

HOUSE BILL NO. 363  
INTRODUCED BY R. BROWN

A BILL FOR AN ACT ENTITLED: "AN ACT AMENDING THE DEFINITION OF "ADEQUATELY FUNDED" TO ELIMINATE THE REQUIREMENT THAT THE STATE COMPENSATION INSURANCE FUND RESERVE AN ADDITIONAL AMOUNT EQUAL TO 10 PERCENT OF THE TOTAL COST OF FUTURE BENEFITS REMAINING TO BE PAID FOR INJURIES RESULTING FROM ACCIDENTS OCCURRING BEFORE JULY 1, 1990, AND THE COSTS OF ADMINISTERING THE CLAIMS FOR INJURIES RESULTING FROM ACCIDENTS OCCURRING BEFORE JULY 1, 1990; TRANSFERRING TO THE GENERAL FUND MONEY FROM CLAIMS OCCURRING BEFORE JULY 1, 1990; IMMEDIATELY TRANSFERRING THE EXISTING 10 PERCENT RESERVE TO THE STATE GENERAL FUND ~~AND THE TEACHER SIGNING BONUS PROGRAM~~; AMENDING SECTION 39-71-2352, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE 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 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 accidents that occurred before July 1, 1990. Premiums paid to the state fund based upon wages payable on or after July 1, 1990, may be used only to administer and pay claims for injuries resulting from accidents that occur on or after July 1, 1990.

(2) The state fund shall:

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

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

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

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

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

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

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

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

(5) Based on audited financial statements adjusted for unrealized gains and losses for the fiscal year ending June 30, 2002, funds in excess of the adequate funding amount established in subsection (4) must be transferred as follows:

(a) Prior to June 30, 2003:

(i) the amount of \$1.9 million must be transferred to the general fund to be transferred to the state library equipment account and appropriated to the university system and the department of public health and human services; ~~and~~

(ii) the amount of \$2.1 million must be transferred to the school flexibility fund, provided for in 20-9-543;

AND

(iii) THE AMOUNT OF \$9,178,000 MUST BE TRANSFERRED TO THE GENERAL FUND TO BE SET ASIDE AS UNRESERVED DESIGNATED FUND BALANCE IN THE GENERAL FUND TO MITIGATE THE GENERAL FUND COST OF WORKFORCE REDUCTIONS.

(b) In the fiscal year ending June 30, 2003, the remaining amount, and in subsequent fiscal years, an amount of funds in excess of the adequate funding amount established in subsection (4) must be transferred to the account established in 39-71-2321 to pay claims for injuries resulting from accidents that occurred on or after July 1, 1990. The total amount of funds transferred under this subsection may not exceed \$63.8 million.

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

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

NEW SECTION. **Section 2. Transfer of excess reserves.** On [the effective date of this act], the state

compensation insurance fund shall transfer the 10% of funds that was required to be reserved pursuant to 39-71-2352(4) as follows:

(1) ~~\$2 million~~ \$3,522,295 to the state general fund TO BE SET ASIDE AS UNRESERVED DESIGNATED FUND BALANCE IN THE GENERAL FUND TO MITIGATE THE GENERAL FUND COST OF WORKFORCE REDUCTIONS; and

(2) the remainder to the ~~teacher signing bonus program account established in \_\_\_\_\_ Bill No. \_\_\_\_\_ [LC 1542]~~ STATE GENERAL FUND.

~~\_\_\_\_\_ NEW SECTION. Section 3. Coordination instruction. If \_\_\_\_\_ Bill No. \_\_\_\_\_ [LC 1542] is not passed and approved, then [section 2 of this act] must read as follows:~~

~~\_\_\_\_\_ "NEW SECTION. Section 2. Transfer of excess reserves. On [the effective date of this act], the state compensation insurance fund shall transfer the 10% of funds that was required to be reserved pursuant to 39-71-2352(4) to the state general fund."~~

NEW SECTION. Section 3. Effective date. [This act] is effective on passage and approval.

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