

HB 723 INTRODUCED BY WHALEN, ET AL.
FUND WORKERS' COMPENSATION UNINSURED EMPLOYERS FUND
WITH PAYROLL FEE

2/12 INTRODUCED
2/12 REFERRED TO BUSINESS & LABOR
2/13 FISCAL NOTE REQUESTED
2/17 HEARING
2/17 TABLED IN COMMITTEE
2/18 FISCAL NOTE RECEIVED

1 House BILL NO. 723
 2 INTRODUCED BY Whalen Democrat
 3 Harvington
 4 A BILL FOR AN ACT ENTITLED: "AN ACT TO PROVIDE AN
 5 ADDITIONAL SOURCE OF FUNDING FOR THE WORKERS' COMPENSATION
 6 UNINSURED EMPLOYERS' FUND BY ASSESSING A FEE OF 1/2 OF 1
 7 PERCENT AGAINST THE PAYROLL OF EMPLOYMENTS COVERED BY THE
 8 WORKERS' COMPENSATION ACT; AMENDING SECTION 39-71-504, MCA;
 9 AND PROVIDING APPLICABILITY AND EFFECTIVE DATES."

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

12 Section 1. Section 39-71-504, MCA, is amended to read:
 13 "39-71-504. Funding of fund -- option for agreement
 14 between division and injured employee. The fund shall be
 15 funded in the following manner:

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

1 An assessment for payroll paid by the uninsured employer for
 2 any time prior to July 1, 1977, may not be made.

3 (2) (a) The fund shall receive from an uninsured
 4 employer an amount equal to all benefits paid or to be paid
 5 from the fund to an injured employee of the uninsured
 6 employer. However, the uninsured employer's liability under
 7 this subsection (2)(a) may not exceed \$50,000.

8 (b) The dollar limitation does not apply to an
 9 uninsured employer's liability to an injured employee or the
 10 employee's beneficiaries under 39-71-509 or 39-71-515.

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

16 (4) The division may enter into an agreement with the
 17 injured employee or the employee's beneficiaries to assign
 18 to the employee or the beneficiaries all or part of the
 19 funds received by the division from the uninsured employer
 20 pursuant to subsection (2)(a).

21 (5) For all employments covered by the Workers'
 22 Compensation Act or for which an election for coverage has
 23 been made under this chapter, the employer shall pay to the
 24 division a fee of 1/2 of 1% of his payroll as determined by
 25 the division."

1 NEW SECTION. Section 2. Extension of authority. Any
2 existing authority of the division of workers' compensation
3 to make rules on the subject of the provisions of this act
4 is extended to the provisions of this act.

5 NEW SECTION. Section 3. Applicability. This act
6 applies to payroll paid on and after July 1, 1987.

7 NEW SECTION. Section 4. Effective date. This act is
8 effective July 1, 1987.

-End-

STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for HB723, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

An act to provide an additional source of funding for the Workers' Compensation Uninsured Employers' Fund by assessing a fee of 1/2 of 1 percent against the payroll of employers covered by the Workers' Compensation Act; amending section 39-71-504, MCA; and providing applicability and effective dates.

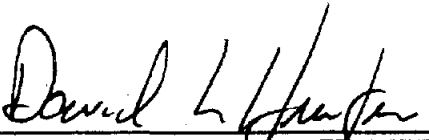
ASSUMPTIONS:

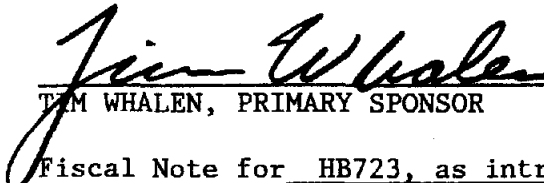
1. Annual projected covered payroll is \$4,035,758,352 in FY88 and \$4,076,115,936 in FY89 as estimated by the Department of Labor and Industry.
2. Each insurer would collect the fee from each of its insureds and remit it to the Division.
3. Under Plan III, the fee would be billed through the present billing process, requiring no additional staff. However, a slight modification to the computer program would be necessary.
4. Any costs to change the State Fund's computer programs would be paid from the proceeds of this bill.
5. Non-payment of the fee by an employer would cause cancellation of the employer's workers' compensation insurance coverage.

FISCAL IMPACT:

	FY88		FY89	
	<u>Current Law</u>	<u>Proposed Law</u>	<u>Current Law</u>	<u>Proposed Law</u>
<u>Expenditures:</u>				
Contracted Services				
Computer Programs	\$ 0	\$ 4,080	\$ 0	\$ 0
<u>Revenues:</u>				
Fee on covered payroll	\$ 0	\$ 20,178,792	\$ 0	\$ 20,380,580

Revenue and expenditures would impact Uninsured Employers' Trust Fund.

 DATE 2/18/87
 DAVID L. HUNTER, BUDGET DIRECTOR
 Office of Budget and Program Planning

 DATE 2-19-87
 JIM WHALEN, PRIMARY SPONSOR
 Fiscal Note for HB723, as introduced.

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