440 (claimants) x \$134 (AWBA) x 13 (weeks) = \$2.5M FY 1986

1,350 (claimants) x \$142 (AWBA) x 13 (weeks) = \$2.5M FY 1987

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.

Reducing Weekly Benefit Amount

(Proposed Law)

Section 39-51-2401

Assumptions

- 1. Estimated total benefits paid under current law will be \$67.0 M and \$73.0 M for FY 1986 and FY 1987 respectively.
- 2. Each individuals benefit amount will be reduced by 2% under the new provision. Therefore, all benefits will be reduced by 2%.

Derivation of Estimates

\$67.0 M (Total Benefits) X .02 (2% reduction) = \$1.3 M savings FY 1986 -

\$73.0 M (Total Benefits) X .02 (2% reduction) = \$1.5 M savings FY 1987

49th Legislature

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HB 0284/02

APPROVED BY COMM. ON BUSINESS AND LABOR

1	HOUSE BILL NO. 284
2	INTRODUCED BY HARPER, DONALDSON, FULLER, QUILICI
3	BY REQUEST OF THE DEPARTMENT OF LABOR AND INDUSTRY
4	
5	A BILL FOR AN ACT ENTITLED: "AN ACT MAKING THE UNEMPLOYMENT
6	TRUST FUND SOLVENT; INCREASING THE TAX ON EMPLOYERS;
7	CHANGING THE METHOD OF COMPUTING THE EXPERIENCE RATING;
B	CHANGING BENEFIT AMOUNTS; PROVIDING FOR DISQUALIFICATION IF
5	AN EMPLOYEE LEAVES WORK WITHOUT GOOD CAUSE ATTRIBUTABLE TO
10	HIS EMPLOYMENT; AMENDING SECTIONS 39-51-1108, 39-51-1213,
11	39-51-1215, 39-51-1218, 39-51-2104, 39-51-2201, AND
12	39-51-2302, MCA; PROVIDING THAT CERTAIN SECTIONS OF THE ACT
13	ARE RETROACTIVE; AND PROVIDING EFFECTIVE DATES AND A
14	TERMINATION DATE."
15	
16	BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
17	NEW SECTION. Section 1. Surtax to pay federal
18	advances. The department shall for each calendar year
19	determine the rate of a surtax to be charged during that
20	year to all employers. The rate of the surtax must be based
21	on federal advances that will or have become due in that
22	calendar year. The surtax applies to each employer's total

wages paid during that calendar year. The surtax rate for

any calendar year may not be more than 0.3% of total wages

paid during that calendar year. The surtax must be paid in

"39-51-1108. Amount of wages per employee subject to 4 contribution. (1) Payment of contributions shall apply only to wages paid up to and including \$47200 the amount specified in this section by an employer to an employee with respect to employment during-the-calendar-years-1972--1973-19747-and-the-first-calendar-quarter-of-year-1975. (2)--Por-the-second-calendar-quarter--of--the--calendar vear--1975--through-the-fourth-calendar-guarter-of-1977-the taxable-wage-base-for-each-year-is-\$47800+ (3)--Effective-January--17--1978;--and--thereafter--the taxable-wage-base-for-each-year-is-\$67000-(4)(2) Por--the--first--calendar--quarter--of-1979-and thereafter7-the The taxable wage base for each year is the greater of:

Section 2. Section 39-51-1108, MCA, is amended to

the same manner as regular contributions.

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16 17 read:

18 (a)--75% 80% of the average annual wage as determined 19 under 39-51-2201(2) (rounded to the nearest \$100 not--to 20 exceed-an-increase-of-\$200-over-the-taxable-wage-base-of-the preceding---year) during the calendar year immediately 21 22 preceding the most recently completed calendar year;, or 23 (b) the amount of taxable wage base specified in the

24 Federal Unemployment Tax Act.

25 (5)--Notwithstanding--subsection--(4)--the-taxable-wage

> -2-HB 284 SECOND READING

1 base-for-1979-shall-be-\$77400"
2 Section 3. Section 39-51-1213, MCA, is amended to

read:

3

"39-51-1213. Classification of employers for 4 5 experience rating purposes. (1) The department shall for each calendar year classify employers in accordance with 6 7 their actual experience in the payment of contributions and with respect to benefits charged against their accounts, 8 with contribution rates reflecting benefit experience. Each 9 employer's rate for a calendar year shall be determined on 10 the basis of his record as of October 1 of the preceding 11 12 calendar year.

13 (2) In making the classification, each eligible and
14 deficit employer's contribution rate is determined in the
15 manner set forth below for-the-calendar-year-1980-and-for
16 each-calendar-year-thereafter:

(a) Each employer is given an "experience factor" 17 which is contributions paid since October 1, 1981, minus 18 benefits charged on each employer's account for--the--most 19 recent--3-fiscal-years-immediately-preceding-the-computation 20 date since October 1, 1981, divided by his average annual 21 22 taxable payroll rounded to the next lower dollar amount for the same 3 fiscal years immediately preceding the 23 computation date. The computation of the "experience factor" 24 25 shall be to six decimal places.

(b) Schedules shall be prepared listing all eligible
 and deficit employers in inverse numerical order of their
 experience factors. There shall be listed on such schedules
 for each employer in addition to the experience factor:

5 (i) the amount of his taxable payroll for the fiscal6 year ending on the computation date; and

7 (ii) the cumulative total consisting of the sum of the
8 employer's taxable payroll for the fiscal year ending on the
9 computation date and the corresponding taxable payrolls for
10 all other employers preceding him on the schedules.

11 (3) The cumulative taxable payroll amounts listed on 12 the schedules provided for in 39-51-1218 shall be segregated 13 into groups that will yield approximately the average tax 14 rate according to the tax schedule assigned for that 15 particular taxable year. Each group shall be identified by 16 the rate class number listed in the table which represents the percentage limits of each group. Each employer on the 17 18 schedules is assigned that contribution rate opposite his 19 rate class for the tax schedule in effect for the taxable 20 year.

(4) (a) If the grouping of rate classes requires the
inclusion of exactly one-half of an employer's taxable
payroll, the employer is assigned the lower of the two rates
designated for the two classes in which the halves of his
taxable payroll are so required.

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1 (b) If the group of rate classes requires the 2 inclusion of a portion other than exactly one-half of an 3 employer's taxable payroll, the employer is assigned the 4 rate designated for the class in which the greater part of 5 his taxable payroll is so required.

6 (c) If one or more employers on the schedules have 7 experience factors identical to that of the last employer 8 included in a particular rate class, all such employers are 9 included in and assigned the contribution rate specified for 10 such class, notwithstanding the provisions of 39-51-1214.

(5) If the taxable payroll amount or the experience 11 factor or both such taxable payroll amount and experience 12 factor of any eligible or deficit employer listed on the 13 schedules is changed, the employer is placed in that 14 position on the schedules which he would have occupied had 15 his taxable payroll amount or experience factor as changed 16 17 been used in determining his position in the first instance, but such change does not affect the position or rate 18 classification of any other employer listed on the schedules 19 20 and does not affect the rate determination for previous 21 years."

22 Section 4. Section 39-51-1215, MCA, is amended to 23 read:

24 "39-51-1215. Maintenance of experience rating records.25 An experience rating record shall be maintained for each

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1	covered employer. The record is credited with all
2	contributions which the covered employer has paid forthe
3	mostrecent3fiscalyearsimmediatelyprecedingthe
4	computation-date;-prior-to-the-cutoff-date since October 1,
5	1981. The record is also charged with the amount of benefits
6	paid which are chargeable to the covered employer's account
7	for-the-most-recent-3-fiscal-years-ending-September-30 since
8	October 1, 1981. Nothing in this section grants any covered
9	employer or individual in his service a priority with
10	respect to any claim or right because of amounts paid by the
11	covered employer into the employment security fund."
12	Section 5. Section 39-51-1218, MCA, is amended to
13	read:
14	"39-51-1218. Rate schedules.
15	SCHEDULES OF CONTRIBUTION RATES Part I
16	Sched, Sched, Sched, Sched,
17	I II III IV
18	Minimum Ratio of
19	Fund to Total Wages $(-\theta\pm5\theta)$ $(-\theta\pm45)$ $(-\theta\pm4\theta)$ $(-\theta\pm3\theta)$
20	<u> </u>
21	(.0260) $(.0245)$ $(.0225)$ $(.0200)$
22	Average Tax Rate 1-3 1-5 1-7 1-9
23	1.4 1.6 1.8 2.0
24	
25	Rate Class Contribution Rates For Eligible Employers

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1	1	8 25	0 -3%	0÷5%	0 -7*
2		0.0%	0.18	0.3%	0.5%
3	2	0 4	0-6	8 -8	±÷θ
4		0.1	<u>0.3</u>	0.5	<u>0.7</u>
5	3	077	0-9	\$7 }	\$+3
6		0.3	0.5	0.7	0.9
7	4	7-0	±72	±+4	176
8		0.5	0.7	0.9	1.1
9	5	±+3	175	±=7	±+9
10		0.7	0.9	1.1	<u>1.3</u>
11	6	1÷6	178	2 -0	272
1 2		<u>0.9</u>	1.1	<u>1.3</u>	1.5
13	7	±-9	5-F	2 73	2+5
14		<u>1.1</u>	1.3	1.5	<u>1.7</u>
15	8	1.3	1.5	1.7	1.9
16	<u>9</u>	1.5	<u>1.7</u>	1.9	2.1
17	<u>10</u>	1.7	<u>1.9</u>	<u>2.1</u>	2.3
18					
19		Contribution	Rates For	Unrated	Employers
20		5+7#	⋧⋼⋺₿	2-5%	2-78
21		2.0%	2.2%	2.48	2.6%
22					
23	Rate Class	Contribution	Rates For	Deficit	Employers
24	1	2-28	2-48	2 ÷6%	2+8%
25		3.2%	3.4%	3.6%	3.8%

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1	2			2-4	2-6	2-8	3 -8
2	4			3.4	3.6	3.8	4.0
	_				<u> </u>		
3	3			5-6	5-8	378	3-2
4				3.6	3.8	4.0	4.2
5	4			2 -8	3+8	3+2	3-4
6				3.8	4.0	4.2	4.4
7	5			9-6	372	374	376
8				4.0	4.2	4.4	4.6
9	6			3-5	3-4	376	3 78
10				4.2	4.4	4.6	4.8
11	<u>7</u>			<u>4.4</u>	4.6	4.8	5.0
12	<u>8</u>			<u>4.6</u>	4.8	5.0	5.2
13	<u>9</u>			4.8	5.0	5.2	5.4
14	<u>10</u>			<u>6.4</u>	6.4	6.4	6.4
15		SCHED	ULES OF C	CONTRIBUT	ION RATES	Part II	I
16		Sched.	Sched.	Sched.	Sched.	Sched.	Sched.
17		v	VI	VII	VIII	IX	х
18		(-0120)	(.0110)	t-0095)	t=0075)	(.0050)	()
19		<u>+=0200}</u>	<u>++0170)</u>	t-0135)	<u> </u>		
20		(.0170)	<u>(.0135)</u>	(.0095)	<u>(.0075)</u>		
21		2-1	2+3	2-5	2-7	2-9	3-f
22		2.2	2.4	2.6	2.8	3.0	<u>3.2</u>
23							
24		Contr	ibution F	ates For	Eligible	Employers	
25		0-98	1 -18	±-3%	±-5%	1-78	1-9%
				-8-			HB 284
				5			

3 0.9 1.1 1.3 1 4 1.75 1.7 1.9 2.7 5 1.1 1.3 1.5 1 6 1.7 2.70 2.72 2.7 7 1.3 1.5 1.7 1 8 2.72 2.73 2.75 2.75	<u>.7 1.9 2.1</u>
4 $1 + 5$ $1 + 7$ $1 + 9$ $2 + 7$ 5 $1 \cdot 1$ $1 \cdot 3$ $1 \cdot 5$ $1 \cdot 5$ 6 $1 + 7 \theta$ $2 + 2 \theta$ $2 + 2 \theta$ $2 + 2 \theta$ 7 $1 \cdot 3$ $1 \cdot 5$ $1 \cdot 7$ $1 \cdot 6$ 8 $2 + 2 \theta$ $2 + 3 \theta$ $2 + 5 \theta$ $2 + 5 \theta$	$\begin{array}{cccccccccccccccccccccccccccccccccccc$
5 1.1 1.3 1.5 $1.$ 6 $\pm \tau \theta$ $2\tau \theta$ $2\tau 2$ 2τ 7 1.3 1.5 1.7 $1.$ 8 $2\tau \pm$ $2\tau 3$ $2\tau 5$ 2τ	$\begin{array}{cccc} 1.9 & 2.1 \\ 2 \pm 6 & 2 \pm 8 \end{array}$
$\begin{array}{cccccccccccccccccccccccccccccccccccc$	4 2 7 6 278
7 1.3 1.5 1.7 $1.$ 8 $2\tau t$ $2\tau 3$ $2\tau 5$ 2τ	
8 272 273 275 27	<u>.9 2.1 2.3</u>
9 <u>1.5 1.7 1.9</u> 2.	.7 2.9 3.1
	<u>1 2.3 2.5</u>
10 2.4 2.6 2.8 3.	θ 3+2 3+4
11 1.7 1.9 2.1 2.1	<u>.3</u> <u>2.5</u> <u>2.7</u>
12 2.7 2.9 3.1 3.	-3 3-5 3-7
13 1.9 2.1 2.3 2.3	<u>.5</u> <u>2.7</u> <u>2.9</u>
14 2.1 2.3 2.5 2.5	<u>.7 2.9 3.1</u>
15 2.3 2.5 2.7 2.5	$\frac{9}{3.1}$ $\frac{3.3}{3.3}$
$16 \underline{2.5} \underline{2.7} \underline{2.9} \underline{3.7}$	<u>1 3.3 3.5</u>
17	
18 Contribution Rates For Unra	ated Employers
19 2,9% 3,1% 3,3% 3,	.5% 3+7% 3+9%
20 <u>2.8%</u> <u>3.0%</u> <u>3.2%</u> <u>3.</u>	
21	
22 Contribution Rates For Defi	cit Employers.
23 3-0% 3-2% 3-4% 3-	6% 3.8 % 4 .8 %
24 4.0% 4.2% 4.4% 4.	<u>6%</u> <u>4.8%</u> <u>5.0%</u>
	8 4 τθ 4 τ2
25 3+2 3+4 3+6 3+	

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1	<u>4.2</u>	4.4	4.6	4.8	5.0	5.2
2	3-4	3-6	3-8	4-0	4-2	4-4
3	4.4	4.6	4.8	5.0	5.2	5.4
4	3 +6	3 -8	4-0	4+2	4-4	4-4
5	4.6	4.8	5.0	5.2	<u>5.4</u>	5.6
6	9-8	4.0	4-2	4-4	4-4	4-4
7	4.8	5.0	5.2	5.4	5.6	5.8
8	4-8	4-2	4-4	4-4	4-4	4-4
9	5.0	5.2	5.4	5.6	5.8	6.0
10	5.2	5.4	5.6	5 .8	6.0	6.2
11	5.4	5.6	<u>5.8</u>	6.0	<u>6.2</u>	6.4
12	5.6	5.8	6.0	6.2	<u>6.4</u>	6.4
13	6.4	6.4	6.4	6.4	<u>6.4</u>	<u>6.4</u> "
14	Section 6.	Section	39-51-21	04, MCA,	is am	ended to
15	read:					

16 "39-51-2104. General benefit eligibility conditions. 17 An unemployed individual is eligible to receive benefits for 18 any week of total unemployment within his benefit year only 19 if the department finds that:

20 (1) he has registered for work at and thereafter has 21 continued to report at an employment office in accordance 22 with such regulation as the department may prescribe, except 23 that the department may, by regulation, prescribe that in cases in which it finds such requirements oppressive or 24 25 inconsistent with the purposes of this chapter, an

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unemployed individual may register and report for work by
 mail or through other governmental agencies;

3 (2) he has made a claim for benefits in accordance
4 with the provisions of 39-51-2401;

5 (3) he is able to work and is available for work and 6 is seeking work; provided, however, that no claimant is 7 considered ineligible in any week of unemployment for failure to comply with the provisions of this subsection if 8 9 such failure is due to an illness or disability which occurs 10 after he has registered for work and no suitable work has been offered to such claimant after the beginning of such 11 12 illness or disability;

(4) prior to any the first week for which he claims is 13 paid benefits he has been totally unemployed for a waiting 14 15 period of 1 week. Howevery--if--claimant's--benefit--year expires---during---a--period--of--compensable--unemploymenty 16 claimant-will-continue-to-receive-weekly-benefits-in--a--new 17 benefit-year7-if-otherwise-eligible7-without-interruption-to 18 serve--the--waiting--week--for-the-new-benefit-yea -bat-will 19 20 thereafter-be-required-to--serve--the--waiting--week--before 21 receiving-benefits-during-subsequent-unemployment-in-the-new benefit--year. No week is counted as a week of total 22 23 unemployment for the purposes of this subsection:

24 (a) if benefits have been paid with respect thereto;25 (b) unless the individual was eligible for benefits

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with respect thereto;

2 (c) unless it occurs within the benefit year of the3 claimant;

4 (d) unless it occurs after benefits first could become5 payable to any individual under this chapter."

6 Section 7. Section 39-51-2201, MCA, is amended to 7 read:

8 "39-51-2201. Weekly benefit amount -- determination of 9 average weekly wage. (1) An For claims filed before July 7, 10 1985, an eligible individual's weekly benefit amount shall be the total base period wages divided by the number of 11 weeks of covered employment times 50%. The weekly benefit 12 13 amount, if not a multiple of S1, must be rounded to the 14 nearest lower full dollar amount. However, such amount shall not be less than the minimum or more than the maximum weekly 15 benefit amount. For claims effective July 7, 1985, and 16 after, an individual's weekly benefit amount shall be the 17 total base period wages divided by the number of weeks of 18 covered employment times 49%. The weekly benefit amount, if 19 20 not a multiple of \$1, must be rounded to the nearest lower full dollar amount. However, such amount shall not be less 21 22 than the minimum or more than the maximum weekly benefit 23 amount. (2) On or before May 31 of each year, the total wages 24 paid by all employers as reported on contribution reports 25

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submitted on or before such date for the preceding calendar 1 2 year shall be divided by the average monthly number of individuals employed during the same preceding calendar year 3 as reported on such contribution reports. The amount thus 4 obtained shall be divided by 52 and the average weekly wage. 5 rounded to the nearest cent, thus determined. Sixty percent б of the average weekly wage shall constitute the maximum 7 8 weekly benefit amount and shall apply to all maximum weekly 9 benefit amount claims for benefits filed to establish a benefit year commencing on or after July 1 of the same year, 10 except that the maximum weekly benefit amount for benefit 11 years commencing on or after July 1, 1984, through January 12 3, 1987, is the amount calculated under this subsection 13 14 after January 1, 1984, and on or before May 31, 1984. Such 15 maximum weekly benefit amount, if not a multiple of \$1, shall be computed to the nearest lower full dollar amount. 16 17 (3) The minimum weekly benefit amount shall be 15% of the average weekly wage. The minimum weekly benefit amount, 18 if not a multiple of \$1, shall be computed to the nearest 19 20 lower full dollar amount."

21 Section 8. Section 39-51-2302, MCA, is amended to 22 read:

"39-51-2302. Disqualification for leaving work without
good cause. (1) An individual shall be disqualified for
benefits if he has left work without good cause <u>attributable</u>

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1 to his employment.

2 (2) He may not be disgualified if the department finds that he left his employment because of personal illness or 3 injury not associated with misconduct or left his employment 4 upon the advice of a licensed and practicing physician and, 5 after recovering from his illness or injury when recovery is б certified by a licensed and practicing physician, he 7 8 returned to his employer and offered his service and his 9 regular or comparable suitable work was not available, if so found by the department, provided he is otherwise eligible. 10 (3) To regualify for benefits, an individual must 11 perform services other than self-employment for which 12 remuneration is received equal to or in excess of six times 13 14 his weekly benefit amount subsequent to the week in which 15 the act causing the disgualification occurred unless he has been in regular attendance at an educational institution 16 17 accredited by the state of Montana for at least 3 consecutive months from the date of his enrollment." 18

19 <u>NEW SECTION.</u> Section 9. Extension of authority. Any 20 existing authority of the department of labor and industry 21 to make rules on the subject of the provisions of this act 22 is extended to the provisions of this act.

<u>NEW SECTION.</u> Section 10. Codification instruction.
Section 1 is intended to be codified as an integral part of
Title 39, chapter 51, and the provisions of Title 39,

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1 chapter 51, apply to section 1. NEW SECTION. Section 11. Applicability. Sections 1 2 through 5 apply retroactively, within the meaning of 3 1-2-109, to January 1, 1985. 4 5 NEW SECTION. Section 12. Effective dates -termination. (1) Sections 1 through 5, 9, 11, and this 6 7 section are effective on passage and approval. (2) Sections 6 through 8 are effective July 1, 1985. 8 (3) Section 1 terminates on July 1, 1987. 9

-End-

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1 HOUSE BILL NO. 284 2 INTRODUCED BY HARPER, DONALDSON, FULLER, QUILICI 3 BY REQUEST OF THE DEPARTMENT OF LABOR AND INDUSTRY 4 5 A BILL FOR AN ACT ENTITLED: "AN ACT MAKING THE UNEMPLOYMENT TRUST FUND SOLVENT; INCREASING THE TAX ON EMPLOYERS: 6 CHANGING THE METHOD OF COMPUTING THE EXPERIENCE RATING: 7 8 CHANGING BENEFIT AMOUNTS: PROVIDING FOR DISOUALIFICATION IF AN EMPLOYEE LEAVES WORK WITHOUT GOOD CAUSE ATTRIBUTABLE TO 9 HIS EMPLOYMENT; AMENDING SECTIONS 39-51-1108, 39-51-1213, 10 11 39-51-1215, 39-51-1218, 39-51-2104, 39-51-2201, AND 39-51-2302, MCA; PROVIDING THAT CERTAIN SECTIONS OF THE ACT 12 13 ARE RETROACTIVE: AND PROVIDING EFFECTIVE DATES AND A 14 TERMINATION DATE." 15 16 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA: 17 NEW SECTION. Section 1. Surtax to pay federal

advances. The department shall for each calendar year 18 19 determine the rate of a surtax to be charged during that 20 year to all employers. The rate of the surtax must be based 21 on federal advances that will or have become due in that 22 calendar year. The surtax applies to each employer's total 23 wages paid during that calendar year. The surtax rate for 24 any calendar year may not be more than 0.3% of total wages 25 paid during that calendar year. The surtax must be paid in

1 the same manner as regular contributions.

2 Section 2. Section 39-51-1108, MCA, is amended to 3 read:

"39-51-1108. Amount of wages per employee subject to
contribution. (1) Payment of contributions shall apply only
to wages paid up to and including \$47288 the amount
specified in this section by an employer to an employee with
respect to employment during-the-calendar-years-19727-19737
19747-and-the-first-calendar-guarter-of-year-1975.

10 (2)--Por-the-second-calendar-guarter-of--the--calendar
 11 year--1975--through-the-fourth-calendar-guarter-of-19777-the
 12 taxable-wage-base-for-each-year-is-\$478087

13 (3)--Effective-January--17--19787--and--thereafter--the

14 taxable-wage-base-for-each-year-is-\$67000.

15 (47(2) Por--the--first--calendar--quarter-of-1979-and 16 thereafter7-the <u>The</u> taxable wage base for each year is the 17 greater of:

18 (a)--75% 80% of the average annual wage as determined 19 under 39-51-2201(2) (rounded to the nearest \$100 not--to 20 exceed-an-increase-of-\$200-over-the-taxable-wage-base-of-the 21 preceding---year) during the calendar year immediately 22 preceding the most recently completed calendar year; or

23 (b) the amount of taxable wage base specified in the
24 Federal Unemployment Tax Act.

25 (5)--Notwithstanding--subsection--(4)--the-taxable-wage

-2-

THIRD READING

base-for-1979-shall-be-577400-"

1

2 Section 3. Section 39-51-1213, MCA, is amended to 3 read:

4 "39-51-1213. Classification of employers for experience rating purposes. (1) The department shall for 5 6 each calendar year classify employers in accordance with their actual experience in the payment of contributions and 7 with respect to benefits charged against their accounts, 8 9 with contribution rates reflecting benefit experience. Each 10 employer's rate for a calendar year shall be determined on the basis of his record as of October 1 of the preceding 11 12 calendar year.

13 (2) In making the classification, each eligible and
14 deficit employer's contribution rate is determined in the
15 manner set forth below for-the-calendar-year-1980-and-for
16 each-calendar-year-thereafter:

17 (a) Each employer is given an "experience factor" 18 which is contributions paid since October 1, 1981, minus benefits charged on each employer's account for--the--most 19 recent--3-fiscal-years-immediately-preceding-the-computation 20 21 date since October 1, 1981, divided by his average annual 22 taxable payroll rounded to the next lower dollar amount for 23 the same 3 fiscal years immediately preceding the computation date. The computation of the "experience factor". 24 25 shall be to six decimal places.

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(b) Schedules shall be prepared listing all eligible
 and deficit employers in inverse numerical order of their
 experience factors. There shall be listed on such schedules
 for each employer in addition to the experience factor:

5 (i) the amount of his taxable payroll for the fiscal 6 year ending on the computation date; and

7 (ii) the cumulative total consisting of the sum of the
8 employer's taxable payroll for the fiscal year ending on the
9 computation date and the corresponding taxable payrolls for
10 all other employers preceding him on the schedules.

11 (3) The cumulative taxable payroll amounts listed on 12 the schedules provided for in 39-51-1218 shall be segregated 13 into groups that will yield approximately the average tax 14 rate according to the tax schedule assigned for that 15 particular taxable year. Each group shall be identified by the rate class number listed in the table which represents 16 the percentage limits of each group. Each employer on the 17 18 schedules is assigned that contribution rate opposite his 19 rate class for the tax schedule in effect for the taxable 20 year.

21 (4) (a) If the grouping of rate classes requires the 22 inclusion of exactly one-half of an employer's taxable 23 payroll, the employer is assigned the lower of the two rates 24 designated for, the two_classes_in.which the halves of his 25 taxable payroll are so required.

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-3-

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1 (b) If the group of rate classes requires the 2 inclusion of a portion other than exactly one-half of an 3 employer's taxable payroll, the employer is assigned the 4 rate designated for the class in which the greater part of 5 his taxable payroll is so required.

6 (c) If one or more employers on the schedules have 7 experience factors identical to that of the last employer 8 included in a particular rate class, all such employers are 9 included in and assigned the contribution rate specified for 10 such class, notwithstanding the provisions of 39-51-1214.

11 (5) If the taxable payroll amount or the experience factor or both such taxable payroll amount and experience 12 13 factor of any eligible or deficit employer listed on the schedules is changed, the employer is placed in that 14 position on the schedules which he would have occupied had 15 his taxable payroll amount or experience factor as changed 16 17 been used in determining his position in the first instance, but such change does not affect the position or rate 18 classification of any other employer listed on the schedules 19 and does not affect the rate determination for previous 20 years." 21

22 Section 4. Section 39-51-1215, MCA, is amended to 23 read:

24 "39-51-1215. Maintenance of experience rating records.
25 An experience rating record shall be maintained for each

-5-

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1 covered employer. The record is credited with all contributions which the covered employer has paid for--the 2 most---recent--3--fiscal--years--immediately--preceding--the 3 computation-date;-prior-to-the-cutoff-date since October 1, 4 5 1981. The record is also charged with the amount of benefits 6 paid which are chargeable to the covered employer's account 7 for-the-most-recent-3-fiscal-years-ending-September-30 since October 1, 1981. Nothing in this section grants any covered 8 9 employer or individual in his service a priority with respect to any claim or right because of amounts paid by the 10 11 covered employer into the employment security fund." 12 Section 5. Section 39-51-1218, MCA, is amended to 13 read: "39-51-1218. Rate schedules. 14 15 SCHEDULES OF CONTRIBUTION RATES -- Part I 16 Sched. Sched. Sched. Sched. 17 I II III IV 18 Minimum Ratio of 19 Fund to Total Wages (-0150) (-0145) (-0140) ++0130+ 20 t=0270) <u>t-0260)</u> (-0245) {-0225} 21 (.0260) (.0245) (.0225)(.0200) 22 Average Tax Rate 1-3 1-5 ±-7 1-9 23 1.4 1.6 1.8 2.0 24 ____

25 Rate Class

-6-

Contribution Rates For Eligible Employers

1	1	0724	8-38	0-5%	8-78
2		0.0%	0.18	0.3%	0.5%
3	2	0-4	0-6	8 78	tτθ
4		0.1	0.3	0.5	0.7
5	3	0.7	8.9	±-≠	1-3
б		0.3	0.5	0.7	0.9
7	4	1-0	±-2	±-4	1 :6
8		0.5	0.7	0.9	1.1
9	5	±+∋	1-5	±-7	1 -9
10		0.7	0.9	1.1	1.3
11	6	1.6	1+8	2-8	5-5
12		0.9	<u>1.1</u>	1.3	1.5
13	7	1-9	2-1	5-3	2-5
14		1.1	1.3	1.5	<u>1.7</u>
15	<u>8</u>	1.3	1.5	<u>1.7</u>	1.9
16	<u>9</u>	1.5	1.7	1.9	2.1
17	<u>10</u>	<u>1.7</u>	1.9		2.3
18	- 				
19		Contribution	Rates For	Unrated 1	Employers
20		2 *78	2 +3#	2-5%	2-78
21		2.0%	2.28	2.4%	2.68
22					
23	Rate Class	Contribution	Rates For	Deficit I	Employers
24	1	^{ነበ} ን <mark>ድታይ</mark> ቶ	3 12÷4% ° №	17 2-68 (17)	₩ 2₩8 €^ ~~~
25		3.28	3.4%	3.68	3.8%

1	2			2-4	2 76	2-8	3 +0
2				3.4	3.6	3.8	4.0
3	3			2 -6	2-8	3-0	3-2
4				3.6	3.8	4.0	4.2
5	4			2-8	3-0	3 -2	374
6				3.8	4.0	4.2	4.4
7	5			9.0	3. 2	3-4	3-6
8				4.0	4.2	4.4	4.6
9	6			3+ 2	3. 4	376	3-8
10				4.2	4.4	4.6	4.8
11	2			4.4	4.6	<u>4.8</u>	5.0
12	<u>8</u>			4.6	4.8	5.0	5.2
13	<u>9</u>			4.8	5.0	5.2	5.4
14	<u>10</u>			<u>6.4</u>	6.4	6.4	<u>6.4</u>
15		SCHED	ULES OF C	CONTRIBUTI	ON RATES	Part I	I
16		Sched.	Sched.	Sched.	Sched.	Sched.	Sched.
17		v	VI	VII	VIII	IX	x
18		(.0120)	(.0110)	(+8895)	(+0075)	(.0050)	()
19		(:0200)	<u>+=0170)</u>	<u>+=01357</u>	t=0095)		
20		<u>(.0170)</u>	<u>(.0135)</u>	(.0095)	(.0075)	·	
21		2 -1	2-3	2-5	2+7	2 -9	3.1
22		2.2	2.4	2.6	2.8	3.0	3.2
23							
24		Contr	ibution R	ates For -	Eligible	Emap≱oyers	
25		0 -9 %	1-18	1:38	1-58	1-78	±+9%

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1.7%

2 1-2 1-4 1-6 1-8 5-0 5-5 3 0.9 1.1 1.3 1.5 1.7 1.9 ±-5 ±-7 2-5 4 1-9 2÷Ŧ 2-3 5 <u>1.1</u> 1.3 1.5 1.7 1.9 2.1 6 ±÷8 5-9 2-5 2-4 2-6 2-0 7 1.3 1.5 1.7 1.9 2.1 2.3 8 2-1 5-3 2-5 2-7 2-9 3-1 9 1.5 <u>1.7</u> 1.9 2.1 2.3 2.5 2-4 2-6 10 5-8 9-6 3-2 3-4 11 1.7 1.9 2.1 2.3 2.5 2.7 2-7 2-9 3-5 3-7 12 3-1 3-3 13 1.9 2.1 2.3 2.5 2.7 2.9 14 2.1 2.3 2.5 2.7 2.9 3.1 3.1 3.3 15 2.3 2.5 2.7 2.9 2.5 2.7 2.9 3.1 3.3 3.5 16 _____ 17 Contribution Rates For Unrated Employers 18 2-98].18 3-38 3-5% 3-78 3-9% 19 20 2.8% 3.0% 3.2% 3.4% 3.6% 3.8% _____ 21 Contribution Rates For Deficit Employers 22 3-28 3-4% 3-6% 3-8% 4-0% 23 3-8% 24 4.0% 4.2% 4.4% 4.6% 4.8% 5.0% 25 37£ 3-4 3-6 9-8 4-0 4-2

1.1%

1.3%

1.5%

1

0.9%

1

0.7%

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25

1	4.2	4.4	4.6	4.8	<u>5.0</u>	5.2
2	3+4	3.6	3-8	470	4+2	4-4
3	4.4	4.6	4.8	<u>5.0</u>	<u>5.2</u>	5.4
4	3 76	3 ∓8	4 ∓ 0	4-2	4-4	44
5	4.6	4.8	5.0	5.2	5.4	5.6
6	3-8	4 ∓0	4-2	4-4	4-4	4-4
7	4.8	<u>5.0</u>	<u>5.2</u>	5.4	5.6	5.8
8	4- ₽	4-2	4-4	4-4	4-4	4-4
9	5.0	5.2	5.4	5.6	5.8	6.0
10	5.2	5.4	5.6	5.8	6.0	6.2
11	5.4	5.6	5.8	6.0	<u>6.2</u>	6.4
12	5.6	5.8	6.0	<u>6.2</u>	6.4	6.4
13	6.4	6.4	6.4	6.4	6.4	<u>6.4</u> "
14	Section 6.	Section	39-51-21	04, MCA,	is ame	ended to
15	read:					
16	"39-51-2104	. Genera	l benefit	eligibi	lity co	nditions.
17	An unemployed in	dividual	is eligib	le to rec	eive bene	efits for
18	any week of tot	al unempl	oyment wi	thin his	benefit y	year only
19	if the departmen	t finds t	hat:			
20	(l) he has	register	ed for wo	rk at and	theread	fter has
21	continued to r	eport at	an emplo	yment off	ice in ac	cordance
22	with such regula	tion as t	he depart	ment may	prescribe	e, except
23	that the departm	ent may,	by regula	tion, pr	escribe	that in
24	cases in whic	h it fi	nds such	requireme	nts oppre	essive or

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inconsistent with the purposes of this chapter,

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unemployed individual may register and report for work by
 mail of through other governmental agencies;

3 (2) he has made a claim for benefits in accordance
4 with the provisions of 39-51-2401;

5 (3) he is able to work and is available for work and is seeking work; provided, however, that no claimant is 6 7 considered ineligible in any week of unemployment for 8 failure to comply with the provisions of this subsection if 9 such failure is due to an illness or disability which occurs 10 after he has registered for work and no suitable work has 11 been offered to such claimant after the beginning of such 12 illness or disability;

13 (4) prior to any the first week for which he claims is 14 paid benefits he has been totally unemployed for a waiting 15 period of 1 week. However; -- if -- claimant -- benefit -- year 16 expires---during---a--period--of--compensable--unemploymenty 17 claimant-will-continue-to-receive-weekly-benefits-in--a--new 18 benefit-year7-if-otherwise-eligible7-without-interruption-to 19 serve--the--waiting--week--for-the-new-benefit-year-but-will thereafter-be-required-to--serve--the--waiting--week--before 20 receiving-benefits-during-subsequent-unemployment-in-the-new 21 22 benefit--year: No week is counted as a week of total 23 unemployment for the purposes of this subsection:

(a) if benefits have been paid with respected thereto; and respect 10 to the respect 10 to th

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1 with respect thereto;

2 (c) unless it occurs within the benefit year of the
3 claimant;

4 (d) unless it occurs after benefits first could become5 payable to any individual under this chapter."

6 Section 7. Section 39-51-2201, MCA, is amended to 7 read:

R "39-51-2201. Weekly benefit amount -- determination of 9 average weekly wage. (1) An For claims filed before July 7, 10 1985, an eligible individual's weekly benefit amount shall be the total base period wages divided by the number of 11 12 weeks of covered employment times 50%. The weekly benefit 13 amount, if not a multiple of \$1, must be rounded to the nearest lower full dollar amount. However, such amount shall 14 not be less than the minimum or more than the maximum weekly 15 benefit amount. For claims effective July 7, 1985, and 16 17 after, an individual's weekly benefit amount shall be the 18 total base period wages divided by the number of weeks of covered employment times 49%. The weekly benefit amount, if 19 not a multiple of \$1, must be rounded to the nearest lower 20 21 full dollar amount. However, such amount shall not be less 22 than the minimum or more than the maximum weekly benefit 23 amount. 24, (2) On or before May 31 of each year, the total wages

25 paid by all employers as reported on contribution reports

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1 submitted on or before such date for the preceding calendar year shall be divided by the average monthly number of 2 individuals employed during the same preceding calendar year 3 as reported on such contribution reports. The amount thus 4 obtained shall be divided by 52 and the average weekly wage, 5 rounded to the nearest cent, thus determined. Sixty percent 6 7 of the average weekly wage shall constitute the maximum weekly benefit amount and shall apply to all maximum weekly 8 benefit amount claims for benefits filed to establish a 9 10 benefit year commencing on or after July 1 of the same year, 11 except that the maximum weekly benefit amount for benefit years commencing on or after July 1, 1984, through January 12 13 3, 1987, is the amount calculated under this subsection after January 1, 1984, and on or before May 31, 1984. Such 14 maximum weekly benefit amount, if not a multiple of \$1, 15 shall be computed to the nearest lower full dollar amount. 16 (3) The minimum weekly benefit amount shall be 15% of 17 the average weekly wage. The minimum weekly benefit amount. 18 19 if not a multiple of \$1, shall be computed to the nearest lower full dollar amount." 20

Section 8. Section 39-51-2302, MCA, is amended to 21 read: 22

"39-51-2302. Disgualification for leaving work without 23 good cause. (1) An individual shall be disqualified for 24 benefits if he has left work without good cause attributable 25

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to his employment. 1

24

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(2) He may not be disgualified if the department finds 2 3 that he left his employment because of personal illness or injury not associated with misconduct or left his employment 4 upon the advice of a licensed and practicing physician and, 5 6 after recovering from his illness or injury when recovery is 7 certified by a licensed and practicing physician, he returned to his employer and offered his service and his 8 regular or comparable suitable work was not available, if so 9 10 found by the department, provided he is otherwise eligible. 11 (3) To regualify for benefits, an individual must perform services other than self-employment for which 12 13 remuneration is received equal to or in excess of six times 14 his weekly benefit amount subsequent to the week in which 15 the act causing the disqualification occurred unless he has 16 been in regular attendance at an educational institution accredited by the state of Montana for at least 3 17 consecutive months from the date of his enrollment." 18 19 NEW SECTION. Section 9. Extension of authority. Any existing authority of the department of labor and industry 20 to make rules on the subject of the provisions of this act 21 22 is extended to the provisions of this act. 23 NEW SECTION. Section 10. Codification

Section 1 is intended to be codified as an integral part of

Title 39, chapter 51, and the provisions of Title 39.

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instruction.

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1 chapter 51, apply to section 1.

9

2 <u>NEW SECTION.</u> Section 11. Applicability. Sections 1
3 through 5 apply retroactively, within the meaning of
4 1-2-109, to January 1, 1985.

5 <u>NEW SECTION.</u> Section 12. Effective dates --6 termination. (1) Sections 1 through 5, 9, 11, and this 7 section are effective on passage and approval.

8 (2) Sections 6 through 8 are effective July 1, 1985.

(3) Section 1 terminates on July 1, 1987.

-End-

* *

HB 0284/02

1	HOUSE BILL NO. 284	1	the same manner as regular contributions.
2	INTRODUCED BY HARPER, DONALDSON, FULLER, QUILICI	2	Section 2. Section 39-51-1108, MCA, is amended to
3	BY REQUEST OF THE DEPARTMENT OF LABOR AND INDUSTRY	3	read:
4		4	"39-51-1108. Amount of wages per employee subject to
5	A BILL FOR AN ACT ENTITLED: "AN ACT MAKING THE UNEMPLOYMENT	5	contribution. (1) Payment of contributions shall apply only
6	TRUST FUND SOLVENT; INCREASING THE TAX ON EMPLOYERS;	6	to wages paid up to and including \$47200 the amount
7	CHANGING THE METHOD OF COMPUTING THE EXPERIENCE RATING;	7	specified in this section by an employer to an employee with
8	CHANGING BENEFIT AMOUNTS; PROVIDING FOR DISQUALIFICATION IF	8	respect to employment during-the-calendar-years-19727-19737
9	AN EMPLOYEE LEAVES WORK WITHOUT GOOD CAUSE ATTRIBUTABLE TO	9	19747-and-the-first-calendar-quarter-of-year-1975.
10	HIS EMPLOYMENT; AMENDING SECTIONS 39-51-1108, 39-51-1213,	10	<pre>{2}For-the-second-calendar-quarterofthecalendar</pre>
11	39-51-1215, 39-51-1218, 39-51-2104, 39-51-2201, AND	11	year1975through-the-fourth-calendar-quarter-of-1977-the
12	39-51-2302, MCA; PROVIDING THAT CERTAIN SECTIONS OF THE ACT	. 12	taxable-wage-base-for-each-year-is-\$478007
13	ARE RETROACTIVE; AND PROVIDING EFFECTIVE DATES AND A	13	+3}Effective-January1719787andthereafterthe
14	TERMINATION DATE."	14	taxable-wage-base-for-each-year-is-\$67000+
15		15	(4)(2) Porthefirstcalendarguarterof-1979-and
16	BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:	16	thereafter, the <u>The</u> taxable wage base for each year is the
17	NEW SECTION. Section 1. Surtax to pay federal	17	greater of :
18	advances. The department shall for each calendar year	18	(a)75% 80% of the average annual wage as determined
19	determine the rate of a surtax to be charged during that	19	under 39-51-2201 (2) (rounded to the nearest \$100 notto
20	year to all employers. The rate of the surtax must be based	20	exceed-an-increase-of-\$200-over-the-taxable-wage-base-of-the
21	on federal advances that will or have become due in that	21	precedingyear) during the calendar year immediately
22	calendar year. The surtax applies to each employer's total	22	preceding the most recently completed calendar year?, or
23	wages paid during that calendar year. The surtax rate for	23	<pre>(b) the amount of taxable wage base specified in the</pre>
24	s any calendar year may not be more than 0.3% of total wages	24	Federal Unemployment Tax Act.
25	paid during that calendar year. The surtax must be paid in	25	<pre>{5}Notwithstandingsubsection{4}the-taxable-wage</pre>
	A		-2- HB 284
			4 BB 204

Legislative Council

HB 0284/02

REFERENCE BILL

*

1 base-for-1979-shall-be-\$77400-"

2 Section 3. Section 39-51-1213, MCA, is amended to 3 read:

"39-51-1213. Classification 4 of employers for experience rating purposes. (1) The department shall for 5 each calendar year classify employers in accordance with 6 their actual experience in the payment of contributions and 7 8 with respect to benefits charged against their accounts. with contribution rates reflecting benefit experience. Each 9 employer's rate for a calendar year shall be determined on 10 the basis of his record as of October 1 of the preceding 11 calendar year. 12

13 (2) In making the classification, each eligible and
14 deficit employer's contribution rate is determined in the
15 manner set forth below for-the-calendar-year-1980-and-for
16 each-calendar-year-thereafter:

17 (a) Each employer is given an "experience factor" 18 which is contributions paid since October 1, 1981, minus 19 benefits charged on each employer's account for--the--most 20 recent--3-fiscal-years-immediately-preceding-the-computation 21 date since October 1, 1981, divided by his average annual 22 taxable payroll rounded to the next lower dollar amount for 23 the same 3 fiscal years immediately preceding the computation date. The computation of the "experience factor" 24 25 shall be to six decimal places.

(b) Schedules shall be prepared listing all eligible
 and deficit employers in inverse numerical order of their
 experience factors. There shall be listed on such schedules
 for each employer in addition to the experience factor:

server and the server and the server is a server of the server of the server of the server of the server server

5 (i) the amount of his taxable payroll for the fiscal 6 year ending on the computation date; and

7 (ii) the cumulative total consisting of the sum of the 8 employer's taxable payroll for the fiscal year ending on the 9 computation date and the corresponding taxable payrolls for 10 all other employers preceding him on the schedules.

(3) The cumulative taxable payroll amounts listed on 11 12 the schedules provided for in 39-51-1218 shall be segregated 13 into groups that will yield approximately the average tax 14 rate according to the tax schedule assigned for that particular taxable year. Each group shall be identified by 15 the rate class number listed in the table which represents 16 17 the percentage limits of each group. Each employer on the schedules is assigned that contribution rate opposite his 18 19 rate class for the tax schedule in effect for the taxable 20 year.

(4) (a) If the grouping of rate classes requires the
inclusion of exactly one-half of an employer's taxable
payroll, the employer is assigned the lower of the two rates
designated for the two classes in which the halves of his
taxable payroll are so required.

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(b) If the group of rate classes requires the 1 inclusion of a portion other than exactly one-half of an 2 employer's taxable payroll, the employer is assigned the 3 rate designated for the class in which the greater part of 4 5 his taxable payroll is so required.

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(c) If one or more employers on the schedules have 6 experience factors identical to that of the last employer 7 included in a particular rate class, all such employers are 8 included in and assigned the contribution rate specified for 9 such class, notwithstanding the provisions of 39-51-1214. 10

(5) If the taxable payroll amount or the experience 11 factor or both such taxable payroll amount and experience 12 factor of any eligible or deficit employer listed on the 13 schedules is changed, the employer is placed in that 14 position on the schedules which he would have occupied had 15 his taxable payroll amount or experience factor as changed 16 been used in determining his position in the first instance, 17 but such change does not affect the position or rate 18 classification of any other employer listed on the schedules 19 and does not affect the rate determination for previous 20 21 years."

Section 4. Section 39-51-1215, MCA, is amended to 22 read: 23

"39-51-1215. Maintenance of experience rating records. 24 An experience rating record shall be maintained for each 25

1981. The record is also charged with the amount of benefits 5 6 paid which are chargeable to the covered employer's account 7 for-the-most-recent-3-fiscal-years-ending-September-30 since 8 October 1, 1981. Nothing in this section grants any covered 9 employer or individual in his service a priority with 10 respect to any claim or right because of amounts paid by the 11 covered employer into the employment security fund." 12 Section 5. Section 39-51-1218, MCA, is amended to

covered employer. The record is credited with all

contributions which the covered employer has paid for--the

most---recent--3--fiscal--years--immediately--preceding--the

computation-date;-prior-to-the-cutoff-date since October 1,

13 read:

14

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3

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"39-51-1218. Rate schedules.

15	SCHEDULES OF	CONTRIBUT	TION RATES	Part 1	I.
16		Sched.	Sched.	Sched.	Sched.
17		I	II	III	IV
18	Minimum Ratio of				
19	Fund to Total Wages	(+0±50)	{-0145}	(.0140)	t-0130)
20		(-0270)	<u>+-02607</u>	<u>t=0245}</u>	(-0225)
21		(.0260)	(.0245)	(.0225)	(.0200)
22	Average Tax Rate	ţ-3	ł=5	±-7	±-9
23		1.4	1.6	1.8	2.0
24					
25	Rate Class Con	tribution	Rates For	Eligible	Employers

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1 1 8-24 0-3% 8-54 8=78 2 0.0% 0.1% 0.3% 0.5% 3 2 0.4 0.6 0-8 ÷τθ 4 0.1 0.3 0.5 0.7 5 3 0-7 8-9 ±-1 ±+∋ 6 0.3 0.5 0.7 0.9 7 4 ±τθ 1-2 1-4 ±-6 8 0.5 0.7 0.9 1.1 9 5 ±-3 ±-5 t-7 ±-9 10 0.7 0.9 1.1 <u>1.3</u> 11 6 1-6 ±÷θ **2**∓θ 5-5 12 0.9 1.1 1.3 1.5 13 7 1-9 5-F 2-3 2-5 14 1.1 1.3 1.5 1.7 15 8 1.3 1.5 1.7 1.9 16 9 1.5 <u>1.7</u> 1.9 2.1 <u>10</u> <u>1.7</u> <u>1.9</u> 17 2.1 2.3 18 19 Contribution Rates For Unrated Employers . 20 2-34 2-14 2-58 2-78 21 2.0% 2.28 2.48 2.6% 22 _____ 23 Rate Class Contribution Rates For Deficit Employers 2-48 24 1 2-28 2-6% 5-9* 25 3.28 3.48 3.6% 3.8% HB 284

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1	2			2-4	2-6	2 78	3. 0
2				3.4	<u>3.6</u>	3.8	4.0
3	3			2.6	2-8	3-0	3-5
4				3.6	<u>3.8</u>	4.0	4.2
5	4			2 -8	9 - 0	3 -5	3+4
6				<u>3.8</u>	4.0	<u>4.2</u>	4.4
7	5			3-0	3 +5	3 - 4	3-6
8				4.0	<u>4.2</u>	4.4	4.6
9	6			3+2	3 -4	3 +6	9±8
10				<u>4.2</u>	4.4	4.6	4.8
11	<u>7</u>			4.4	4.6	4.8	5.0
12	<u>8</u>			4.6	4.8	5.0	5.2
13	<u>9</u>			<u>4.8</u>	<u>5.0</u>	5.2	5.4
14	10			<u>6.4</u>	<u>6.4</u>	6.4	6.4
15		SCHED	ULES OF C	ONTRIBUTI	ON RATES	Part I	I
16		Sched.	Sched.	Sched.	Sched.	Sched.	Sched.
17		v	VI	VII	VIII	IX	x
18		(-0120)	{ ⊽0±±0 }	(:0095)	(-0075)	(.0050)	()
19		<u>+=02007</u>	<u> </u>	<u> </u>	<u>t-88957</u>		
20		(.0170)	(.0135)	(.0095)	(.0075)		
21		2-£	2-3	275	2-7	2-9	3 7±
22		2.2	2.4	2.6	2.8	3.0	3.2
23	-		*	··········			
24		Contr	ibution R	ates For	Eligible	Employers	
25		8-98	1-18	1-34	1-5 %	1-78	1-94
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1	0.7%	0.9%	1.1%	1.38	1.5%	1.78
2	±-2	±-4	1.6	1-8	5-8	2-2
3	0.9	<u>1.1</u>	1.3	1.5	<u>1.7</u>	<u>1.9</u>
4	±-5	±=7	1-9	2 -1	2-3	2-5
Ē	1.1	1.3	1.5	1.7	<u>1.9</u>	2.1
6	±-8	2 70	2+2	2-4	2-6	2 -8
7	<u>1.3</u>	<u>1.5</u>	<u>1.7</u>	1.9	<u>2.1</u>	2.3
8	2 -1	2-3	2-5	2-7	2-9	3÷∓
9	1.5	<u>1.7</u>	<u>1.9</u>	2.1	2.3	2.5
10	2-4	2-6	2-8	9-0	3-2	3-4
11	<u>1.7</u>	1.9	2.1	2.3	2.5	2.7
12	2-7	2-9	∃÷Ŧ	3 -9	3-5	3-7
13	<u>1.9</u>	<u>2.1</u>	2.3	2.5	2.7	2.9
14	<u>2.1</u>	2.3	2.5	2.7	2.9	<u>3.1</u>
15	2.3	2.5	2.7	2.9	3.1	<u>3.3</u>
16					<u>3.3</u>	
17	 					
18	Contri	bution Ra	tes For L	Inrated Em	ployers	
19	2-9%	3-1%	9- 3%	3-5%	3-78	3-9%
20					3.6%	
21	 					
22	Contri	ibution Ra	ates For [Deficit En	ployers	
23	3-0%	3-2%	3-48	3-6%	3-8%	4-0%
24	4.0%	4.2%	4.4%	4.6%	4.8%	5.0%
25	3-5	3-4	3 76	9-8	4 - 0	4-2

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1 4.2 4.4 4.6 4.8 <u>5,0</u> 5.2 2 3-4 3-6 378 4-0 4-2 4-4 3 4.4 4.6 4.8 5.0 5.2 5.4 4 4-2 4-4 3⊤6 3-8 4-0 4-4 5 4.6 4.8 5.0 5**.2** 5.4 5.6 6 3-8 4-4 4-4 4-0 4-2 4-4 7 4.8 5.0 5.2 5.4 5.6 5.8 8 4-9 4-2 4-4 4-4 4-4 4-4 9 5.0 5.2 5.6 5.8 6.0 5.4 10 5.2 5.4 5.6 5.8 6.0 6.2 11 5.4 5.6 5.8 6.0 6.2 6.4 12 6.2 5.6 5.8 6.0 6.4 6.4 13 6.4 6.4 6.4 6.4 6.4 6.4" Section 6. Section 39-51-2104, MCA, is amended to 14 15 read: 16 "39-51-2104. General benefit eligibility conditions. An unemployed individual is eligible to receive benefits for 17 18 any week of total unemployment within his benefit year only if the department finds that: 19

(1) he has registered for work at and thereafter has continued to report at an employment office in accordance with such regulation as the department may prescribe, except that the department may, by regulation, prescribe that in cases in which it finds such requirements oppressive or inconsistent with the purposes of this chapter, an

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unemployed individual may register and report for work by 1 2 mail or through other governmental agencies;

(2) he has made a claim for benefits in accordance 3 4 with the provisions of 39-51-2401;

5 (3) he is able to work and is available for work and is seeking work; provided, however, that no claimant is 6 7 considered ineligible in any week of unemployment for failure to comply with the provisions of this subsection if B such failure is due to an illness or disability which occurs 9 after he has registered for work and no suitable work has 10 11 been offered to such claimant after the beginning of such 12 illness or disability;

13 (4) prior to any the first week for which he elaims is 14 paid benefits he has been totally unemployed for a waiting 15 period of 1 week. Howevery--if--claimant's--benefit--year expires---during---a--period--of--compensable--unemployment; 16 17 elaimant-will-continue-to-receive-weekly-benefits-in--a--new 18 benefit-year7-if-otherwise-eligible7-without-interruption-to 19 serve--the--waiting--week--for-the-new-benefit-year-but-will thereafter-be-required-to--serve--the--waiting--week--before 20 21 receiving-benefits-during-subsequent-unemployment-in-the-new benefit--year. No week is counted as a week of total 22 unemployment for the purposes of this subsection: 23

24 (a) if benefits have been paid with respect thereto; 25 (b) unless the individual was eligible for benefits

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with respect thereto; 1

2 (c) unless it occurs within the benefit year of the з claimant;

4 (d) unless it occurs after benefits first could become 5 payable to any individual under this chapter."

Section 7. Section 39-51-2201, MCA, is amended to 6 7 read:

"39-51-2201. Weekly benefit amount -- determination of 8 average weekly wage. (1) An For claims filed before July 7, 9 1985, an eligible individual's weekly benefit amount shall 10 11 be the total base period wages divided by the number of weeks of covered employment times 50%. The weekly benefit 12 13 amount, if not a multiple of \$1, must be rounded to the nearest lower full dollar amount. However, such amount shall 14 not be less than the minimum or more than the maximum weekly 15 benefit amount. For claims effective July 7, 1985, and 16 17 after, an individual's weekly benefit amount shall be the total base period wages divided by the number of weeks of 18 19 covered employment times 49%. The weekly benefit amount, if not a multiple of S1, must be rounded to the nearest lower 20 21 full dollar amount. However, such amount shall not be less than the minimum or more than the maximum weekly benefit 22 23 amount. 24 (2) On or before May 31 of each year, the total wages

25 paid by all employers as reported on contribution reports

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submitted on or before such date for the preceding calendar 1 year shall be divided by the average monthly number of 2 individuals employed during the same preceding calendar year 3 as reported on such contribution reports. The amount thus 4 5 obtained shall be divided by 52 and the average weekly wage. rounded to the nearest cent, thus determined. Sixty percent 6 of the average weekly wage shall constitute the maximum 7 8 weekly benefit amount and shall apply to all maximum weekly benefit amount claims for benefits filed to establish a 9 10 benefit year commencing on or after July 1 of the same year, 11 except that the maximum weekly benefit amount for benefit years commencing on or after July 1, 1984, through January 12 3, 1987, is the amount calculated under this subsection 13 after January 1, 1984, and on or before May 31, 1984. Such 14 maximum weekly benefit amount, if not a multiple of \$1, 15 shall be computed to the nearest lower full dollar amount. 16 17 (3) The minimum weekly benefit amount shall be 15% of the average weekly wage. The minimum weekly benefit amount, 18 if not a multiple of \$1, shall be computed to the nearest 19 lower full dollar amount." 20

21 Section 8. Section 39-51-2302, MCA, is amended to 22 read:

23 "39-51-2302. Disqualification for leaving work without
24 good cause. (1) An individual shall be disqualified for
25 benefits if he has left work without good cause attributable

1 to his employment.

2 (2) He may not be disgualified if the department finds 4 that he left his employment because of personal illness or 4 injury not associated with misconduct or left his employment 5 upon the advice of a licensed and practicing physician and, 6 after recovering from his illness or injury when recovery is certified by a licensed and practicing physician, 2 he 8 returned to his employer and offered his service and his regular or comparable suitable work was not available, if so 9 found by the department, provided he is otherwise eligible. 10 11 (3) To requalify for benefits, an individual must perform services other than self-employment for which 12 remuneration is received equal to or in excess of six times 13 his weekly benefit amount subsequent to the week in which 14 the act causing the disqualification occurred unless he has 15 16 been in regular attendance at an educational institution 17 accredited by the state of Montana for at least 3 consecutive months from the date of his enrollment." 18

19 <u>NEW SECTION.</u> Section 9. Extension of authority. Any 20 existing authority of the department of labor and industry 21 to make rules on the subject of the provisions of this act 22 is extended to the provisions of this act.

23 <u>NEW SECTION.</u> Section 10. Codification instruction.
24 Section 1 is intended to be codified as an integral part of
25 Title 39, chapter 51, and the provisions of Title 39,

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1	chapter 51, apply to section 1.
2	NEW SECTION. Section 11. Applicability. Sections 1
3	through S apply retroactively, within the meaning of
4	1-2-109, to January 1, 1985.
5	NEW SECTION. Section 12. Effective dates
6	termination. (1) Sections 1 through 5, 9, 11, and this
7	section are effective on passage and approval.
8	(2) Sections 6 through 8 are effective July 1, 1985.
9	(3) Section 1 terminates on July 1, 1987.

-End-

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