

HOUSE BILL NO. 99
INTRODUCED BY DRISCOLL
BY REQUEST OF THE DEPARTMENT OF LABOR AND INDUSTRY

IN THE HOUSE

JANUARY 9, 1989	INTRODUCED AND REFERRED TO COMMITTEE ON LABOR.
	FIRST READING.
JANUARY 20, 1989	COMMITTEE RECOMMEND BILL DO PASS. REPORT ADOPTED.
JANUARY 21, 1989	PRINTING REPORT.
JANUARY 23, 1989	ON MOTION, CONSIDERATION PASSED FOR TUESDAY, 1/24/89
JANUARY 24, 1989	SECOND READING, DO PASS.
JANUARY 25, 1989	ENGROSSING REPORT.
JANUARY 26, 1989	THIRD READING, PASSED. AYES, 97; NOES, 0.
	TRANSMITTED TO SENATE.

IN THE SENATE

JANUARY 27, 1989	INTRODUCED AND REFERRED TO COMMITTEE ON LABOR & EMPLOYMENT RELATIONS.
FEBRUARY 7, 1989	COMMITTEE RECOMMEND BILL BE CONCURRED IN AS AMENDED. REPORT ADOPTED.
FEBRUARY 9, 1989	SECOND READING, CONCURRED IN.
FEBRUARY 11, 1989	THIRD READING, CONCURRED IN. AYES, 46; NOES, 0.

RETURNED TO HOUSE WITH AMENDMENTS.

IN THE HOUSE

FEBRUARY 27, 1989

RECEIVED FROM SENATE.

SECOND READING, AMENDMENTS
CONCURRED IN.

FEBRUARY 28, 1989

THIRD READING, AMENDMENTS
CONCURRED IN.

SENT TO ENROLLING.

REPORTED CORRECTLY ENROLLED.

1 House BILL NO. 99
2 INTRODUCED BY Insell
3 BY REQUEST OF THE DEPARTMENT OF LABOR AND INDUSTRY
4
5 A BILL FOR AN ACT ENTITLED: "AN ACT REVISING THE METHOD FOR
6 CHARGING UNEMPLOYMENT COMPENSATION BENEFITS TO THE
7 EXPERIENCE RATING ACCOUNT OF A CLAIMANT'S EMPLOYER; CHANGING
8 THE METHOD OF ASSIGNING CONTRIBUTION RATES TO NEW EMPLOYERS;
9 AND AMENDING SECTIONS 39-51-1212, 39-51-1214, AND
10 39-51-1217, MCA."

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

13 **Section 1.** Section 39-51-1212, MCA, is amended to
14 read:

15 "39-51-1212. Experience rating for governmental
16 entities. (1) Governmental entities newly covered under this
17 chapter after December 31, 1974, shall make payments for the
18 period prior to July 1, 1977, equal to 0.4% of total wages
19 paid employees for services in employment during the
20 calendar quarter and for the period after July 1, 1977,
21 shall make payments at the median rate.

22 (2) The rates of governmental entities who have
23 accumulated experience rating credits shall be adjusted
24 annually as follows with each governmental entity assigned a
25 rate based upon:

1 (a) its benefit cost experience, to be arrived at by
2 dividing the total sum of benefits charged to the employer's
3 account for all past periods which are completed
4 transactions by December 31 by total wages from date of
5 subjectivity of the employing unit through December 31; and
6 (b) the benefit cost for all past years of
7 governmental entities electing to pay contributions compared
8 with total payrolls reported for all past years by these
9 governmental entities used as a median, with the rates so
10 fixed using the median that the rates will, when applied to
11 the total annual payroll for subject governmental entities,
12 yield total paid contributions equaling approximately the
13 total benefit costs.

14 (3) New governmental entities electing to pay
15 contributions shall be assigned the median rate for the year
16 in which they become subject.

17 (4) At no time may the minimum rate be less than 0.1%
18 or the maximum rate be greater than 1.5%. The rates are to
19 be graduated at one-tenth intervals.

20 (5) In the event benefit charges exceed contributions
21 paid in the last 2 completed fiscal years, governmental
22 entities' rates will be adjusted by increasing all rates to
23 the next higher schedule.

24 (6) The computed rate is effective July 1 of each
25 year.

(7) Governmental entities must be charged for their share of the total benefits paid to a claimant if the governmental entity contributed wages during the claimant's base period. The benefit charged must be based on the percentage of wages paid by the governmental entity as compared to the total wages paid by all employers in the claimant's base period."

Section 2. Section 39-51-1214, MCA, is amended to read:

"39-51-1214. Benefit payments chargeable to employer experience rating accounts. (1) Benefits Except for cost reimbursement, benefits paid shall be charged to the account of each of the covered-employer, except cost-reimbursement and governmental claimant's base period employers, who paid the largest individual amount of base period wages as shown on the determination used as the basis for the payment of such benefits. The benefit charged must be based on the percentage of wages paid by the employer as compared to the total wages paid by all employers in the claimant's base period.

(2) No charge shall be made to the account of such covered employer with respect to benefits paid under the following situations:

(a) if paid to a worker who terminated his services voluntarily without good cause attributable to such covered

employer or who had been discharged for misconduct in connection with such services;

(b) if paid in accordance with the extended benefit program triggered by either national or state indicators; or
(c) if the base period employer continues to provide employment with no reduction in hours or wages."

Section 3. Section 39-51-1217, MCA, is amended to read:

"39-51-1217. Schedule of rates assigned based on trust fund reserve. (1) The rate schedule for each calendar year is assigned based upon the ratio of the trust fund balance as of December 31 prior to the rate year to total wages in covered employment for the 12-month period prior to the computation date.

(2) The ratio at the top of each tax schedule in the tax table shown in 39-51-1218 represents the minimum fund level required for a specific tax schedule to be in effect.

(3) Employer rates are assigned in accord with the rates provided in each schedule for eligible, unrated, and deficit employers, based upon their experience as defined in this section.

(4) For the calendar year 1990 and each year thereafter, any employer classified as unrated must be assigned a rate equal to the average rate of contributions paid by employers in the same major industrial

1 classification for the calendar year preceding the
2 computation date, plus an adjustment for the difference
3 between the average tax rate assigned for the previous
4 calendar year and the average rate in effect for the current
5 calendar year. The computation of the average rate of
6 contributions in a major industrial classification must
7 exclude those employer accounts that are not eligible for
8 the computation of an experience rating solely by reason of
9 insufficient experience. The department shall develop the
10 major industrial classifications for the state and shall
11 annually determine the contribution rate for each
12 classification."

13 **Section 4. Extension of authority.** Any existing
14 authority to make rules on the subject of the provisions of
15 [this act] is extended to the provisions of [this act].

-End-

STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for HB099, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

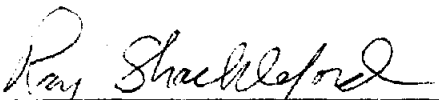
"An act revising the method for charging unemployment compensation benefits to the experience rating account of a claimant's employer; changing the method of assigning contribution rates to new employers; and amending sections 39-51-1212, 39-51-1214, and 39-51-1217, MCA."


ASSUMPTIONS:

1. MCA 39-51-1212: This proposal would cause a redistribution of benefit charges having no effect on contributions or benefit disbursements, therefore, there is no fiscal impact to the Unemployment Insurance trust fund.
2. MCA 39-51-1214: This proposal would cause a redistribution of benefit charges having no effect on contributions or benefit disbursements, therefore, there is no fiscal impact to the Unemployment Insurance trust fund.
3. MCA 39-51-1217: This proposal would cause a redistribution of tax liability amongst approximately 24,000 experience-rated employers, therefore, there is no fiscal impact to the Unemployment Insurance trust fund.

FISCAL IMPACT:

There will be no fiscal impact on the Expendable Trust Fund.

 1/13/89
RAY SHACKLEFORD, BUDGET DIRECTOR DATE
OFFICE OF BUDGET AND PROGRAM PLANNING

 1-13-89
JERRY L. DRISCOLL, PRIMARY SPONSOR DATE

Fiscal Note for HB099, as introduced

HB 99

APPROVED BY COMMITTEE
ON LABOR & EMPLOYMENT
RELATIONS

1 House BILL NO. 99
2 INTRODUCED BY Insell
3 BY REQUEST OF THE DEPARTMENT OF LABOR AND INDUSTRY
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21 shall make payments at the median rate.

22 (2) The rates of governmental entities who have
23 accumulated experience rating credits shall be adjusted
24 annually as follows with each governmental entity assigned a
25 rate based upon:

1 (a) its benefit cost experience, to be arrived at by
2 dividing the total sum of benefits charged to the employer's
3 account for all past periods which are completed
4 transactions by December 31 by total wages from date of
5 subjectivity of the employing unit through December 31; and

6 (b) the benefit cost for all past years of
7 governmental entities electing to pay contributions compared
8 with total payrolls reported for all past years by these
9 governmental entities used as a median, with the rates so
10 fixed using the median that the rates will, when applied to
11 the total annual payroll for subject governmental entities,
12 yield total paid contributions equaling approximately the
13 total benefit costs.

14 (3) New governmental entities electing to pay
15 contributions shall be assigned the median rate for the year
16 in which they become subject.

17 (4) At no time may the minimum rate be less than 0.1%
18 or the maximum rate be greater than 1.5%. The rates are to
19 be graduated at one-tenth intervals.

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21 paid in the last 2 completed fiscal years, governmental
22 entities' rates will be adjusted by increasing all rates to
23 the next higher schedule.

24 (6) The computed rate is effective July 1 of each
25 year.

(7) Governmental entities must be charged for their share of the total benefits paid to a claimant if the governmental entity contributed wages during the claimant's base period. The benefit charged must be based on the percentage of wages paid by the governmental entity as compared to the total wages paid by all employers in the claimant's base period."

Section 2. Section 39-51-1214, MCA, is amended to read:

"39-51-1214. Benefit payments chargeable to employer experience rating accounts. (1) Benefits Except for cost reimbursement, benefits paid shall be charged to the account of each of the covered-employer-except-cost-reimbursement and-governmental claimant's base period employers-who-paid the--largest-individual-amount-of-base-period-wages-as-shown on-the-determination-used-as-the-basis-for--the--payment--of such--benefits. The benefit charged must be based on the percentage of wages paid by the employer as compared to the total wages paid by all employers in the claimant's base period.

(2) No charge shall be made to the account of such covered employer with respect to benefits paid under the following situations:

{1}(a) if paid to a worker who terminated his services voluntarily without good cause attributable to such covered

employer or who had been discharged for misconduct in connection with such services;

{2}(b) if paid in accordance with the extended benefit program triggered by either national or state indicators; or (c) if the base period employer continues to provide employment with no reduction in hours or wages."

Section 3. Section 39-51-1217, MCA, is amended to read:

"39-51-1217. Schedule of rates assigned based on trust fund reserve. (1) The rate schedule for each calendar year is assigned based upon the ratio of the trust fund balance as of December 31 prior to the rate year to total wages in covered employment for the 12-month period prior to the computation date.

(2) The ratio at the top of each tax schedule in the tax table shown in 39-51-1218 represents the minimum fund level required for a specific tax schedule to be in effect.

(3) Employer rates are assigned in accord with the rates provided in each schedule for eligible, unrated, and deficit employers, based upon their experience as defined in this section.

(4) For the calendar year 1990 and each year thereafter, any employer classified as unrated must be assigned a rate equal to the average rate of contributions paid by employers in the same major industrial

1 classification for the calendar year preceding the
2 computation date, plus an adjustment for the difference
3 between the average tax rate assigned for the previous
4 calendar year and the average rate in effect for the current
5 calendar year. The computation of the average rate of
6 contributions in a major industrial classification must
7 exclude those employer accounts that are not eligible for
8 the computation of an experience rating solely by reason of
9 insufficient experience. The department shall develop the
10 major industrial classifications for the state and shall
11 annually determine the contribution rate for each
12 classification."

13 **Section 4.** Extension of authority. Any existing
14 authority to make rules on the subject of the provisions of
15 [this act] is extended to the provisions of [this act].

-End-

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19 paid employees for services in employment during the
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11 the total annual payroll for subject governmental entities,
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18 or the maximum rate be greater than 1.5%. The rates are to
19 be graduated at one-tenth intervals.
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Section 2. Section 39-51-1214, MCA, is amended to read:

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(2) No charge shall be made to the account of such covered employer with respect to benefits paid under the following situations:

(i) if paid to a worker who terminated his services voluntarily without good cause attributable to such covered

employer or who had been discharged for misconduct in connection with such services;

(ii) if paid in accordance with the extended benefit program triggered by either national or state indicators; or

(c) if the base period employer continues to provide employment with no reduction in hours or wages."

Section 3. Section 39-51-1217, MCA, is amended to read:

"39-51-1217. Schedule of rates assigned based on trust fund reserve. (1) The rate schedule for each calendar year is assigned based upon the ratio of the trust fund balance as of December 31 prior to the rate year to total wages in covered employment for the 12-month period prior to the computation date.

(2) The ratio at the top of each tax schedule in the tax table shown in 39-51-1218 represents the minimum fund level required for a specific tax schedule to be in effect.

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(4) For the calendar year 1990 and each year thereafter, any employer classified as unrated must be assigned a rate equal to the average rate of contributions paid by employers in the same major industrial

1 classification for the calendar year preceding the
2 computation date, plus an adjustment for the difference
3 between the average tax rate assigned for the previous
4 calendar year and the average rate in effect for the current
5 calendar year. The computation of the average rate of
6 contributions in a major industrial classification must
7 exclude those employer accounts that are not eligible for
8 the computation of an experience rating solely by reason of
9 insufficient experience. The department shall develop the
10 major industrial classifications for the state and shall
11 annually determine the contribution rate for each
12 classification."

13 **Section 4.** Extension of authority. Any existing
14 authority to make rules on the subject of the provisions of
15 [this act] is extended to the provisions of [this act].

-End-

SENATE STANDING COMMITTEE REPORT

February 6, 1989

MR. PRESIDENT:

We, your committee on Labor and Employment Relations, having had under consideration HB 99 (third reading copy -- blue), respectfully report that HB 99 be amended and as so amended be concurred in:

Sponsor: Driscoll (Keating)

1. Page 5, line 5.

Following: "year."

Insert: "At no time may an unrated employer be assigned a rate lower than 1%."

BE CONCURRED IN AS AMENDED

Signed: _____



Gary C. Aklestad, Chairman

SENATE

HOUSE BILL NO. 99

INTRODUCED BY DRISCOLL

BY REQUEST OF THE DEPARTMENT OF LABOR AND INDUSTRY

A BILL FOR AN ACT ENTITLED: "AN ACT REVISING THE METHOD FOR CHARGING UNEMPLOYMENT COMPENSATION BENEFITS TO THE EXPERIENCE RATING ACCOUNT OF A CLAIMANT'S EMPLOYER; CHANGING THE METHOD OF ASSIGNING CONTRIBUTION RATES TO NEW EMPLOYERS; AND AMENDING SECTIONS 39-51-1212, 39-51-1214, AND 39-51-1217, MCA."

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(a) its benefit cost experience, to be arrived at by dividing the total sum of benefits charged to the employer's account for all past periods which are completed transactions by December 31 by total wages from date of subjectivity of the employing unit through December 31; and

(b) the benefit cost for all past years of governmental entities electing to pay contributions compared with total payrolls reported for all past years by these governmental entities used as a median, with the rates so fixed using the median that the rates will, when applied to the total annual payroll for subject governmental entities, yield total paid contributions equaling approximately the total benefit costs.

(3) New governmental entities electing to pay contributions shall be assigned the median rate for the year in which they become subject.

(4) At no time may the minimum rate be less than 0.1% or the maximum rate be greater than 1.5%. The rates are to be graduated at one-tenth intervals.

(5) In the event benefit charges exceed contributions paid in the last 2 completed fiscal years, governmental entities' rates will be adjusted by increasing all rates to the next higher schedule.

(6) The computed rate is effective July 1 of each year.

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(c) if the base period employer continues to provide employment with no reduction in hours or wages."

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1 classification for the calendar year preceding the
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3 between the average tax rate assigned for the previous
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6 ASSIGNED A RATE LOWER THAN 1%. The computation of the
7 average rate of contributions in a major industrial
8 classification must exclude those employer accounts that are
9 not eligible for the computation of an experience rating
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11 shall develop the major industrial classifications for the
12 state and shall annually determine the contribution rate for
13 each classification."

14 NEW SECTION. Section 4. Extension of authority. Any
15 existing authority to make rules on the subject of the
16 provisions of [this act] is extended to the provisions of
17 [this act].

-End-