

SENATE BILL NO. 219

1/22 Introduced
1/24 Referred to Labor & Employment Relations
1/28 Fiscal Note Requested
2/01 Fiscal Note Received
2/09 Hearing
2/21 Tabled in Committee

1 *Senate* BILL NO. *219*
 2 INTRODUCED BY *Richard E. Manning Orsiell*
 3

4 A BILL FOR AN ACT ENTITLED: "AN ACT TO REQUIRE THAT THE
 5 WEEKLY WORKERS' COMPENSATION BENEFIT BE ADJUSTED YEARLY TO
 6 TAKE INTO ACCOUNT THE CHANGE IN THE COST OF LIVING; AND
 7 PROVIDING AN EFFECTIVE DATE."

8
 9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

10 Section 1. Cost-of-living adjustment to weekly
 11 benefit. For fiscal year 1986 and each fiscal year
 12 thereafter, the weekly benefit due under 39-71-701 through
 13 39-71-703 or 39-71-721 is the amount of the first weekly
 14 benefit payment made in the year in which the injury
 15 occurred multiplied by the ratio of the PCE for the calendar
 16 year ending prior to the beginning of the current fiscal
 17 year to the PCE for calendar year 1984. "PCE" means the
 18 implicit price deflator for personal consumption
 19 expenditures as published quarterly in the Survey of Current
 20 Business by the bureau of economic analysis of the United
 21 States department of commerce.

22 Section 2. Extension of authority. Any existing
 23 authority of the division of workers' compensation to make
 24 rules on the subject of the provisions of this act is
 25 extended to the provisions of this act.

1 Section 3. Codification instruction. Section 1 is
 2 intended to be codified as an integral part of Title 39,
 3 chapter 71, and the provisions of Title 39, chapter 71,
 4 apply to section 1.

5 Section 4. Effective date. This act is effective July
 6 1, 1985.

-End-

INTRODUCED BILL
 SB 219



STATE OF MONTANA
FISCAL NOTE

REQUEST NO. FNN 250-85

Form BD-15

In compliance with a written request received January 28, 19 85, there is hereby submitted a Fiscal Note for Senate Bill 219 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:

Senate Bill 219 requires that the weekly workers' compensation benefit be adjusted yearly to take into account the change in the cost of living.

ASSUMPTIONS:

- A. The National Council on Compensation Insurance (NCCI) has stated that a 33.4% rate increase in Montana would be necessary to fund cost of living indexed benefits for permanent total and fatal classes of disability. The NCCI further estimated that a 37.1% rate increase to employers would be necessary to fund cost of living indexed benefits for all classes of disability. This bill covers all classes of disability. Estimates of premium increases using only State Fund data confirm that a 37% increase is credible.
- B. The "PCE" (implicit price deflator for personal consumption expenditures) has experienced an average annual increase of 7.2% from 1972 through 1983.
- C. The Montana state's average weekly wage has experienced an average annual increase of 7.4% over the same period of time (1972-1983).
- D. The State Fund premium for FY 86 under present law has been projected at \$52,403,484, and FY 87 at \$59,513,589. These projections do not include the impact of the Willis decision.
- E. Major items in the State Fund operational budget that are tied to premium are the NCCI assessment and reinsurance. The NCCI assessment is projected at .00325 times annual premium. Reinsurance is currently contracted for at .00179 times annual earned premium.

David L Hunter

BUDGET DIRECTOR
Office of Budget and Program Planning

Date: Feb 1, 1985

FISCAL IMPACT:

(1) On Expendable Trust Fund Revenue and Expenditures
 (State Special Revenue)

	<u>FY 1986</u>	<u>FY 1987</u>	<u>Biennium Impact</u>
Current	\$ 52,403,484	\$ 59,513,589	\$111,917,073
Proposed	\$ 71,845,177	\$ 81,593,131	153,438,308
Difference	\$ 19,441,693	\$ 22,079,542	\$ 41,521,235

(2) On State Agencies Due To Increased Worker's Compensation Rates:

	<u>FY 1986</u>	<u>FY 1987</u>	<u>Biennium Impact</u>
General Fund	\$ 470,358	\$ 470,358	\$ 940,716
State and Federal Special Revenue	540,277	540,277	1,080,554
Proprietary	80,235	80,235	160,470
Universities *	183,498	183,498	366,996
TOTAL	\$ 1,274,368	\$ 1,274,368	\$ 2,548,736

*Due to the method of financing University System budgets, this added cost would impact the General Fund by the amounts indicated.