

HOUSE BILL NO. 503

INTRODUCED BY C. EDMUNDS

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A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING THAT CHURCHES AND CERTAIN RELIGIOUS ORGANIZATIONS MAY BE EXEMPT FROM PAYING UNEMPLOYMENT BENEFITS FOR EMPLOYEES; REQUIRING NOTICE TO EMPLOYEES THAT THEY MAY NOT BE ELIGIBLE FOR UNEMPLOYMENT BENEFITS; AND AMENDING SECTION 39-51-204, MCA."

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

Section 1. Section 39-51-204, MCA, is amended to read:

"39-51-204. Exclusions from definition of employment. (1) The term "employment" does not include:

(a) domestic or household service in a private home, local college club, or local chapter of a college fraternity or sorority, except as provided in 39-51-202(3). If an employer is otherwise subject to this chapter and has domestic or household service employment, all employees engaged in domestic or household service must be excluded from coverage under this chapter if the employer:

(i) does not meet the monetary payment test in any quarter or calendar year, as applicable, for the subject wages attributable to domestic or household service; and

(ii) keeps separate books and records to account for the employment of persons in domestic or household service.

(b) service performed by a dependent member of a sole proprietor for whom an exemption may be claimed under 26 U.S.C. 152 or service performed by a sole proprietor's spouse for whom an exemption based on marital status may be claimed by the sole proprietor under 26 U.S.C. 7703;

(c) service performed as a freelance correspondent or newspaper carrier if the person performing the service, or a parent or guardian of the person performing the service in the case of a minor, has acknowledged in writing that the person performing the service and the service are not covered. As used in this subsection:

(i) "freelance correspondent" means a person who submits articles or photographs for publication and is paid by the article or by the photograph; and

(ii) "newspaper carrier" means a person who provides a newspaper with the service of delivering newspapers singly or in bundles. The term does not include an employee of the paper who, incidentally to the

1 employee's main duties, carries or delivers papers.

2 (d) services performed by qualified real estate agents, as defined in 26 U.S.C. 3508, or insurance
3 salespeople paid solely by commission and without a guarantee of minimum earnings;

4 (e) service performed by a cosmetologist or barber who is licensed under Title 37, chapter 31, and:

5 (i) who has acknowledged in writing that the cosmetologist or barber is not covered by unemployment
6 insurance and workers' compensation;

7 (ii) who contracts with a salon or shop, as defined in 37-31-101, and the contract must show that the
8 cosmetologist or barber:

9 (A) is free from all control and direction of the owner in the contract;

10 (B) receives payment for service from individual clientele; and

11 (C) leases, rents, or furnishes all of the cosmetologist's or barber's own equipment, skills, or knowledge;

12 and

13 (iii) whose contract gives rise to an action for breach of contract in the event of contract termination. The
14 existence of a single license for the salon or shop may not be construed as a lack of freedom from control or
15 direction under this subsection.

16 (f) casual labor not in the course of an employer's trade or business performed in any calendar quarter,
17 unless the cash remuneration paid for the service is \$50 or more and the service is performed by an individual
18 who is regularly employed by the employer to perform the service. "Regularly employed" means that the service
19 is performed during at least 24 days in the same quarter.

20 (g) service performed for the installation of floor coverings if the installer:

21 (i) bids or negotiates a contract price based upon work performed by the yard or by the job;

22 (ii) is paid upon completion of an agreed-upon portion of the job or after the job is completed;

23 (iii) may perform service for anyone without limitation;

24 (iv) may accept or reject any job;

25 (v) furnishes substantially all tools and equipment necessary to provide the service; and

26 (vi) works under a written contract that:

27 (A) gives rise to a breach of contract action if the installer or any other party fails to perform the contract
28 obligations;

29 (B) states that the installer is not covered by unemployment insurance; and

30 (C) requires the installer to provide a current workers' compensation policy or to obtain an exemption

1 from workers' compensation requirements;

2 (h) service performed as a direct seller as defined by 26 U.S.C. 3508;

3 (i) service performed by a petroleum land professional. As used in this subsection, "petroleum land
4 professional" means a person who:

5 (i) is engaged primarily in negotiating for the acquisition or divestiture of mineral rights or in negotiating
6 a business agreement for the exploration or development of minerals;

7 (ii) is paid for service that is directly related to the completion of a contracted specific task rather than on
8 an hourly wage basis; and

9 (iii) performs all services as an independent contractor pursuant to a written contract.

10 (j) service performed by an ordained, commissioned, or licensed minister of a church in the exercise of
11 the church's ministry or by a member of a religious order in the exercise of duties required by the order;

12 (k) service performed by an individual receiving rehabilitation or remunerative work in a facility conducted
13 for the purpose of carrying out a program of rehabilitation for individuals whose earning capacity is impaired by
14 age or physical or mental deficiency or injury or providing remunerative work for individuals who, because of
15 impaired physical or mental capacity, cannot be readily absorbed in the competitive labor market;

16 (l) service performed as part of an unemployment work-relief or work-training program assisted or
17 financed in whole or in part by a federal agency, any agency of a state or political subdivision of the state, or an
18 Indian tribe by an individual receiving work relief or work training;

19 (m) service performed for a state prison or other state correctional or custodial institution by an inmate
20 of that institution;

21 (n) service performed by an individual who is sentenced to perform court-ordered community service
22 or similar work;

23 (o) service performed by elected public officials;

24 (p) agricultural labor, except as provided in 39-51-202(2), (4), or (6). If an employer is otherwise subject
25 to this chapter and has agricultural employment, all employees engaged in agricultural labor must be excluded
26 from coverage under this chapter if the employer:

27 (i) in any quarter or calendar year, as applicable, does not meet either of the tests relating to the
28 monetary amount or number of employees and days worked for the subject wages attributable to agricultural
29 labor; and

30 (ii) keeps separate books and records to account for the employment of persons in agricultural labor.

1 (q) service performed in the employ of any other state or its political subdivisions or of the United States
2 government or of an instrumentality of any other state or states or their political subdivisions or of the United
3 States, except that national banks organized under the national banking law are not entitled to exemption under
4 this subsection and are subject to this chapter the same as state banks, if the service is excluded from
5 employment as defined in 5 U.S.C. 8501(1)(I) and section 3306(c)(6) of the Federal Unemployment Tax Act;

6 (r) service in which unemployment insurance is payable under an unemployment insurance system
7 established by an act of congress if the department enters into agreements with the proper agencies under an
8 act of congress and those agreements become effective in the manner prescribed in the Montana Administrative
9 Procedure Act for the adoption of rules, to provide reciprocal treatment to individuals who have, after acquiring
10 potential rights to benefits under this chapter, acquired rights to unemployment insurance under an act of
11 congress or who have, after acquiring potential rights to unemployment insurance under the act of congress,
12 acquired rights to benefits under this chapter;

13 (s) service performed in the employ of a school or university if the service is performed by a student who
14 is enrolled and is regularly attending classes at a school or university or by the spouse of a student if the spouse
15 is advised, at the time that the spouse commences to perform the service, that the employment of the spouse
16 to perform the service is provided under a program to provide financial assistance to the student by the school
17 or university and that the employment is not covered by any program of unemployment insurance;

18 (t) service performed by an individual who is enrolled at a nonprofit or public educational institution that
19 normally maintains a regular faculty and curriculum and normally has a regularly organized body of students in
20 attendance at the place where its educational activities are carried on, as a student in a full-time program taken
21 for credit at an institution that combines academic instruction with work experience if the service is an integral
22 part of the program and the institution has certified that fact to the employer, except that this subsection (1)(t)
23 does not apply to service performed in a program established for or on behalf of an employer or group of
24 employers;

25 (u) service performed as an officer or member of the crew of a vessel on the navigable waters of the
26 United States;

27 (v) service performed by an alien as identified in 8 U.S.C. 1101(a)(15)(F), (a)(15)(H)(ii)(a), (a)(15)(J),
28 (a)(15)(M), or (a)(15)(Q);

29 (w) service performed in a fishing rights-related activity of an Indian tribe by a member of the tribe for
30 another member of that tribe or for a qualified Indian entity, as defined in 26 U.S.C. 7873;

1 (x) service performed to provide companionship services, as defined in 29 CFR 552.6, or respite care
 2 for individuals who, because of age or infirmity, are unable to care for themselves when the person providing the
 3 service is employed directly by a family member or an individual who is a legal guardian;

4 (y) service performed by an individual as an official, including a timer, referee, umpire, or judge, at an
 5 amateur athletic event;

6 (z) services performed by an election judge appointed pursuant to 13-4-101 if the remuneration received
 7 for those services is less than \$1,000 in the calendar year; ~~or~~

8 (aa) service performed by a volunteer participant in a program funded under the National and Community
 9 Service Act of 1990, 42 U.S.C. 12501, et seq., or the Domestic Volunteer Service Act of 1973, 42 U.S.C. 4950,
 10 et seq.; or

11 (bb) service performed in the employ of a church, a convention or association of churches, or an
 12 organization that is operated primarily for religious purposes and that is operated, supervised, controlled, or
 13 principally supported by a church or by a convention or association of churches as long as the employer notifies
 14 its employees as required by [section 2].

15 (2) (a) Except as provided in subsection (2)(b), an individual found to be an independent contractor by
 16 the department under the terms of 39-71-417 is considered an independent contractor for the purposes of this
 17 chapter. An independent contractor is not precluded from filing a claim for benefits and receiving a determination
 18 pursuant to 39-51-2402.

19 (b) An officer or a manager who is exempt under 39-71-401(2)(r)(iii) or (2)(r)(iv) and who obtains an
 20 independent contractor exemption pursuant to 39-71-417(1)(a)(ii) is not considered an independent contractor
 21 for the purposes of this chapter.

22 (3) This section does not apply to a state or local governmental entity, an Indian tribe or tribal unit, or a
 23 nonprofit organization defined under section 501(c)(3) of the Internal Revenue Code unless the service is
 24 excluded from employment for purposes of the Federal Unemployment Tax Act."

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 26 **NEW SECTION. Section 2. Religious organizations -- exemption -- notice to employees.** (1) A
 27 church, a convention or association of churches, or an organization that is operated primarily for religious
 28 purposes and that is operated, supervised, controlled, or principally supported by a church or by a convention
 29 or association of churches shall inform each employee who performs services that are exempt from employment
 30 under 39-51-204 that the employee may not be eligible to receive unemployment benefits based on those

1 services.

2 (2) The employer shall provide a written notice of the exclusion to the employee at the time of hire. The
3 employer shall display a poster giving notice of the exclusion in a conspicuous place. The department shall make
4 the posters available to employers without charge.

5 (3) The employer's compliance with the notice requirements of this section does not in itself affect an
6 employee's eligibility for benefits.

7
8 **NEW SECTION. Section 3. Codification instruction.** [Section 2] is intended to be codified as an
9 integral part of Title 39, chapter 51, part 2, and the provisions of Title 39, chapter 51, part 2, apply to [section 2].

10 - END -