

HOUSE BILL 622

Introduced by Driscoll

2/09	Introduced
2/10	Referred to Labor & Employment Relations
2/16	Hearing
2/17	Committee Report--Bill Passed as Amended
2/20	Taken from 2nd Reading
2/20	Rereferred to Taxation
3/06	Fiscal Note Requested
3/08	Hearing
3/10	Fiscal Note Received
3/11	Fiscal Note Printed
3/16	Tabled in Committ

1 HOUSE BILL NO. 622
2 INTRODUCED BY Sen. J. J. ...
3
4 A BILL FOR AN ACT ENTITLED: "AN ACT ESTABLISHING AN
5 OCCUPATIONAL TRAINING PROGRAM; CREATING A BOARD TO OVERSEE
6 GRANTS FOR TRAINING PROGRAMS; PROVIDING FOR FUNDING THE
7 GRANTS THROUGH A PAYROLL TAX; PROVIDING FOR A STATUTORY
8 APPROPRIATION OF THE TAX PROCEEDS TO THE BOARD; AND AMENDING
9 SECTION 17-7-502, MCA."

11 STATEMENT OF INTENT

12 A statement of intent is required for this bill because
13 it delegates rulemaking authority to the occupational safety
14 board. The legislature intends that in adopting rules
15 prescribing application and grant monitoring procedures, the
16 board look for guidance to existing grant programs
17 administered by other state agencies. The grant procedures
18 should be as easy for the applicant as possible, while
19 maintaining accountability for grant proceeds. The rules
20 should also address the procedure for determining the
21 success of training programs in reducing occupational injury
22 and disease.

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24 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

25 NEW SECTION. Section 1. Occupational safety board --

1 allocation -- compensation. (1) There is an occupational
2 safety board.

3 (2) The board consists of seven members appointed by
4 the governor with the consent of the senate. Each member
5 shall serve for a term of 4 years.

6 (3) The board is allocated to the department of labor
7 and industry for administrative purposes only as prescribed
8 in 2-15-121.

9 (4) The members of the board must be compensated and
10 reimbursed as provided in 2-15-124(7).

11 NEW SECTION. Section 2. Definitions. As used in
12 [sections 2 through 6], unless the context requires
13 otherwise, the following definitions apply:

14 (1) "Administrative expenses" means the costs
15 indirectly associated with a training program. The term
16 includes but is not limited to insurance premiums applicable
17 to a training program, telephone expenses, mailing costs,
18 brochure printing expenses, and the purchase of materials or
19 equipment used in connection with a training program.

20 (2) "Board" means the occupational safety board created
21 in [section 1].

22 (3) "Department" means the department of labor and
23 industry provided for in 2-15-1701.

24 (4) "Fund" means the occupational training program fund
25 established in [section 5].

(5) "Training program" means an activity, service, or educational project designed to:

(a) increase the knowledge or awareness of occupational health and safety; or

(b) promote or implement practices that reduce or prevent occupational injury and disease.

NEW SECTION. Section 3. Powers and duties of board.
The board shall:

(1) adopt rules implementing [sections 2 through 6];

(2) enter agreements with applicants for the implementation of training programs;

(3) accept gifts, grants, and bequests of money for deposit in the fund;

(4) accept applications and award grants for training programs;

(5) establish criteria for the evaluation and review of training programs; and

(6) report annually to the department head and the governor concerning the effectiveness of training programs in promoting occupational health and safety.

NEW SECTION. Section 4. Grants -- limits. (1) The board shall accept grant applications for training programs. The board shall, with the assistance of the department, evaluate applications and award grants pursuant to rules adopted by the board under [section 3].

(2) Grants may be awarded for a single training program or for an ongoing series of training programs. A grant to one entity may not exceed 5% of the amount collected pursuant to [section 6] in any calendar year. Multiple-year grant payments to an entity for a series of ongoing training programs may not exceed 5% of the amount collected pursuant to [section 6] during any calendar year for which the multiple-year grant is made. Multiple-year grants may not extend beyond 3 years.

(3) Grants must be awarded from money deposited in the fund.

(4) Not more than 40% of the total money available for grants during any year may be awarded to applicants who are labor unions or their federations, and not more than 40% of the total money available for grants during any year may be awarded to applicants who are employers or business or trade associations. Grants for training programs sponsored jointly by labor unions and employers must be taken equally from the percentages of the fund available for grants to those entities.

NEW SECTION. Section 5. Occupational training program fund. There is an occupational training program fund in the state treasury. The department shall forward collections received under [section 6] to the state treasurer for deposit in the fund. The fund may be used by the department

1 and the board only for paying administrative expenses
2 incurred under [sections 2 through 6] and for grants under
3 [section 4]. The fund is statutorily appropriated to the
4 board as provided in 17-7-502.

5 NEW SECTION. **Section 6.** Assessment for fund. (1) There
6 is assessed against each employer, as defined in 39-71-117,
7 a payroll tax in an amount equal to 0.0125% of the
8 employer's payroll in the preceding calendar quarter for all
9 employments covered under 39-71-401. This payroll tax must
10 be used to fund training programs.

11 (2) The tax is due at and payable following the end of
12 each calendar quarter, commencing with the calendar quarter
13 ending September 30, 1989.

14 (3) The tax must be paid to and collected by the
15 department. The department shall prepare appropriate
16 returns to be filed by each employer. The tax may be
17 collected in conjunction with the tax collected pursuant to
18 39-71-2503.

19 (4) Each employer shall maintain the records the
20 department requires concerning the employer's payroll. The
21 records are subject to inspection by the department and its
22 employees and agents during regular business hours.

23 (5) Taxes not paid when due bear interest at the rate
24 of 1% a month. The employer shall also pay a penalty equal
25 to 10% of the amount of the delinquent tax.

1 (6) All collections of the tax are appropriated to and
2 must be deposited as received in the fund. The tax is in
3 addition to any other tax or fee assessed against employers
4 subject to the tax.

5 (7) Sections 15-35-112 through 15-35-114, 15-35-121,
6 and 15-35-122 (regarding deficiency assessments, credits for
7 overpayment, statute of limitations, penalties, and
8 rulemaking authority) apply to the tax, to employers, and to
9 the department.

10 **Section 7.** Section 17-7-502, MCA, is amended to read:

11 "17-7-502. Statutory appropriations -- definition --
12 **requisites for validity.** (1) A statutory appropriation is an
13 appropriation made by permanent law that authorizes spending
14 by a state agency without the need for a biennial
15 legislative appropriation or budget amendment.

16 (2) Except as provided in subsection (4), to be
17 effective, a statutory appropriation must comply with both
18 of the following provisions:

19 (a) The law containing the statutory authority must be
20 listed in subsection (3).

21 (b) The law or portion of the law making a statutory
22 appropriation must specifically state that a statutory
23 appropriation is made as provided in this section.

24 (3) The following laws are the only laws containing
25 statutory appropriations: 2-9-202; 2-17-105; 2-18-812;

1 10-3-203; 10-3-312; 10-3-314; 10-4-301; 13-37-304;
 2 15-25-123; 15-31-702; 15-36-112; 15-65-121; 15-70-101;
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 11 [section 5]; section 13, House Bill No. 861, Laws of 1985;
 12 and section 1, Chapter 454, Laws of 1987.

13 (4) There is a statutory appropriation to pay the
 14 principal, interest, premiums, and costs of issuing, paying,
 15 and securing all bonds, notes, or other obligations, as due,
 16 that have been authorized and issued pursuant to the laws of
 17 Montana. Agencies that have entered into agreements
 18 authorized by the laws of Montana to pay the state
 19 treasurer, for deposit in accordance with 17-2-101 through
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 21 sufficient to pay the principal and interest as due on the
 22 bonds or notes have statutory appropriation authority for
 23 such payments. (In subsection (3): pursuant to sec. 15, Ch.
 24 607, L. 1987, the inclusion of 15-65-121 terminates June 30,
 25 1989; pursuant to sec. 10, Ch. 664, L. 1987, the inclusion

1 of 39-71-2504 terminates June 30, 1991; and pursuant to sec.
 2 6, Ch. 454, L. 1987, the inclusion of sec. 1, Ch. 454, L.
 3 1987, terminates July 1, 1988.)"

4 NEW SECTION. **Section 8.** Codification instruction. (1)
 5 [Section 1] is intended to be codified as an integral part
 6 of Title 2, chapter 15, part 17, and the provisions of Title
 7 2, chapter 15, part 17, apply to [section 1].
 8 (2) [Sections 2 through 6] are intended to be codified
 9 as an integral part of Title 39, and the provisions of Title
 10 39 apply to [sections 2 through 6].

-End-

APPROVED BY COMMITTEE
ON LABOR & EMPLOYMENT
RELATIONS

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INTRODUCED BY DRISCOLL

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23 ACCOUNT in the state treasury. The department shall forward
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25 treasurer for deposit in the fund ACCOUNT. The fund ACCOUNT

may be used by the department and the board only for paying administrative expenses incurred under [sections 2 through 6] and for grants under [section 4]. The fund ACCOUNT is statutorily appropriated to the board as provided in 17-7-502.

NEW SECTION. Section 6. Assessment for fund ACCOUNT.

(1) There is assessed against each ANY employer, as defined in 39-71-117, WHOSE LOSS RATIO EXCEEDS 75% IN ANY YEAR, a payroll tax in an amount equal to ~~0.0125%~~ 0.3% of the employer's payroll ~~in the preceding calendar quarter~~ for all employments covered under 39-71-401. This payroll tax must BE PAID QUARTERLY AND be used to fund training programs. THE DIVISION OF WORKERS' COMPENSATION SHALL COMPUTE THE LOSS RATIO OF SELF-INSURERS, USING THE STATE FUND RATE. AN INSURANCE COMPANY WRITING WORKERS' COMPENSATION INSURANCE IN MONTANA SHALL FURNISH THE DIVISION WITH THE LOSS RATIO OF EACH EMPLOYER INSURED.

(2) The tax is due at and payable following the end of each calendar quarter, commencing with the calendar quarter ending September 30, 1989.

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THIRD READING

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STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for HB622, third reading.

DESCRIPTION OF PROPOSED LEGISLATION:

A bill for an act entitled, " An act establishing an Occupational Training Program; creating a board to oversee grants for training programs; providing for funding the grants through a payroll tax; providing for a statutory appropriation of the tax proceeds to the board; and amending Section 17-7-502, MCA."

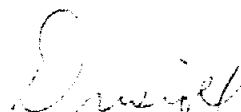
ASSUMPTIONS:

1. Self-insurers must report their payroll by class code and their reserves once a year.
2. A loss ratio will be calculated for each employer by that employer's insurer at the end of each fiscal year ending June 30th. Any employer whose loss ratio exceeds 75% will be subject to the .3% payroll tax for the entire succeeding fiscal year.
3. Private insurance carriers will report to the department the loss ratio for each insured, not just those whose loss ratio exceeds 75%.
4. The board will meet for three days once each quarter (includes one day travel time on each side of meeting days).
5. The board will need one Grade 13 Safety Consultant to assist in evaluation of grant applications and monitoring of grantee activities.
6. The .3% payroll tax to support the Occupational Training Program will be reported on the same form as the present payroll tax.
7. The present computer system to support payroll tax will require major modifications.
8. The Board will require one Grade 12 Accountant and one Grade 9 Accounting Technician to distribute grant funds and monitor grantee expenditures.
9. One-half Grade 7 Data Entry Clerk will be required to enter self-insurer payroll and reserve information and private carrier insureds' loss ratio.
10. The department will require one Grade 10 Administrative Assistant to deal with self-insurers and private insurance carriers in the collection and evaluation of data associated with loss ratios.
11. The average number of Plan III employers with a loss ratio in excess of 75% is 1,590, with an average payroll of \$260,377.
12. An estimated 2% of Plan II employers have a loss ratio in excess of 75%, or 130 employers. The average payroll figure for Plan III employers is used for Plan II employers.
13. An estimated 3.5% of Plan I payroll will be subject to this tax.
\$577,672,509 x 3.5%



DATE 3/10/89

RAY SHACKLEFORD, BUDGET DIRECTOR
OFFICE OF BUDGET AND PROGRAM PLANNING



DATE 3/10/89

JERRY L. DRISCOLL, PRIMARY SPONSOR

Fiscal Note for HB622, third reading

HB 622

Fiscal Note Request, HB622 third reading

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FISCAL IMPACT:

	Current	<u>FY90</u>		Current	<u>FY91</u>	
	Law	Proposed		Law	Proposed	
Revenue:		Law	Difference		Law	Difference
.3% Payroll Tax	\$ -0-	\$1,404,000	\$1,404,000	\$ -0-	\$1,404,000	\$1,404,000
Expenditures:						
Personal Services	\$ -0-	\$ 91,958	\$ 91,958	\$ -0-	\$ 91,958	\$ 91,958
Operating Expenses	-0-	211,466	211,466	-0-	48,226	48,226
Equipment	-0-	19,100	19,100	-0-	-0-	-0-
Grants	-0-	1,081,476	1,081,476	-0-	1,263,816	1,263,816
Total	\$ -0-	\$1,404,000	\$1,404,000	\$ -0-	\$1,404,000	\$1,404,000
Net Fund Impact:						
State Special Rev.	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-

HB 622