

HOUSE BILL NO. 418

1/23 Introduced  
1/23 Referred to Business & Labor  
1/24 Fiscal Note Requested  
1/31 Fiscal Note Received  
2/05 Hearing  
Died in Committee

1 HOUSE BILL NO. 418  
 2 INTRODUCED BY HART  
 3  
 4 A BILL FOR AN ACT ENTITLED: "AN ACT REVISING THE SCHEDULES  
 5 OF EMPLOYERS' UNEMPLOYMENT INSURANCE CONTRIBUTION RATES;  
 6 AMENDING SECTION 39-51-1218, MCA; AND PROVIDING AN IMMEDIATE  
 7 EFFECTIVE DATE."

8  
 9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:  
 10 Section 1. Section 39-51-1218, MCA, is amended to  
 11 read:

12 "39-51-1218. Rate schedules.  
 13 SCHEDULES OF CONTRIBUTION RATES -- Part I  
 14

	Sched. I	Sched. II	Sched. III	Sched. IV
16 Minimum Ratio of				
17 Fund to Total Wages	<del>(.0250)</del>	<del>(.0245)</del>	<del>(.0240)</del>	<del>(.0230)</del>
18	<u>(.0285)</u>	<u>(.0280)</u>	<u>(.0275)</u>	<u>(.0270)</u>
19 Average Tax Rate	<del>1.3</del>	<del>1.5</del>	<del>1.7</del>	<del>1.9</del>
20	<u>1.4</u>	<u>1.6</u>	<u>1.8</u>	<u>2.0</u>

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Rate Class	Contribution Rates For Eligible Employers			
23 1	<del>0.2%</del>	<del>0.3%</del>	<del>0.5%</del>	<del>0.7%</del>
24	<u>0.0%</u>	<u>0.1%</u>	<u>0.3%</u>	<u>0.5%</u>
25 2	<del>0.4</del>	<del>0.6</del>	<del>0.8</del>	<del>1.0</del>

1		<u>0.1</u>	<u>0.3</u>	<u>0.5</u>	<u>0.7</u>
2	3	<del>0.7</del>	<del>0.9</del>	<del>1.1</del>	<del>1.3</del>
3		<u>0.3</u>	<u>0.5</u>	<u>0.7</u>	<u>0.9</u>
4	4	<del>1.0</del>	<del>1.2</del>	<del>1.4</del>	<del>1.6</del>
5		<u>0.5</u>	<u>0.7</u>	<u>0.9</u>	<u>1.1</u>
6	5	<del>1.3</del>	<del>1.5</del>	<del>1.7</del>	<del>1.9</del>
7		<u>0.7</u>	<u>0.9</u>	<u>1.1</u>	<u>1.3</u>
8	6	<del>1.6</del>	<del>1.8</del>	<del>2.0</del>	<del>2.2</del>
9		<u>0.9</u>	<u>1.1</u>	<u>1.3</u>	<u>1.5</u>
10	7	<del>1.9</del>	<del>2.1</del>	<del>2.3</del>	<del>2.5</del>
11		<u>1.1</u>	<u>1.3</u>	<u>1.5</u>	<u>1.7</u>
12	8	<del>1.3</del>	<del>1.5</del>	<del>1.7</del>	<del>1.9</del>
13	9	<del>1.5</del>	<del>1.7</del>	<del>1.9</del>	<del>2.1</del>
14	10	<del>1.7</del>	<del>1.9</del>	<del>2.1</del>	<del>2.3</del>

15 -----

Contribution Rates For Unrated Employers					
17		<del>2.1%</del>	<del>2.3%</del>	<del>2.5%</del>	<del>2.7%</del>
18		<u>2.0%</u>	<u>2.2%</u>	<u>2.4%</u>	<u>2.6%</u>

19 -----

Rate Class	Contribution Rates For Deficit Employers			
21 1	<del>2.2%</del>	<del>2.4%</del>	<del>2.6%</del>	<del>2.8%</del>
22	<u>3.2%</u>	<u>3.4%</u>	<u>3.6%</u>	<u>3.8%</u>
23 2	<del>2.4</del>	<del>2.6</del>	<del>2.8</del>	<del>3.0</del>
24	<u>3.4</u>	<u>3.6</u>	<u>3.8</u>	<u>4.0</u>
25 3	<del>2.6</del>	<del>2.8</del>	<del>3.0</del>	<del>3.2</del>



1		<u>3.6</u>	<u>3.8</u>	<u>4.0</u>	<u>4.2</u>
2	4	<u>2.0</u>	<u>3.0</u>	<u>3.2</u>	<u>3.4</u>
3		<u>3.8</u>	<u>4.0</u>	<u>4.2</u>	<u>4.4</u>
4	5	<u>3.0</u>	<u>3.2</u>	<u>3.4</u>	<u>3.6</u>
5		<u>4.0</u>	<u>4.2</u>	<u>4.4</u>	<u>4.6</u>
6	6	<u>3.2</u>	<u>3.4</u>	<u>3.6</u>	<u>3.8</u>
7		<u>4.2</u>	<u>4.4</u>	<u>4.6</u>	<u>4.8</u>
8	7	<u>4.4</u>	<u>4.6</u>	<u>4.8</u>	<u>5.0</u>
9	8	<u>4.6</u>	<u>4.8</u>	<u>5.0</u>	<u>5.2</u>
10	9	<u>4.8</u>	<u>5.0</u>	<u>5.2</u>	<u>5.4</u>
11	10	<u>6.4</u>	<u>6.4</u>	<u>6.4</u>	<u>6.4</u>

1	<u>1.1</u>	<u>1.3</u>	<u>1.5</u>	<u>1.7</u>	<u>1.9</u>	<u>2.1</u>
2	<u>1.8</u>	<u>2.0</u>	<u>2.2</u>	<u>2.4</u>	<u>2.6</u>	<u>2.8</u>
3	<u>1.3</u>	<u>1.5</u>	<u>1.7</u>	<u>1.9</u>	<u>2.1</u>	<u>2.3</u>
4	<u>2.1</u>	<u>2.3</u>	<u>2.5</u>	<u>2.7</u>	<u>2.9</u>	<u>3.1</u>
5	<u>1.5</u>	<u>1.7</u>	<u>1.9</u>	<u>2.1</u>	<u>2.3</u>	<u>2.5</u>
6	<u>2.4</u>	<u>2.6</u>	<u>2.8</u>	<u>3.0</u>	<u>3.2</u>	<u>3.4</u>
7	<u>1.7</u>	<u>1.9</u>	<u>2.1</u>	<u>2.3</u>	<u>2.5</u>	<u>2.7</u>
8	<u>2.7</u>	<u>2.9</u>	<u>3.1</u>	<u>3.3</u>	<u>3.5</u>	<u>3.7</u>
9	<u>1.9</u>	<u>2.1</u>	<u>2.3</u>	<u>2.5</u>	<u>2.7</u>	<u>2.9</u>
10	<u>2.1</u>	<u>2.3</u>	<u>2.5</u>	<u>2.7</u>	<u>2.9</u>	<u>3.1</u>
11	<u>2.3</u>	<u>2.5</u>	<u>2.7</u>	<u>2.9</u>	<u>3.1</u>	<u>3.3</u>
12	<u>2.5</u>	<u>2.7</u>	<u>2.9</u>	<u>3.1</u>	<u>3.3</u>	<u>3.5</u>

SCHEDULES OF CONTRIBUTION RATES -- Part II

Sched.	Sched.	Sched.	Sched.	Sched.	Sched.
V	VI	VII	VIII	IX	X
(.0120)	(.0110)	(.0095)	(.0075)	(.0050)	(.0000)
(.0260)	(.0245)	(.0225)	(.0200)	(.0170)	(.0135)
<u>2.1</u>	<u>2.3</u>	<u>2.5</u>	<u>2.7</u>	<u>2.9</u>	<u>3.1</u>
<u>2.2</u>	<u>2.4</u>	<u>2.6</u>	<u>2.8</u>	<u>3.0</u>	<u>3.2</u>

Contribution Rates For Unrated Employers

<u>2.9%</u>	<u>3.1%</u>	<u>3.3%</u>	<u>3.5%</u>	<u>3.7%</u>	<u>3.9%</u>
<u>2.8%</u>	<u>3.0%</u>	<u>3.2%</u>	<u>3.4%</u>	<u>3.6%</u>	<u>3.8%</u>

Contribution Rates For Deficit Employers

<u>3.0%</u>	<u>3.2%</u>	<u>3.4%</u>	<u>3.6%</u>	<u>3.8%</u>	<u>4.0%</u>
<u>4.0%</u>	<u>4.2%</u>	<u>4.4%</u>	<u>4.6%</u>	<u>4.8%</u>	<u>5.0%</u>
<u>3.2</u>	<u>3.4</u>	<u>3.6</u>	<u>3.8</u>	<u>4.0</u>	<u>4.2</u>
<u>4.2</u>	<u>4.4</u>	<u>4.6</u>	<u>4.8</u>	<u>5.0</u>	<u>5.2</u>
<u>3.4</u>	<u>3.6</u>	<u>3.8</u>	<u>4.0</u>	<u>4.2</u>	<u>4.4</u>
<u>4.4</u>	<u>4.6</u>	<u>4.8</u>	<u>5.0</u>	<u>5.2</u>	<u>5.4</u>
<u>3.6</u>	<u>3.8</u>	<u>4.0</u>	<u>4.2</u>	<u>4.4</u>	<u>4.4</u>

Contribution Rates For Eligible Employers

<u>0.9%</u>	<u>1.1%</u>	<u>1.3%</u>	<u>1.5%</u>	<u>1.7%</u>	<u>1.9%</u>
<u>0.7%</u>	<u>0.9%</u>	<u>1.1%</u>	<u>1.3%</u>	<u>1.5%</u>	<u>1.7%</u>
<u>1.2</u>	<u>1.4</u>	<u>1.6</u>	<u>1.8</u>	<u>2.0</u>	<u>2.2</u>
<u>0.9</u>	<u>1.1</u>	<u>1.3</u>	<u>1.5</u>	<u>1.7</u>	<u>1.9</u>
<u>1.5</u>	<u>1.7</u>	<u>1.9</u>	<u>2.1</u>	<u>2.3</u>	<u>2.5</u>

1	<u>4.6</u>	<u>4.8</u>	<u>5.0</u>	<u>5.2</u>	<u>5.4</u>	<u>5.6</u>
2	<del>3.8</del>	<del>4.0</del>	<del>4.2</del>	<del>4.4</del>	<del>4.4</del>	<del>4.4</del>
3	<u>4.8</u>	<u>5.0</u>	<u>5.2</u>	<u>5.4</u>	<u>5.6</u>	<u>5.8</u>
4	<del>4.0</del>	<del>4.2</del>	<del>4.4</del>	<del>4.4</del>	<del>4.4</del>	<del>4.4</del>
5	<u>5.0</u>	<u>5.2</u>	<u>5.4</u>	<u>5.6</u>	<u>5.8</u>	<u>6.0</u>
6	<u>5.2</u>	<u>5.4</u>	<u>5.6</u>	<u>5.8</u>	<u>6.0</u>	<u>6.2</u>
7	<u>5.4</u>	<u>5.6</u>	<u>5.8</u>	<u>6.0</u>	<u>6.2</u>	<u>6.4</u>
8	<u>5.6</u>	<u>5.8</u>	<u>6.0</u>	<u>6.2</u>	<u>6.4</u>	<u>6.6</u>
9	<u>6.4</u>	<u>6.4</u>	<u>6.4</u>	<u>6.4</u>	<u>6.6</u>	<u>6.8</u>

SCHEDULES OF CONTRIBUTION RATES -- Part III

	<u>Sched.</u>	<u>Sched.</u>	<u>Sched.</u>
11	<u>XI</u>	<u>XII</u>	<u>XIII</u>
12	<u>(.0095)</u>	<u>(.0050)</u>	<u>(.0000)</u>
13	<u>3.4</u>	<u>3.6</u>	<u>3.8</u>

Contribution Rates For Eligible Employers

17	<u>1.9%</u>	<u>2.1%</u>	<u>2.3%</u>
18	<u>2.1</u>	<u>2.3</u>	<u>2.5</u>
19	<u>2.3</u>	<u>2.5</u>	<u>2.7</u>
20	<u>2.5</u>	<u>2.7</u>	<u>2.9</u>
21	<u>2.7</u>	<u>2.9</u>	<u>3.1</u>
22	<u>2.9</u>	<u>3.1</u>	<u>3.3</u>
23	<u>3.1</u>	<u>3.3</u>	<u>3.5</u>
24	<u>3.3</u>	<u>3.5</u>	<u>3.7</u>
25	<u>3.5</u>	<u>3.7</u>	<u>3.9</u>

1	<u>3.7</u>	<u>3.9</u>	<u>4.1</u>
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Contribution Rates For Unrated Employers

4	<u>4.0%</u>	<u>4.2%</u>	<u>4.4%</u>
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Contribution Rates For Deficit Employers

7	<u>5.2%</u>	<u>5.4%</u>	<u>5.6%</u>
8	<u>5.4</u>	<u>5.6</u>	<u>5.8</u>
9	<u>5.6</u>	<u>5.8</u>	<u>6.0</u>
10	<u>5.8</u>	<u>6.0</u>	<u>6.2</u>
11	<u>6.0</u>	<u>6.2</u>	<u>6.4</u>
12	<u>6.2</u>	<u>6.4</u>	<u>6.6</u>
13	<u>6.4</u>	<u>6.6</u>	<u>6.8</u>
14	<u>6.6</u>	<u>6.8</u>	<u>6.8</u>
15	<u>6.8</u>	<u>6.8</u>	<u>6.8</u>
16	<u>6.8</u>	<u>6.8</u>	<u>6.8"</u>

NEW SECTION. Section 2. Extension of authority. Any existing authority of the department of labor and industry to make rules on the subject of the provisions of this act is extended to the provisions of this act.

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

-End-

STATE OF MONTANA  
FISCAL NOTE

REQUEST NO. FNN211-85

Form BD-15

In compliance with a written request received January 24 19 85, there is hereby submitted a Fiscal Note for H.B. 418 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.

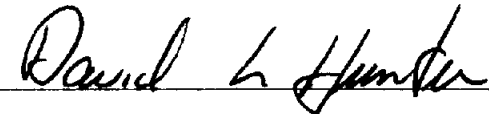
DESCRIPTION OF PROPOSED LEGISLATION:

This bill revises the employer's unemployment insurance contribution rate.

ASSUMPTIONS:

1. Proposed tax schedule will be effective January 1, 1986.
2. It is estimated that schedule XIII would go into effect on January 1, 1986.
3. Based on current law, taxable wages are expected to be \$1.7B and \$1.8B for C.Y.S. 1986 and 1987 respectively.
4. Under proposed law, the effective average tax rate for C.Y. 1986 and C.Y. 1987 is 3.9%. This rate includes a 0.1% job service tax.
5. Collections due are distributed quarterly when collected, then converted to Fiscal year.
6. Under current law, expected contribution collections for F.Y. 1986 and F.Y. 1987 will be \$53.9M and \$55.8M respectively.
7. Other miscellaneous collections are deposited into the Trust Fund. These include:
  - a. Contributions from State and Local Government entities
  - b. Benefit reimbursements from private non-profit employers
  - c. Benefit reimbursements from other states
  - d. Penalty and interest on delinquent contributions
  - e. U.S. Treasury interest on the Trust Fund

These miscellaneous collections are expected to be \$10,370,000 and \$11,170,000 for C.Y.'s 1986 and 1987 respectively. The miscellaneous collections are added to the collections due under both current and proposed law in order to calculate the net effect.



BUDGET DIRECTOR  
Office of Budget and Program Planning

Date: JAN 30, 1985  
HB 418

FISCAL IMPACT ON EXPENDABLE TRUST FUND:

	<u>FY 1986</u>	<u>FY 1987</u>
Contributions (current law)	\$62.2M	\$65.1M
Contributions (proposed law)	\$67.5M	\$79.2M
Net Effect	+\$ 5.3M	+\$14.1M

No General Fund Impact.

LONG RANGE EFFECTS:

This bill would increase employer contributions. However, the wage base that contributions are based upon will remain limited to an annual increase of \$200, while benefits are increased with inflation. This discrepancy will continue to keep the benefit payments in excess of contributions made into the trust fund.