

HOUSE BILL NO. 679

INTRODUCED BY S. SALES

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A BILL FOR AN ACT ENTITLED: "AN ACT REVISING LAWS GOVERNING STATE EMPLOYEE LEAVE; REPLACING ANNUAL LEAVE AND SICK LEAVE WITH FLEXIBLE LEAVE FOR STATE EMPLOYEES HIRED AFTER A SPECIFIED DATE; AMENDING SECTIONS 2-8-303, 2-15-124, 2-18-107, 2-18-601, 2-18-604, 2-18-606, 2-18-611, 2-18-612, 2-18-614, 2-18-615, 2-18-616, 2-18-617, 2-18-618, 2-18-619, 2-18-1204, 10-1-1009, 19-2-303, 19-3-108, 19-6-101, 19-8-101, 19-20-101, 39-2-903, 39-71-123, AND 39-71-736, MCA; AND PROVIDING AN EFFECTIVE DATE."

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

**NEW SECTION. Section 1. Flexible leave for state employees hired after July 1, 2007.** (1) Each

state employee hired on or after July 1, 2007, shall, instead of earning vacation leave under 2-18-611 and sick leave under 2-18-618, earn flexible leave as provided in this section.

(2) Flexible leave must begin to accrue on the first day of employment and be credited at the end of each pay period. Flexible leave credits must be calculated based on 2,080 hours (52 weeks x 40 hours) in 1 year of employment and credited at the following rate:

- (a) for a state employee with less than 5 years of service, 3 weeks a year;
- (b) for a state employee with 5 years of service but less than 10 years of service, 4 weeks a year;
- (c) for a state employee with 10 years of service but less than 15 years of service, 5 weeks a year;
- (d) for a state employee with 15 years of service or more, 5 weeks a year plus 1 day for each year of service after 14 years, not to exceed 6 weeks a year.

(3) Except as provided in 2-18-614, flexible leave may not be credited during a leave of absence without pay.

(4) A state employee may take flexible leave for any reason and at any time approved by the employer. Each employing agency shall provide reasonable opportunity for an employee to use rather than forfeit the employee's accumulated flexible leave.

(5) Unused flexible leave may be accumulated, but leave credit that is not used before 2 years from the pay period for which the leave is credited must be forfeited. A state employee who terminates employment for

1 a reason not reflecting discredit on the employee is entitled upon the date of termination to cash compensation  
2 for unused flexible leave. However, if an employee transfers between state agencies, cash compensation may  
3 not be paid for unused flexible leave. In a transfer, the receiving agency assumes the liability for the accrued  
4 flexible leave credits transferred with the employee.

5

6 **Section 2.** Section 2-8-303, MCA, is amended to read:

7 **"2-8-303. Privatization plan -- contents.** (1) An agency proposing to privatize a program shall prepare  
8 a privatization plan that includes the following:

9 (a) a description of the program to be privatized, including references to the legal authority under which  
10 the program was created;

11 (b) detailed budget information that includes a list of expenditures for the 2 most recent fiscal years and  
12 the sources of revenue for the program;

13 (c) a list of all personnel currently employed in the program and the estimated effect of the proposed  
14 privatization on the employment status of each employee affected;

15 (d) a listing of the assets of the program and their proposed disposition if the plan is implemented;

16 (e) an estimate of the cost savings or any additional costs resulting from privatizing the program,  
17 compared to the costs of the existing, nonprivatized program. Additional costs must include the estimated cost  
18 to the state of inspection, supervision, and monitoring of the proposed privatization and the costs incurred in the  
19 discontinuation of such a contract.

20 (f) the estimated current and future economic impacts of the implementation of the plan on other state  
21 programs, including public assistance programs, unemployment insurance programs, retirement programs, and  
22 agency personal services budgets used to pay out accrued vacation and sick leave benefits or flexible leave  
23 benefits;

24 (g) the estimated increases or decreases in costs and quality of goods or services to the public if the plan  
25 is implemented;

26 (h) the estimated changes in individual wages and benefits resulting from the proposed privatization;

27 (i) the ways in which the proposed privatization will deliver the same or better services at a lower cost;  
28 and

29 (j) a narrative explanation and justification for the proposed privatization.

30 (2) To implement the privatization plan, an agency may transfer funds between budget categories."

1

2 **Section 3.** Section 2-15-124, MCA, is amended to read:

3 **"2-15-124. Quasi-judicial boards.** If an agency is designated by law as a quasi-judicial board for the  
4 purposes of this section, the following requirements apply:

5 (1) The number of and qualifications of its members are as prescribed by law. In addition to those  
6 qualifications, unless otherwise provided by law, at least one member ~~shall~~ must be an attorney licensed to  
7 practice law in this state.

8 (2) The governor shall appoint the members. A majority of the members ~~shall~~ must be appointed to serve  
9 for terms concurrent with the gubernatorial term and until their successors are appointed. The remaining  
10 members ~~shall~~ must be appointed to serve for terms ending on the first day of the third January of the succeeding  
11 gubernatorial term and until their successors are appointed. It is the intent of this subsection that the governor  
12 appoint a majority of the members of each quasi-judicial board at the beginning of ~~his~~ the governor's term and  
13 the remaining members in the middle of ~~his~~ the governor's term. As used in this subsection, "majority" means the  
14 next whole number greater than half.

15 (3) The appointment of each member is subject to the confirmation of the senate ~~then~~ meeting in regular  
16 session at the time of appointment or next meeting in regular session following the appointment. ~~A~~ An appointed  
17 member ~~so appointed~~ has all the powers of the office upon assuming that office and is a de jure officer,  
18 notwithstanding the fact that the senate has not yet confirmed the appointment. If the senate does not confirm  
19 the appointment of a member, the governor shall appoint a new member to serve for the remainder of the term.

20 (4) A vacancy ~~shall~~ must be filled in the same manner as regular appointments, and the member  
21 appointed to fill a vacancy shall serve for the unexpired term to which ~~he~~ the member is appointed.

22 (5) The governor shall designate the ~~chairman~~ presiding officer. The ~~chairman~~ presiding officer may  
23 make and second motions and vote.

24 (6) Members may be removed by the governor only for cause.

25 (7) Unless otherwise provided by law, each member is entitled to be paid \$50 for each day in which ~~he~~  
26 the member is actually and necessarily engaged in the performance of board duties, and ~~he~~ the member is also  
27 entitled to be reimbursed for travel expenses, as provided for in 2-18-501 through 2-18-503, incurred while in the  
28 performance of board duties. Members who are full-time salaried officers or employees of this state or of a  
29 political subdivision of this state are not entitled to be compensated for their service as members except when  
30 they perform their board duties outside their regular working hours or during time charged against their annual

1 leave or flexible leave, but ~~such~~ the members are entitled to be reimbursed for travel expenses as provided for  
2 in 2-18-501 through 2-18-503. Ex officio board members may not receive compensation but shall receive travel  
3 expenses.

4 (8) A majority of the membership constitutes a quorum to do business. A favorable vote of at least a  
5 majority of all members of a board is required to adopt any resolution, motion, or other decision, unless otherwise  
6 provided by law."

7

8 **Section 4.** Section 2-18-107, MCA, is amended to read:

9 **"2-18-107. Job-sharing positions -- benefits.** (1) Job sharing may be used, to the extent practicable,  
10 by each agency as a means of promoting increased productivity and employment opportunities. However, job  
11 sharing may be actively pursued to fill vacated or new positions and may not be actively pursued to replace  
12 current full-time employees. However, on request of a current employee, ~~his~~ the employee's position may be  
13 considered for job sharing. A position may be filled by more than one incumbent currently in a full-time position.

14 (2) Employees in a job-sharing status are entitled to holiday pay, ~~annual leave, sick leave,~~ and health  
15 benefits on the same basis as permanent part-time employees provided for in 2-18-603, 2-18-611, 2-18-618,  
16 [section 1], and 2-18-703, as applicable.

17 (3) Employees classified in a part-time status may not be reclassified to a job-sharing status while  
18 employed in the position classified as part-time."

19

20 **Section 5.** Section 2-18-601, MCA, is amended to read:

21 **"2-18-601. Definitions.** For the purpose of this part, except 2-18-620, the following definitions apply:

22 (1) (a) "Agency" means any legally constituted department, board, or commission of state, county, or  
23 city government or any political subdivision of the state.

24 (b) The term does not mean the state compensation insurance fund.

25 (2) "Break in service" means a period of time in excess of 5 working days when the person is not  
26 employed and that severs continuous employment.

27 (3) "Continuous employment" means working within the same jurisdiction without a break in service of  
28 more than 5 working days or without a continuous absence without pay of more than 15 working days.

29 (4) "Employee" means any person employed by an agency except elected state, county, and city  
30 officials, schoolteachers, persons contracted as independent contractors or hired under personal services

1 contracts, and student interns.

2 (5) "Flexible leave" means a leave of absence with pay.

3 ~~(5)~~(6) "Full-time employee" means an employee who normally works 40 hours a week.

4 ~~(6)~~(7) "Holiday" means a scheduled day off with pay to observe a legal holiday, as specified in 1-1-216  
5 or 20-1-305, except Sundays.

6 ~~(7)~~(8) "Part-time employee" means an employee who normally works less than 40 hours a week.

7 ~~(8)~~(9) "Permanent employee" means a permanent employee as defined in 2-18-101.

8 ~~(9)~~(10) "Seasonal employee" means a seasonal employee as defined in 2-18-101.

9 ~~(10)~~(11) "Short-term worker" means:

10 (a) for the executive and judicial branches, a short-term worker as defined in 2-18-101; or

11 (b) for the legislative branch, an individual who:

12 (i) is hired by a legislative agency for an hourly wage established by the agency;

13 (ii) may not work for the agency for more than 6 months in a continuous 12-month period;

14 (iii) is not eligible for permanent status;

15 (iv) may not be hired into another position by the agency without a competitive selection process; and

16 (v) is not eligible to earn the leave and holiday benefits provided in this part or the group insurance  
17 benefits provided in part 7.

18 ~~(11)~~(12) "Sick leave" means a leave of absence with pay for:

19 (a) a sickness suffered by an employee or a member of the employee's immediate family; or

20 (b) the time that an employee is unable to perform job duties because of:

21 (i) a physical or mental illness, injury, or disability;

22 (ii) maternity or pregnancy-related disability or treatment, including prenatal care, birth, or medical care  
23 for the employee or the employee's child;

24 (iii) parental leave for a permanent employee as provided in 2-18-606;

25 (iv) quarantine resulting from exposure to a contagious disease;

26 (v) examination or treatment by a licensed health care provider;

27 (vi) short-term attendance, in an agency's discretion, to care for a relative or household member not  
28 covered by subsection (11)(a) until other care can reasonably be obtained;

29 (vii) necessary care for a spouse, child, or parent with a serious health condition, as defined in the Family  
30 and Medical Leave Act of 1993; or

1 (viii) death or funeral attendance of an immediate family member or, at an agency's discretion, another  
2 person.

3 (13) "State employee" means any employee of an agency, as defined in 2-18-101, who is a permanent,  
4 full-time, part-time, or seasonal employee, EXCEPT AN EMPLOYEE OF THE UNIVERSITY SYSTEM.

5 ~~(12)~~(14) "Student intern" means a student intern as defined in 2-18-101.

6 ~~(13)~~(15) "Temporary employee" means a temporary employee as defined in 2-18-101.

7 ~~(14)~~(16) "Transfer" means a change of employment from one agency to another agency in the same  
8 jurisdiction without a break in service.

9 ~~(15)~~(17) "Vacation leave" means a leave of absence with pay for the purpose of rest, relaxation, or  
10 personal business at the request of the employee and with the concurrence of the employer.

11 (18) "Years of service" means years of uninterrupted state service."

12

13 **Section 6.** Section 2-18-604, MCA, is amended to read:

14 **"2-18-604. Administration of rules.** The department of administration or the administrative officer of  
15 any county, city, or political subdivision is responsible for the proper administration of the employee annual, sick,  
16 flexible, or military leave provisions and the jury duty provisions found in this part and may, when necessary,  
17 promulgate rules necessary to achieve the uniform administration of these provisions and to prevent the abuse  
18 of these provisions. When promulgated, the rules are effective as to all employees of the state or any county, city,  
19 or political subdivision of the state."

20

21 **Section 7.** Section 2-18-606, MCA, is amended to read:

22 **"2-18-606. Parental leave for state employees.** (1) The department of administration shall develop a  
23 parental leave policy for permanent state employees. The policy must permit an employee to take a reasonable  
24 leave of absence and permit the employee to use sick leave or flexible leave immediately following the birth or  
25 placement of a child for a period not to exceed 15 working days if:

26 (a) the employee is adopting a child; or

27 (b) the employee is a birth father.

28 (2) As used in this section, "placement" means placement for adoption as defined in 33-22-130.

29 (3) A state agency that is not subject to the provisions of the Family and Medical Leave Act of 1993, 29  
30 U.S.C. 2601 through 2654, may extend the provisions of that act to the employees of the agency."

1

2 **Section 8.** Section 2-18-611, MCA, is amended to read:

3 **"2-18-611. Annual vacation leave -- not applicable to certain state employees.** (1) Each permanent  
4 full-time employee shall earn annual vacation leave credits from the first day of employment. Vacation leave  
5 credits earned must be credited at the end of each pay period. However, employees are not entitled to any  
6 vacation leave with pay until they have been continuously employed for a period of 6 calendar months.

7 (2) Seasonal employees earn vacation credits. However, seasonal employees must be employed for  
8 6 qualifying months before they may use the vacation credits. In order to qualify, seasonal employees shall  
9 immediately report back for work when operations resume in order to avoid a break in service.

10 (3) Permanent part-time employees are entitled to prorated annual vacation benefits if they have worked  
11 the qualifying period.

12 (4) An employee may not accrue annual vacation leave credits while in a leave-without-pay status.

13 (5) Temporary employees earn vacation leave credits but may not use the credits until after working for  
14 6 qualifying months.

15 (6) A short-term worker or a student intern, as both terms are defined in 2-18-601, may not earn vacation  
16 leave credits, and time worked as a short-term worker or as a student intern does not apply toward the person's  
17 rate of earning vacation leave credits.

18 (7) This section does not apply to state employees hired on or after July 1, 2007.

19

20 **Section 9.** Section 2-18-612, MCA, is amended to read:

21 **"2-18-612. Rate of vacation leave earned -- not applicable to certain state employees.** (1) Vacation  
22 leave credits are earned at a yearly rate calculated in accordance with the following schedule, which applies to  
23 the total years of an employee's employment with any agency whether the employment is continuous or not:

24	Years of employment	Working days credit
25	1 day through 10 years	15
26	10 years through 15 years	18
27	15 years through 20 years	21
28	20 years on	24

29 (2) (a) For the purpose of determining years of employment under this section, an employee eligible to  
30 earn vacation credits under 2-18-611 must be credited with 1 year of employment for each period of:

1 (i) 2,080 hours of service following ~~his~~ the employee's date of employment; ~~an~~. An employee must be  
 2 credited with 80 hours of service for each biweekly pay period in which ~~he~~ the employee is in a pay status or on  
 3 an authorized leave of absence without pay, regardless of the number of hours of service in the pay period; or

4 (ii) 12 calendar months in which ~~he~~ the employee was in a pay status or on an authorized leave of  
 5 absence without pay, regardless of the number of hours of service in any one month. An employee of a school  
 6 district, a school at a state institution, or the university system must be credited with 1 year of service if ~~he~~ the  
 7 employee is employed for an entire academic year.

8 (b) State agencies, other than the university system and a school at a state institution, must use the  
 9 method provided in subsection (2)(a)(i) to calculate years of ~~service~~ employment under this section.

10 (3) This section does not apply to state employees hired on or after July 1, 2007.

11

12 **Section 10.** Section 2-18-614, MCA, is amended to read:

13 **"2-18-614. Military leave considered service.** A period of absence from employment with the state,  
 14 county, or city occurring either during a war involving the United States or in any other national emergency and  
 15 for 90 days ~~thereafter~~ after the war or emergency for one of the following reasons is considered as service for  
 16 the purpose of determining the number of years of employment used in calculating vacation leave or flexible leave  
 17 credits ~~under this section~~:

18 (1) having been ordered on active duty with the armed forces of the United States;

19 (2) voluntary service on active duty in the armed forces or on ships operated by or for the United States  
 20 government; or

21 (3) direct assignment to the United States department of defense for duties related to national defense  
 22 efforts if a leave of absence has been granted by the employer."

23

24 **Section 11.** Section 2-18-615, MCA, is amended to read:

25 **"2-18-615. Absence because of illness not chargeable against ~~vacation~~ unless employee**  
 26 **approves.** Absence from employment by reason of illness ~~shall~~ may not be chargeable charged against unused  
 27 vacation leave or flexible leave credits unless approved by the employee."

28

29 **Section 12.** Section 2-18-616, MCA, is amended to read:

30 **"2-18-616. Determination of vacation dates.** The dates when ~~employees'~~ an employee's annual



1 vacation ~~leaves~~ leave or flexible leave is ~~shall be granted shall~~ must be determined by agreement between each  
 2 employee and ~~his~~ the employing agency with regard to the best interest of the ~~state, any county or city thereof~~  
 3 employer as well as the best interests of each employee."

4

5 **Section 13.** Section 2-18-617, MCA, is amended to read:

6 **"2-18-617. Accumulation of vacation leave -- cash for unused -- transfer -- not applicable to**  
 7 **certain employees.** (1) (a) Except as provided in subsection (1)(b), annual vacation leave may be accumulated  
 8 to a total not to exceed two times the maximum number of days earned annually as of the end of the first pay  
 9 period of the next calendar year. Excess vacation time is not forfeited if taken within 90 calendar days from the  
 10 last day of the calendar year in which the excess was accrued.

11 (b) It is the responsibility of the head of an employing agency to provide reasonable opportunity for an  
 12 employee to use rather than forfeit accumulated vacation leave. If an employee makes a reasonable written  
 13 request to use excess vacation leave before the excess vacation leave must be forfeited under subsection (1)(a)  
 14 and the employing agency denies the request, the excess vacation leave is not forfeited and the employing  
 15 agency shall ensure that the employee may use the excess vacation leave before the end of the calendar year  
 16 in which the leave would have been forfeited under subsection (1)(a).

17 (2) An employee who terminates employment for a reason not reflecting discredit on the employee is  
 18 entitled upon the date of termination to cash compensation for unused vacation leave, assuming that the  
 19 employee has worked the qualifying period set forth in 2-18-611.

20 (3) However, if an employee transfers between agencies of the same jurisdiction, cash compensation  
 21 may not be paid for unused vacation leave. In a transfer, the receiving agency assumes the liability for the  
 22 accrued vacation credits transferred with the employee.

23 (4) This section does not prohibit a school district from providing cash compensation for unused vacation  
 24 leave in lieu of the accumulation of the leave, either through a collective bargaining agreement or, in the absence  
 25 of a collective bargaining agreement, through a policy.

26 (5) This section is not applicable to state employees hired on or after July 1, 2007."

27

28 **Section 14.** Section 2-18-618, MCA, is amended to read:

29 **"2-18-618. Sick leave -- not applicable to certain employees.** (1) A permanent full-time employee  
 30 earns sick leave credits from the first day of employment. For calculating sick leave credits, 2,080 hours (52

1 weeks x 40 hours) equals 1 year. Sick leave credits must be credited at the end of each pay period. Sick leave  
2 credits are earned at the rate of 12 working days for each year of service without restriction as to the number of  
3 working days that may be accumulated. Employees are not entitled to be paid sick leave until they have been  
4 continuously employed 90 days.

5 (2) An employee may not accrue sick leave credits while in a leave-without-pay status.

6 (3) Permanent part-time employees are entitled to prorated leave benefits if they have worked the  
7 qualifying period.

8 (4) Full-time temporary and seasonal employees are entitled to sick leave benefits provided they work  
9 the qualifying period.

10 (5) A short-term worker may not earn sick leave credits.

11 (6) Except as otherwise provided in 2-18-1311, an employee who terminates employment with the  
12 agency is entitled to a lump-sum payment equal to one-fourth of the pay attributed to the accumulated sick leave.  
13 The pay attributed to the accumulated sick leave must be computed on the basis of the employee's salary or  
14 wage at the time the employee terminates employment with the state, county, or city. Accrual of sick leave credits  
15 for calculating the lump-sum payment provided for in this subsection begins July 1, 1971. The payment is the  
16 responsibility of the agency in which the sick leave accrues. However, an employee does not forfeit any sick leave  
17 rights or benefits accrued prior to July 1, 1971. However, when an employee transfers between agencies within  
18 the same jurisdiction, the employee is not entitled to a lump-sum payment. In a transfer between agencies, the  
19 receiving agency shall assume the liability for the accrued sick leave credits earned after July 1, 1971, and  
20 transferred with the employee.

21 (7) An employee who receives a lump-sum payment pursuant to this section or who, pursuant to  
22 2-18-1311, converts unused sick leave to employer contributions to a health care expense trust account and who  
23 is again employed by any agency may not be credited with sick leave for which the employee has previously been  
24 compensated or for which the employee has received an employer contribution to the health care expense trust  
25 account.

26 (8) Abuse of sick leave is cause for dismissal and forfeiture of the lump-sum payments provided for in  
27 this section.

28 (9) An employee of a state agency may contribute any portion of the employee's accumulated sick leave  
29 to a nonrefundable sick leave fund for state employees and becomes eligible to draw upon the fund if an  
30 extensive illness or accident exhausts the employee's accumulated sick leave, irrespective of the employee's

1 membership or nonmembership in the employee welfare benefit plan established pursuant to 2-18-1304. The  
 2 department of administration shall, in consultation with the state employee group benefits advisory council,  
 3 provided for in 2-15-1016, administer the sick leave fund and adopt rules to implement this subsection.

4 (10) A local government may establish and administer through local rule a sick leave fund into which its  
 5 employees may contribute a portion of their accumulated sick leave.

6 (11) This section does not apply to state employees hired on or after July 1, 2007.  
 7

8 **Section 15.** Section 2-18-619, MCA, is amended to read:

9 **"2-18-619. Jury duty -- service as witness.** (1) Each employee who is under proper summons as a  
 10 juror shall collect all fees and allowances payable as a result of the service and forward the fees to the  
 11 appropriate accounting office. Juror fees ~~shall~~ must be applied against the amount due the employee from ~~his~~  
 12 the employer. However, if an employee elects to charge ~~his~~ the juror time ~~off~~ against ~~his~~ the employee's annual  
 13 leave or flexible leave, ~~he shall~~ the employee may not be required to remit ~~his~~ the juror fees to ~~his~~ the employer.  
 14 ~~In no instance is an~~ An employee is not required to remit to ~~his~~ the employer any expense or mileage allowance  
 15 paid ~~him~~ to the employee by the court.

16 (2) An employee subpoenaed to serve as a witness shall collect all fees and allowances payable as a  
 17 result of the service and forward the fees to the appropriate accounting office. Witness fees ~~shall~~ must be applied  
 18 against the amount due the employee from ~~his~~ the employer. However, if an employee elects to charge ~~his~~ the  
 19 witness time ~~off~~ against ~~his~~ the employee's annual leave or flexible leave, ~~he shall~~ the employee may not be  
 20 required to remit ~~his~~ the witness fees to ~~his~~ the employer. ~~In no instance is an~~ An employee is not required to  
 21 remit to ~~his~~ the employer any expense or mileage allowances paid ~~him~~ to the employee by the court.

22 (3) Employers may request the court to excuse their employees from jury duty if they are needed for the  
 23 proper operation of a unit of state or local government."  
 24

25 **Section 16.** Section 2-18-1204, MCA, is amended to read:

26 **"2-18-1204. Salary and benefits protection -- employee transfer.** An employee whose position is  
 27 eliminated as a result of privatization, reorganization of an agency, closure of or a reduction in force at an agency,  
 28 or other actions by the legislature and who is subsequently transferred to a different position in a state agency  
 29 is entitled to:

30 (1) the same hourly salary as previously received if the new position is at the same grade level or higher

- 1 as the one previously held;
- 2 (2) retain all accrued sick leave credits;
- 3 (3) retain, cash out, or use accrued vacation leave or flexible leave credits to extend the employee's
- 4 effective layoff date; and
- 5 (4) relocation expenses as provided in agency policy."

6

7 **Section 17.** Section 10-1-1009, MCA, is amended to read:

8 **"10-1-1009. Paid military leave for public employees.** (1) A state, city, town, or county employee who

9 is a member of the organized militia of this state or who is a member of the organized or unorganized reserve

10 corps or military forces of the United States and who has been an employee for a period of at least 6 months must

11 be given leave of absence with pay accruing at a rate of 15 working days in a calendar year for performing military

12 service.

- 13 (2) Military leave may not be charged against the employee's annual vacation ~~time~~ leave or flexible leave.
- 14 (3) Unused military leave must be carried over to the next calendar year, but may not exceed a total of
- 15 30 days in any calendar year."

16

17 **Section 18.** Section 19-2-303, MCA, is amended to read:

18 **"19-2-303. Definitions.** Unless the context requires otherwise, for each of the retirement systems

19 subject to this chapter, the following definitions apply:

- 20 (1) "Accumulated contributions" means the sum of all the regular and any additional contributions made
- 21 by a member in a defined benefit plan, together with the regular interest on the contributions.
- 22 (2) "Active member" means a member who is a paid employee of an employer, is making the required
- 23 contributions, and is properly reported to the board for the most current reporting period.
- 24 (3) "Actuarial cost" means the amount determined by the board in a uniform and nondiscriminatory
- 25 manner to represent the present value of the benefits to be derived from the additional service to be credited
- 26 based on the most recent actuarial valuation for the system and the age, years until retirement, and current salary
- 27 of the member.
- 28 (4) "Actuarial equivalent" means a benefit of equal value when computed upon the basis of the mortality
- 29 table and interest rate assumptions adopted by the board.
- 30 (5) "Actuarial liabilities" means the excess of the present value of all benefits payable under a defined

1 benefit retirement plan over the present value of future normal costs in that retirement plan.

2 (6) "Actuary" means the actuary retained by the board in accordance with 19-2-405.

3 (7) "Additional contributions" means contributions made by a member of a defined benefit plan to  
4 purchase various types of optional service credit as allowed by the applicable retirement plan.

5 (8) "Annuity" means:

6 (a) in the case of a defined benefit plan, equal and fixed payments for life that are the actuarial equivalent  
7 of a lump-sum payment under a retirement plan and as such are not benefits paid by a retirement plan and are  
8 not subject to periodic or one-time increases; or

9 (b) in the case of the defined contribution plan, a payment of a fixed sum of money at regular intervals.

10 (9) "Benefit" means:

11 (a) the service retirement benefit, early retirement benefit, or disability retirement or survivorship benefit  
12 payment provided by a defined benefit retirement plan; or

13 (b) a payment or distribution under the defined contribution retirement plan, including a disability payment  
14 under 19-3-2141, for the exclusive benefit of a plan member or the member's beneficiary or an annuity purchased  
15 under 19-3-2124.

16 (10) "Board" means the public employees' retirement board provided for in 2-15-1009.

17 (11) "Contingent annuitant" means a person designated to receive a continuing monthly benefit after the  
18 death of a retired member.

19 (12) "Covered employment" means employment in a covered position.

20 (13) "Covered position" means a position in which the employee must be a member of the retirement  
21 system except as otherwise provided by law.

22 (14) "Defined benefit retirement plan" or "defined benefit plan" means a plan within the retirement  
23 systems provided for pursuant to 19-2-302 that is not the defined contribution retirement plan.

24 (15) "Defined contribution retirement plan" or "defined contribution plan" means the plan within the public  
25 employees' retirement system established in 19-3-103 that is provided for in chapter 3, part 21, of this title and  
26 that is not a defined benefit plan.

27 (16) "Department" means the department of administration.

28 (17) "Designated beneficiary" means the person designated by a member or payment recipient to receive  
29 any survivorship benefits, lump-sum payments, or benefit from a retirement account upon the death of the  
30 member or payment recipient, including annuities derived from the benefits or payments.

1 (18) "Disability" or "disabled" means a total inability of the member to perform the member's duties by  
2 reason of physical or mental incapacity. The disability must be incurred while the member is an active member  
3 and must be one of permanent duration or of extended and uncertain duration, as determined by the board on  
4 the basis of competent medical opinion.

5 (19) "Early retirement benefit" means the retirement benefit payable to a member following early  
6 retirement and is the actuarial equivalent of the accrued portion of the member's service retirement benefit.

7 (20) "Employee" means a person who is employed by an employer in any capacity and whose salary is  
8 being paid by the employer or a person for whom an interlocal governmental entity is responsible for paying  
9 retirement contributions pursuant to 7-11-105.

10 (21) "Employer" means a governmental agency participating in a retirement system enumerated in  
11 19-2-302 on behalf of its eligible employees. The term includes an interlocal governmental entity identified as  
12 responsible for paying retirement contributions pursuant to 7-11-105.

13 (22) "Essential elements of the position" means fundamental job duties. An element may be considered  
14 essential because of but not limited to the following factors:

- 15 (a) the position exists to perform the element;  
16 (b) there are a limited number of employees to perform the element; or  
17 (c) the element is highly specialized.

18 (23) "Fiscal year" means a plan year, which is any year commencing with July 1 and ending the following  
19 June 30.

20 (24) "Inactive member" means a member who terminates service and does not retire or take a refund of  
21 the member's accumulated contributions.

22 (25) "Internal Revenue Code" has the meaning provided in 15-30-101.

23 (26) "Member" means either:

- 24 (a) a person with accumulated contributions and service credited with a defined benefit retirement plan  
25 or receiving a retirement benefit on account of the person's previous service credited in a retirement system; or  
26 (b) a person with a retirement account in the defined contribution plan.

27 (27) "Membership service" means the periods of service that are used to determine eligibility for  
28 retirement or other benefits.

29 (28) (a) "Normal cost" or "future normal cost" means an amount calculated under an actuarial cost  
30 method required to fund accruing benefits for members of a defined benefit retirement plan during any year in

1 the future.

2 (b) Normal cost does not include any portion of the supplemental costs of a retirement plan.

3 (29) "Normal retirement age" means the age at which a member is eligible to immediately receive a  
4 retirement benefit based on the member's age, length of service, or both, as specified under the member's  
5 retirement system, without disability and without an actuarial or similar reduction in the benefit.

6 (30) "Pension" means benefit payments for life derived from contributions to a retirement plan made from  
7 state- or employer-controlled funds.

8 (31) "Pension trust fund" means a fund established to hold the contributions, income, and assets of a  
9 retirement system or plan in public trust.

10 (32) "Plan choice rate" means the amount of the employer contribution as a percentage of payroll covered  
11 by the defined contribution plan members that is allocated to the public employees' retirement system's defined  
12 benefit plan pursuant to 19-3-2117 and that is adjusted by the board pursuant to 19-3-2121 to actuarially fund  
13 the unfunded liabilities and the normal cost rate changes in a defined benefit plan resulting from member  
14 selection of the defined contribution plan.

15 (33) "Regular contributions" means contributions required from members under a retirement plan.

16 (34) "Regular interest" means interest at rates set from time to time by the board.

17 (35) "Retirement" or "retired" means the status of a member who has:

18 (a) terminated from service; and

19 (b) received and accepted a retirement benefit from a retirement plan.

20 (36) "Retirement account" means an individual account within the defined contribution retirement plan  
21 for the deposit of employer and member contributions and other assets for the exclusive benefit of a member of  
22 the defined contribution plan or the member's beneficiary.

23 (37) "Retirement benefit" means:

24 (a) in the case of a defined benefit plan, the periodic benefit payable as a result of service retirement,  
25 early retirement, or disability retirement under a defined benefit plan of a retirement system. With respect to a  
26 defined benefit plan, the term does not mean an annuity.

27 (b) in the case of the defined contribution plan, a benefit as defined in subsection (9)(b).

28 (38) "Retirement plan" or "plan" means either a defined benefit plan or a defined contribution plan under  
29 one of the public employee retirement systems enumerated in 19-2-302.

30 (39) "Retirement system" or "system" means one of the public employee retirement systems enumerated

1 in 19-2-302.

2 (40) "Service" means employment of an employee in a position covered by a retirement system.

3 (41) "Service credit" means the periods of time for which the required contributions have been made to  
4 a retirement plan and that are used to calculate retirement benefits or survivorship benefits under a defined  
5 benefit retirement plan.

6 (42) "Service retirement benefit" means the retirement benefit that the member may receive at normal  
7 retirement age.

8 (43) "Statutory beneficiary" means the surviving spouse or dependent child or children of a member of  
9 the highway patrol officers', municipal police officers', or firefighters' unified retirement system who are statutorily  
10 designated to receive benefits upon the death of the member.

11 (44) "Supplemental cost" means an element of the total actuarial cost of a defined benefit retirement plan  
12 arising from benefits payable for service performed prior to the inception of the retirement plan or prior to the date  
13 of contribution rate increases, changes in actuarial assumptions, actuarial losses, or failure to fund or otherwise  
14 recognize normal cost accruals or interest on supplemental costs. These costs are included in the unfunded  
15 actuarial liabilities of the retirement plan.

16 (45) "Survivorship benefit" means payments for life to the statutory or designated beneficiary of a  
17 deceased member who died while in service under a defined benefit retirement plan.

18 (46) "Termination of employment", "termination from employment", "terminated employment", "terminated  
19 from employment", "terminate employment", or "terminates employment" means that:

20 (a) there has been a complete severance of a covered employment relationship by the positive act of  
21 either the employee, the employer, or both; and

22 (b) the member is no longer receiving compensation for covered employment, other than any outstanding  
23 lump-sum payment for compensatory leave, flexible leave, sick leave, or annual leave.

24 (47) "Termination of service", "termination from service", "terminated from service", "terminated service",  
25 "terminating service", or "terminates service" means that:

26 (a) there has been a complete severance of a covered employment relationship by the positive act of  
27 either the employee, the employer, or both for at least 30 days;

28 (b) the member is no longer receiving compensation for covered employment; and

29 (c) the member has been paid all compensation for compensatory leave, flexible leave, sick leave, or  
30 annual leave to which the member was entitled. For the purposes of this subsection (47), compensation does not



1 mean compensation as a result of a legal action, court order, or settlement to which the board was not a party.

2 (48) "Unfunded actuarial liabilities" or "unfunded liabilities" means the excess of a defined benefit  
3 retirement plan's actuarial liabilities at any given point in time over the value of its cash and investments on that  
4 same date.

5 (49) "Vested account" means an individual account within a defined contribution plan that is for the  
6 exclusive benefit of a member or the member's beneficiary. A vested account includes all contributions and the  
7 income on all contributions in each of the following accounts:

8 (a) the member's contribution account;

9 (b) the vested portion of the employer's contribution account; and

10 (c) the member's account for other contributions.

11 (50) "Vested member" or "vested" means:

12 (a) with respect to a defined benefit plan, a member or the status of a member who has at least 5 years  
13 of membership service; or

14 (b) with respect to the defined contribution plan, a member or the status of a member who meets the  
15 minimum membership service requirement of 19-3-2116.

16 (51) "Written application" or "written election" means a written instrument, prescribed by the board or  
17 required by law, properly signed and filed with the board, that contains all required information, including  
18 documentation that the board considers necessary."

19

20 **Section 19.** Section 19-3-108, MCA, is amended to read:

21 **"19-3-108. Definitions.** Unless the context requires otherwise, as used in this chapter, the following  
22 definitions apply:

23 (1) (a) "Compensation" means remuneration paid out of funds controlled by an employer in payment for  
24 the member's services, or for time during which the member is excused from work because of a holiday or  
25 because the member has taken compensatory leave, sick leave, annual leave, flexible leave, or a leave of  
26 absence, before any pretax deductions allowed by state or federal law are made.

27 (b) Compensation does not include:

28 (i) the contributions made pursuant to 19-3-403(4)(a) for members of a bargaining unit;

29 (ii) in-kind goods provided by the employer, such as uniforms, housing, transportation, or meals;

30 (iii) in-kind services, such as the retraining allowance paid pursuant to 2-18-622, or employment-related

1 services;

2 (iv) contributions to group insurance, such as that provided under 2-18-701 through 2-18-704; and

3 (v) lump-sum payments for compensatory leave, flexible leave, sick leave, or annual leave paid without  
4 termination of employment.

5 (2) "Contracting employer" means any political subdivision or governmental entity that has contracted  
6 to come into the system under this chapter.

7 (3) "Defined benefit plan" means the plan within the public employees' retirement system established  
8 in 19-3-103 that is not the defined contribution plan.

9 (4) "Employer" means the state of Montana, its university system or any of the colleges, schools,  
10 components, or units of the university system for the purposes of this chapter, or any contracting employer.

11 (5) "Employer contributions" means payments to a pension trust fund pursuant to 19-3-316 from  
12 appropriations of the state of Montana and from contracting employers.

13 (6) (a) "Highest average compensation" means a member's highest average monthly compensation  
14 during any 36 consecutive months of membership service, except as otherwise provided in subsection (6)(b) or  
15 (6)(c).

16 (b) For a member who has attained 65 years of age but has not served at least 36 months, highest  
17 average compensation means total compensation earned divided by the number of months the member has  
18 served.

19 (c) For a vested member who does not have 36 consecutive months of membership service, highest  
20 average compensation means the highest total compensation earned during any 36 consecutive calendar months  
21 divided by 36.

22 (d) Lump-sum payments for severance pay, including payment for compensatory leave, flexible leave,  
23 sick leave, and annual leave, paid to the member upon termination of employment may be used in the calculation  
24 of a retirement benefit only to the extent that they are used to replace, on a month-for-month basis, the regular  
25 compensation for a month or months included in the calculation of the highest average compensation. A  
26 lump-sum payment may not be added to a single month's compensation.

27 (7) "System" or "retirement system" means the public employees' retirement system established in  
28 19-3-103."

29

30 **Section 20.** Section 19-6-101, MCA, is amended to read:

1           **"19-6-101. Definitions.** Unless the context requires otherwise, the following definitions apply in this  
2 chapter:

3           (1) (a) "Compensation" means remuneration paid from funds controlled by an employer in payment for  
4 the member's services or for time during which the member is excused from work because the member has taken  
5 compensatory leave, flexible leave, sick leave, annual leave, or a leave of absence before any pretax deductions  
6 allowed by state or federal law are made.

7           (b) Compensation does not include maintenance, allowances, and expenses.

8           (2) "Dependent child" means an unmarried child of a deceased retired member, who is:

9           (a) under 18 years of age; or

10           (b) under 24 years of age and attending an accredited postsecondary educational institution as a full-time  
11 student in anticipation of receiving a certificate or degree.

12           (3) "Highest average compensation" means a member's highest average monthly compensation during  
13 any 36 consecutive months of membership service or, in the event a member has not served at least 36 months,  
14 the total compensation earned divided by the number of months of service. Lump-sum payments for severance  
15 pay, including payment for compensatory leave, flexible leave, sick leave, and annual leave, paid to the member  
16 upon termination of employment may be used in the calculation of a retirement benefit only to the extent that they  
17 are used to replace, on a month-for-month basis, the normal compensation for a month or months included in  
18 the calculation of the highest average compensation. A lump-sum payment may not be added to a single month's  
19 compensation.

20           (4) "Surviving spouse" means the spouse married to a retired member at the time of the retired member's  
21 death.

22           (5) "Survivor" means a surviving spouse or dependent child of a member."  
23

24           **Section 21.** Section 19-8-101, MCA, is amended to read:

25           **"19-8-101. Definitions.** Unless the context requires otherwise, the following definitions apply in this  
26 chapter:

27           (1) (a) "Compensation" means remuneration paid from funds controlled by an employer in payment for  
28 the member's services or for time during which the member is excused from work because the member has taken  
29 compensatory leave, flexible leave, sick leave, annual leave, or a leave of absence before any pretax deductions  
30 allowed by state or federal law are made.

1 (b) Compensation does not include maintenance, allowances, and expenses.

2 (2) "Highest average compensation" means a member's highest average monthly compensation during  
3 any 36 consecutive months of membership service or, in the event a member has not served at least 36 months,  
4 the total compensation earned divided by the number of months of service. Lump-sum payments for severance  
5 pay, including payment for compensatory leave, flexible leave, sick leave, and annual leave, paid to the member  
6 upon termination of employment may be used in the calculation of a retirement benefit only to the extent that they  
7 are used to replace, on a month-for-month basis, the normal compensation for a month or months included in  
8 the calculation of the highest average compensation. A lump-sum payment may not be added to a single month's  
9 compensation.

10 (3) "Game warden" means a state fish and game warden hired by the department of fish, wildlife, and  
11 parks and includes all warden supervisory personnel whose salaries or compensation is paid out of the  
12 department of fish, wildlife, and parks money.

13 (4) "Motor carrier officer" means an employee of the department of transportation designated or  
14 appointed as a peace officer pursuant to 61-10-154 or 61-12-201.

15 (5) "Peace officer" or "state peace officer" means a person who by virtue of the person's employment  
16 with the state is vested by law with a duty to maintain public order or make arrests for offenses while acting within  
17 the scope of the person's authority or who is charged with specific law enforcement responsibilities on behalf of  
18 the state."

19

20 **Section 22.** Section 19-20-101, MCA, is amended to read:

21 **"19-20-101. Definitions.** As used in this chapter, unless the context clearly indicates otherwise, the  
22 following definitions apply:

23 (1) "Accumulated contributions" means the sum of all the amounts deducted from the compensation of  
24 a member or paid by a member and credited to the member's individual account in the annuity savings fund,  
25 together with interest. Regular interest must be computed and allowed to provide a benefit at the time of  
26 retirement.

27 (2) "Actuarial equivalent" means a benefit of equal value when computed upon the basis of the mortality  
28 table and interest rate assumption set by the retirement board.

29 (3) "Average final compensation" means the average of a member's earned compensation during the  
30 3 consecutive years of full-time service or as provided under 19-20-805 that yield the highest average and on

1 which contributions have been made as required by 19-20-602. If amounts defined in subsection (6)(b) have been  
2 converted by an employer to earned compensation for all members and have been continuously reported as  
3 earned compensation in a like amount for at least the 5 fiscal years preceding the member's retirement, the  
4 amounts may be included in the calculation of average final compensation. If amounts defined in subsection (6)(b)  
5 have been reported as earned compensation for less than 5 fiscal years or if the member has been given the  
6 option to have amounts reported as earned compensation, any amounts reported in the 3-year period that  
7 constitute average final compensation must be included in average final compensation as provided under  
8 19-20-716(1)(b).

9 (4) "Beneficiary" means one or more persons formally designated by a member, retiree, or benefit  
10 recipient to receive a retirement allowance or payment upon the death of the member, retiree, or benefit recipient.

11 (5) "Creditable service" is that service defined by 19-20-401.

12 (6) (a) "Earned compensation" means, except as limited by 19-20-715, remuneration, exclusive of  
13 maintenance, allowance, and expenses, paid for services by a member out of funds controlled by an employer  
14 before any pretax deductions allowed under the Internal Revenue Code are deducted from the member's  
15 compensation.

16 (b) Earned compensation does not mean:

17 (i) direct employer premium payments on behalf of members for health or dependent care expense  
18 accounts or any employer contribution for health, medical, pharmaceutical, disability, life, vision, dental, or any  
19 other insurance;

20 (ii) any direct employer payment or reimbursement for:

21 (A) professional membership dues;

22 (B) maintenance;

23 (C) housing;

24 (D) day care;

25 (E) automobile, travel, lodging, or entertaining expenses; or

26 (F) any similar payment for any form of maintenance, allowance, or expenses;

27 (iii) the imputed value of health, life, or disability insurance or any other fringe benefits; or

28 (iv) any noncash benefit provided by an employer to or on behalf of an employee.

29 (c) Unless included pursuant to 19-20-716, earned compensation does not include termination pay.

30 (d) Adding a direct employer-paid or noncash benefit to an employee's contract or subtracting the same

1 or like amount as a pretax deduction is considered a fringe benefit and not earned compensation.

2 (e) Earned compensation does not include:

3 (i) compensation paid to a member from a plan for the deferral of compensation under section 457(f) of  
4 the Internal Revenue Code, 26 U.S.C. 457(f);

5 (ii) payment for sick, annual, flexible, or other types of leave that is allowed to a member and that is  
6 accrued in excess of that normally allowed; or

7 (iii) incentive or bonus payments paid to a member that are not part of a series of annual payments.

8 (7) "Employer" means the state of Montana, the trustees of a district, or any other agency or subdivision  
9 of the state that employs a person who is designated a member of the retirement system.

10 (8) "Full-time service" means service that is full-time and that extends over a normal academic year of  
11 at least 9 months. With respect to those members employed by the office of the superintendent of public  
12 instruction, any other state agency or institution, or the office of a county superintendent, full-time service means  
13 service that is full-time and that totals at least 9 months in any year.

14 (9) "Internal Revenue Code" has the meaning provided in 15-30-101.

15 (10) "Member" means a person who has an individual account in the annuity savings fund. An active  
16 member is a person included under the provisions of 19-20-302. An inactive member is a person included under  
17 the provisions of 19-20-303.

18 (11) "Normal retirement age" means an age no earlier than the age at which the member is eligible to  
19 retire:

20 (a) by virtue of age, length of service, or both;

21 (b) without disability; and

22 (c) with the right to receive immediate retirement benefits without an actuarial reduction in the benefits.

23 (12) "Part-time service" means service that is less than full-time or that totals less than 180 days in a  
24 normal academic year. Part-time service must be credited in the proportion that the actual time worked compares  
25 to full-time service.

26 (13) "Prior service" means employment of the same nature as service but rendered before September  
27 1, 1937.

28 (14) "Regular interest" means interest at a rate set by the retirement board in accordance with  
29 19-20-501(2).

30 (15) "Retired member" means a person who has terminated employment that qualified the person for

1 membership under 19-20-302 and who has received at least one monthly retirement benefit paid pursuant to this  
2 chapter.

3 (16) "Retirement allowance" means a monthly payment due to a person who has qualified for service or  
4 disability retirement or due to a beneficiary as provided in 19-20-1001.

5 (17) "Retirement board" or "board" means the retirement system's governing board provided for in  
6 2-15-1010.

7 (18) "Retirement system", "system", or "plan" means the teachers' retirement system of the state of  
8 Montana provided for in 19-20-102.

9 (19) "Service" means the performance of instructional duties or related activities that would entitle the  
10 person to active membership in the retirement system under the provisions of 19-20-302.

11 (20) "Termination" or "terminate" means that the member has severed the employment relationship with  
12 the member's employer and that all, if any, payments due upon termination of employment, including but not  
13 limited to accrued sick and annual leave balances or flexible leave balances, have been paid to the member.

14 (21) (a) "Termination pay" means any form of bona fide vacation leave, sick leave, severance pay,  
15 amounts provided under a window or early retirement incentive plan, or other payments contingent on the  
16 employee terminating employment and on which employee and employer contributions have been paid as  
17 required by 19-20-716.

18 (b) Termination pay does not include:

19 (i) amounts that are not wages under section 3121 of the Internal Revenue Code, determined without  
20 regard to the wage base limitation; and

21 (ii) amounts that are payable to a member from a plan for the deferral of compensation under section  
22 457(f) of the Internal Revenue Code, 26 U.S.C. 457(f).

23 (22) "Vested" means that a member has been credited with at least 5 full years of membership service  
24 upon which contributions have been made, as required by 19-20-602 and 19-20-605, and who has a right to a  
25 future retirement benefit.

26 (23) "Written application" or "written election" means a written instrument, required by statute or the rules  
27 of the board, properly signed, and filed with the board, that contains all the required information, including  
28 documentation that the board considers necessary."

29

30 **Section 23.** Section 39-2-903, MCA, is amended to read:

1           **"39-2-903. Definitions.** In this part, the following definitions apply:

2           (1) (a) "Constructive discharge" means the voluntary termination of employment by an employee  
3 because of a situation created by an act or omission of the employer ~~which~~ that an objective, reasonable person  
4 would find so intolerable that voluntary termination is the only reasonable alternative.

5           (b) Constructive discharge does not mean voluntary termination because of an employer's refusal to  
6 promote the employee or improve wages, responsibilities, or other terms and conditions of employment.

7           (2) "Discharge" includes a constructive discharge as defined in subsection (1) and any other termination  
8 of employment, including resignation, elimination of the job, layoff for lack of work, failure to recall or rehire, and  
9 any other cutback in the number of employees for a legitimate business reason.

10          (3) (a) "Employee" means a person who works for another for hire.

11          (b) The term does not include a person who is an independent contractor.

12          (4) "Fringe benefits" means the value of any employer-paid vacation leave, sick leave, flexible leave,  
13 medical insurance plan, disability insurance plan, life insurance plan, and pension benefit plan in force on the date  
14 of the termination.

15          (5) (a) "Good cause" means reasonable job-related grounds for dismissal based on a failure to  
16 satisfactorily perform job duties, disruption of the employer's operation, or other legitimate business reason.

17          (b) The legal use of a lawful product by an individual off the employer's premises during nonworking hours  
18 is not a legitimate business reason, unless the employer acts within the provisions of 39-2-313(3) or (4).

19          (6) "Lost wages" means the gross amount of wages that would have been reported to the internal  
20 revenue service as gross income on Form W-2 and includes additional compensation deferred at the option of  
21 the employee.

22          (7) "Public policy" means a policy in effect at the time of the discharge concerning the public health,  
23 safety, or welfare established by constitutional provision, statute, or administrative rule."

24

25           **Section 24.** Section 39-71-123, MCA, is amended to read:

26           **"39-71-123. Wages defined.** (1) "Wages" means all remuneration paid for services performed by an  
27 employee for an employer, or income provided for in subsection (1)(d). Wages include the cash value of all  
28 remuneration paid in any medium other than cash. The term includes but is not limited to:

29           (a) commissions, bonuses, and remuneration at the regular hourly rate for paid leave, overtime work,  
30 and holidays, ~~vacations, and periods of sickness~~;



1 (b) backpay or any similar pay made for or in regard to previous service by the employee for the  
2 employer, other than retirement or pension benefits from a qualified plan;

3 (c) tips or other gratuities received by the employee, to the extent that tips or gratuities are documented  
4 by the employee to the employer for tax purposes;

5 (d) income or payment in the form of a draw, wage, net profit, or substitute for money received or taken  
6 by a sole proprietor or partner, regardless of whether the sole proprietor or partner has performed work or  
7 provided services for that remuneration;

8 (e) board, lodging, rent, or housing if it constitutes a part of the employee's remuneration and is based  
9 on its actual value; and

10 (f) payments made to an employee on any basis other than time worked, including but not limited to  
11 piecework, an incentive plan, or profit-sharing arrangement.

12 (2) The term "wages" does not include any of the following:

13 (a) employee expense reimbursements or allowances for meals, lodging, travel, subsistence, and other  
14 expenses, as set forth in department rules;

15 (b) the amount of the payment made by the employer for employees, if the payment was made for:

16 (i) retirement or pension pursuant to a qualified plan as defined under the provisions of the Internal  
17 Revenue Code;

18 (ii) sickness or accident disability under a workers' compensation policy;

19 (iii) medical or hospitalization expenses in connection with sickness or accident disability, including health  
20 insurance for the employee or the employee's immediate family;

21 (iv) death, including life insurance for the employee or the employee's immediate family;

22 (c) ~~vacation or sick~~ leave benefits accrued but not paid;

23 (d) special rewards for individual invention or discovery; or

24 (e) monetary and other benefits paid to a person as part of public assistance, as defined in 53-4-201.

25 (3) (a) Except as provided in subsection (3)(b), for compensation benefit purposes, the average actual  
26 earnings for the four pay periods immediately preceding the injury are the employee's wages, except that if the  
27 term of employment for the same employer is less than four pay periods, the employee's wages are the hourly  
28 rate times the number of hours in a week for which the employee was hired to work.

29 (b) For good cause shown, if the use of the last four pay periods does not accurately reflect the  
30 claimant's employment history with the employer, the wage may be calculated by dividing the total earnings for

1 an additional period of time, not to exceed 1 year prior to the date of injury, by the number of weeks in that period,  
2 including periods of idleness or seasonal fluctuations.

3 (4) (a) For the purpose of calculating compensation benefits for an employee working concurrent  
4 employments, the average actual wages must be calculated as provided in subsection (3). As used in this  
5 subsection, "concurrent employment" means employment in which the employee was actually employed at the  
6 time of the injury and would have continued to be employed without a break in the term of employment if not for  
7 the injury.

8 (b) Except as provided in 39-71-118(7)(c), the compensation benefits for a covered volunteer must be  
9 based on the average actual wages in the volunteer's regular employment, except self-employment as a sole  
10 proprietor or partner who elected not to be covered, from which the volunteer is disabled by the injury incurred.

11 (c) The compensation benefits for an employee working at two or more concurrent remunerated  
12 employments must be based on the aggregate of average actual wages of all employments, except for the wages  
13 earned by individuals while engaged in the employments outlined in 39-71-401(3)(a) who elected not to be  
14 covered, from which the employee is disabled by the injury incurred."  
15

16 **Section 25.** Section 39-71-736, MCA, is amended to read:

17 **"39-71-736. Compensation -- from what dates paid.** (1) (a) Compensation may not be paid for the first  
18 32 hours or 4 days' loss of wages, whichever is less, that the claimant is totally disabled and unable to work  
19 because of an injury. A claimant is eligible for compensation starting with the 5th day.

20 (b) Separate benefits of medical and hospital services must be furnished from the date of injury.

21 (2) For the purpose of this section, except as provided in subsection (3), an injured worker is not  
22 considered to be entitled to compensation benefits if the worker is receiving sick leave or flexible leave benefits,  
23 except that each day for which the worker elects to receive sick leave or flexible leave counts 1 day toward the  
24 4-day waiting period.

25 (3) Augmentation of temporary total disability benefits with sick leave or flexible leave by an employer  
26 pursuant to a collective bargaining agreement may not disqualify a worker from receiving temporary total disability  
27 benefits.

28 (4) Receipt of vacation leave or flexible leave by an injured worker may not affect the worker's eligibility  
29 for temporary total disability benefits."  
30

1            NEW SECTION. **Section 26. Codification instruction.** [Section 1] is intended to be codified as an  
2 integral part of Title 2, chapter 18, part 6, and the provisions of Title 2, chapter 18, part 6, apply to [section 1].

3

4            NEW SECTION. **Section 27. Effective date.** [This act] is effective July 1, 2007.

5

- END -