

## SENATE BILL NO. 19

INTRODUCED BY S. DOHERTY, JUNEAU, JENT, BIXBY, CALLAHAN, CHRISTIAENS, P. CLARK,  
 COCCHIARELLA, CYR, ELLINGSON, ELLIOTT, R. ERICKSON, FACEY, FRANKLIN, GILLAN, GOLIE,  
 HALLIGAN, JERGESON, LINDEEN, MATTHEWS, MCCARTHY, NELSON, NEWMAN, RASER, ROUSH,  
 RYAN, TESTER, TOOLE, WANZENRIED

A BILL FOR AN ACT ENTITLED: "AN ACT REDUCING THE GENERAL FUND SHORTFALL IN REVENUE BY  
 TRANSFERRING \$4 MILLION OF THE EXCESS FUNDS FROM CLAIMS OCCURRING BEFORE JULY 1, 1990,  
~~TO OFFSET THE FISCAL YEAR 2003 FUNDING REDUCTIONS TO THE MONTANA SCHOOL FOR THE~~  
~~DEAF AND BLIND, WITH THE REMAINDER TO BE TRANSFERRED TO THE GENERAL FUND FOR FISCAL~~  
~~YEAR 2003 TO OFFSET 2003 FISCAL YEAR REDUCTIONS TO THE BOARD OF PUBLIC EDUCATION, TO~~  
~~THE SCHOOL TECHNOLOGY ACCOUNT IN THE STATE SPECIAL REVENUE FUND, BE APPROPRIATED~~  
~~TO THE UNIVERSITY SYSTEM AND THE DEPARTMENT OF PUBLIC HEALTH AND HUMAN SERVICES AND~~  
~~TO BE TRANSFERRED TO THE STATE LIBRARY EQUIPMENT ACCOUNT AND TO THE SCHOOL~~  
~~FLEXIBILITY FUND; REQUIRING IN SUBSEQUENT YEARS THAT THE EXCESS FUNDS FROM CLAIMS~~  
~~OCCURRING BEFORE JULY 1, 1990, BE TRANSFERRED TO THE GENERAL FUND TO BE USED TO FUND~~  
~~BASIC AND PER-ANB ENTITLEMENTS FOR K-12 PUBLIC EDUCATION; REQUIRING PAYMENT OF CLAIMS~~  
~~FOR INJURIES FROM ACCIDENTS OCCURRING BEFORE JULY 1, 1990, FROM THE GENERAL FUND IF~~  
~~CLAIMS ARE NOT ADEQUATELY FUNDED FOLLOWING FUND TRANSFER; PROVIDING FOR A STUDY OF~~  
~~THE STRUCTURE OF THE STATE FUND TO BE FUNDED BY THE STATE FUND;~~ AMENDING SECTION  
 39-71-2352, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND A RETROACTIVE  
 APPLICABILITY DATE."

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

**Section 1.** Section 39-71-2352, MCA, is amended to read:

**"39-71-2352. Separate payment structure and sources for claims for injuries resulting from accidents that occurred before July 1, 1990, and on or after July 1, 1990 -- spending limit -- authorizing transfer of money between accounts for payment of claims.** (1) Premiums paid to the state fund based upon wages payable before July 1, 1990, may be used only to administer and pay claims for injuries resulting from

1 accidents that occurred before July 1, 1990. Premiums paid to the state fund based upon wages payable on or  
 2 after July 1, 1990, may be used only to administer and pay claims for injuries resulting from accidents that occur  
 3 on or after July 1, 1990.

4 (2) The state fund shall:

5 (a) determine the cost of administering and paying claims for injuries resulting from accidents that  
 6 occurred before July 1, 1990, and separately determine the cost of administering and paying claims for injuries  
 7 resulting from accidents that occur on or after July 1, 1990;

8 (b) keep adequate and separate accounts of the costs determined under subsection (2)(a); and

9 (c) fund administrative expenses and benefit payments for claims for injuries resulting from accidents  
 10 that occurred before July 1, 1990, and claims for injuries resulting from accidents that occur on or after July 1,  
 11 1990, separately from the sources provided by law.

12 (3) The state fund may not spend more than \$1.25 million a year to administer claims for injuries  
 13 resulting from accidents that occurred before July 1, 1990.

14 (4) As used in this section, "adequately funded" means the present value of:

15 (a) the total cost of future benefits remaining to be paid;

16 (b) the cost of administering the claims; and

17 (c) an additional amount equal to 10% of the total of the amounts in subsections (4)(a) and (4)(b).

18 (5) ~~By October 1 of each year following the first full fiscal year after termination of the old fund liability~~  
 19 ~~tax, any~~ Based on audited financial statements adjusted for unrealized gains and losses for the fiscal year  
 20 ending June 30, 2002, funds in excess of the adequate funding amount established in subsection (4) must be  
 21 ~~returned to the account established in 39-71-2321 to pay claims for injuries resulting from accidents that~~  
 22 ~~occurred on or after July 1, 1990. The total amount of funds returned to the account under this section may not~~  
 23 ~~exceed \$63.8 million~~ transferred as follows:

24 (a) Prior to June 30, 2003; :

25 (i) the amount of \$56,995 \$1.9 MILLION must be transferred to the general fund to offset fiscal year 2003  
 26 funding reductions at the Montana school for the deaf and blind, with the remainder to be transferred as follows:

27 ~~—— (i) \$17,774 to the general fund to offset fiscal year 2003 funding reductions for the board of public~~  
 28 ~~education;~~

29 ~~—— (ii) \$1,822,162 to the school technology account in the state special revenue fund, which is statutorily~~  
 30 ~~appropriated, pursuant to 20-9-534, to be used for the purposes of 20-9-533, to offset fiscal year 2003 funding~~

1 ~~reductions~~ BE TRANSFERRED TO THE STATE LIBRARY EQUIPMENT ACCOUNT AND APPROPRIATED TO THE UNIVERSITY  
 2 SYSTEM AND THE DEPARTMENT OF PUBLIC HEALTH AND HUMAN SERVICES; and

3 ~~(iii) any remainder~~ (II) THE AMOUNT OF \$2.1 MILLION MUST BE TRANSFERRED to the school flexibility fund,  
 4 provided for in 20-9-543, to offset fiscal year 2003 funding reductions; and.

5 (b) In THE FISCAL YEAR ENDING JUNE 30, 2003, THE REMAINING AMOUNT, AND IN subsequent fiscal years,  
 6 ~~the entire~~ AN amount of funds in excess of the adequate funding amount established in subsection (4) must be  
 7 transferred to the general fund to fund basic and per-ANB entitlements for K-12 public schools TRANSFERRED TO  
 8 THE ACCOUNT ESTABLISHED IN 39-71-2321 TO PAY CLAIMS FOR INJURIES RESULTING FROM ACCIDENTS THAT OCCURRED  
 9 ON OR AFTER JULY 1, 1990. THE TOTAL AMOUNT OF FUNDS TRANSFERRED UNDER THIS SUBSECTION MAY NOT EXCEED  
 10 \$63.8 MILLION.

11 (6) If in any fiscal year after the old fund liability tax is terminated claims for injuries resulting from  
 12 accidents that occurred before July 1, 1990, are not adequately funded, any amount returned to the account in  
 13 39-71-2321 to pay claims for injuries resulting from accidents that occurred on or after July 1, 1990, must be  
 14 transferred back to the account established in 39-71-2321 necessary to pay claims for injuries resulting from  
 15 accidents that occurred before July 1, 1990, must be transferred from the general fund to the account provided  
 16 for in 39-71-2321.

17 (7) The independent actuary engaged by the state fund pursuant to 39-71-2330 shall project the unpaid  
 18 claims liability for claims for injuries resulting from accidents that occurred before July 1, 1990, each fiscal year  
 19 until all claims are paid."

20

21 NEW SECTION. SECTION 2. STUDY OF STATE FUND STRUCTURE. (1) THERE IS A COMMITTEE TO STUDY THE  
 22 STRUCTURE OF THE STATE FUND. THE MEMBERS OF THE COMMITTEE CONSISTS OF:

23 (A) THREE MEMBERS OF THE HOUSE OF REPRESENTATIVES APPOINTED BY THE SPEAKER OF THE HOUSE;

24 (B) THREE MEMBERS OF THE SENATE APPOINTED BY THE PRESIDENT OF THE SENATE;

25 (C) A REPRESENTATIVE OF EMPLOYEE GROUPS APPOINTED BY THE GOVERNOR;

26 (D) A REPRESENTATIVE OF THE OFFICE OF THE STATE AUDITOR APPOINTED BY THE STATE AUDITOR;

27 (E) A REPRESENTATIVE OF PLAN 1 INSURERS APPOINTED BY THE GOVERNOR; AND

28 (F) A REPRESENTATIVE OF PLAN 2 INSURERS APPOINTED BY THE GOVERNOR.

29 (2) THE COMMITTEE IS ATTACHED TO THE STATE FUND FOR FUNDING AND ADMINISTRATIVE PURPOSES. THE  
 30 LEGISLATIVE MEMBERS OF THE COMMITTEE ARE ENTITLED TO A SALARY AS PROVIDED IN 5-2-302(3). THE OTHER MEMBERS

1 OF THE COMMITTEE SERVE FOR NO SALARY. ALL MEMBERS OF THE COMMITTEE ARE ENTITLED TO REIMBURSEMENT FOR  
2 TRAVEL, MEALS, AND LODGING AS PROVIDED IN TITLE 2, CHAPTER 18, PART 5. THE PAYMENT OF MEMBERS' CLAIMS FOR  
3 SALARY, TRAVEL, MEALS, AND LODGING ARE THE RESPONSIBILITY OF THE STATE FUND.

4 (3) THE STATE FUND SHALL PRESENT THE RECOMMENDATIONS OF THE COMMITTEE TO THE 58TH LEGISLATURE.

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6 NEW SECTION. Section 3. Effective date -- retroactive applicability. [This act] is effective on  
7 passage and approval, and [SECTION 1] applies retroactively, within the meaning of 1-2-109, to excess funds that  
8 have been transferred or are available to be transferred for the fiscal year ending June 30, 2002.

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