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HOUSE BILL NO. 691

INTRODUCED BY G. OBLANDER, S. GIST, K. ZOLNIKOV, N. NICOL, S. GALLOWAY, G. KMETZ, J.  
ETCHART, L. DEMING, T. SMITH

A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING LABOR LAWS; REVISING LAWS  
RELATED TO THE DUTIES OF THE DEPARTMENT; REVISING EXCLUSIONS FROM EMPLOYMENT ~~TO~~  
~~EXCLUDE MINORS PERFORMING SEASONAL AND MINOR DUTIES RELATING TO CASUAL~~  
~~EMPLOYMENT~~; AND AMENDING SECTIONS 39-1-102 AND 39-51-204, MCA."

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

**Section 1.** Section 39-1-102, MCA, is amended to read:

**"39-1-102. Duties of department.** (1) The department shall enforce all the laws of Montana relating  
to hours of labor, conditions of labor, prosecution of employers who default in payment of wages, protection of  
employees, and all laws relating to child labor that regulate the employment of children in any manner and shall  
administer the laws of the state relating to free employment offices and all other state labor laws. The  
department shall investigate and enforce the laws prohibiting discrimination contained in Title 49, chapters 2  
and 3, and provide a means for conciliation between parties.

(2) ~~In carrying out its duties, the department may not use any form of coercion or undue influence  
against any person undue influence against any person. The department shall:~~

~~(a) follow all rules and regulations in its communication with any person; and~~

~~(b) inform all persons of their rights, including the right to file a formal complaint with the  
department."~~

**Section 2.** 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

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

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

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

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

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

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

17 (ii) "newspaper carrier" means a person who provides a newspaper with the service of delivering  
18 newspapers singly or in bundles. The term does not include an employee of the paper who, incidentally to the  
19 employee's main duties, carries or delivers papers.

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

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

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

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

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

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

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

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

6 (f) casual labor not in the course of an employer's trade or business performed in any calendar  
7 quarter, unless the cash remuneration paid for the service is ~~\$50~~\$300 or more and the service is performed by  
8 an individual who is regularly employed by the employer to perform the service. "Regularly employed" means  
9 that the service is performed during at least 24 days in the same quarter.

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

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

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

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

14 (iv) may accept or reject any job;

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

16 (vi) works under a written contract that:

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

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

20 (C) requires the installer to provide a current workers' compensation policy or to obtain an  
21 exemption from workers' compensation requirements;

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

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

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

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

**Amendment - 1st Reading-white - Requested by: Greg Oblander - (H) Business and Labor**

- 2023

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Drafter: Jameson Walker, 406-444-3722

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- 1 (iii) performs all services as an independent contractor pursuant to a written contract.
- 2 (j) agricultural labor, except as provided in 39-51-202(2), (4), or (6). If an employer is otherwise  
3 subject to this chapter and has agricultural employment, all employees engaged in agricultural labor must be  
4 excluded from coverage under this chapter if the employer:
- 5 (i) in any quarter or calendar year, as applicable, does not meet either of the tests relating to the  
6 monetary amount or number of employees and days worked for the subject wages attributable to agricultural  
7 labor; and
- 8 (ii) keeps separate books and records to account for the employment of persons in agricultural  
9 labor.
- 10 (k) service performed in the employ of any other state or its political subdivisions or of the United  
11 States government or of an instrumentality of any other state or states or their political subdivisions or of the  
12 United States, except that national banks organized under the national banking law are not entitled to  
13 exemption under this subsection and are subject to this chapter the same as state banks, if the service is  
14 excluded from employment as defined in 5 U.S.C. 8501(1)(I) and section 3306(c)(6) of the Federal  
15 Unemployment Tax Act;
- 16 (l) service in which unemployment insurance is payable under an unemployment insurance  
17 system established by an act of congress if the department enters into agreements with the proper agencies  
18 under an act of congress and those agreements become effective in the manner prescribed in the Montana  
19 Administrative Procedure Act for the adoption of rules, to provide reciprocal treatment to individuals who have,  
20 after acquiring potential rights to benefits under this chapter, acquired rights to unemployment insurance under  
21 an act of congress or who have, after acquiring potential rights to unemployment insurance under the act of  
22 congress, acquired rights to benefits under this chapter;
- 23 (m) service performed in the employ of a school or university if the service is performed by a  
24 student who is enrolled and is regularly attending classes at a school or university or by the spouse of a student  
25 if the spouse is advised, at the time that the spouse commences to perform the service, that the employment of  
26 the spouse to perform the service is provided under a program to provide financial assistance to the student by  
27 the school or university and that the employment is not covered by any program of unemployment insurance;
- 28 (n) service performed by an individual who is enrolled at a nonprofit or public educational

1 institution that normally maintains a regular faculty and curriculum and normally has a regularly organized body  
2 of students in attendance at the place where its educational activities are carried on, as a student in a full-time  
3 program taken for credit at an institution that combines academic instruction with work experience if the service  
4 is an integral part of the program and the institution has certified that fact to the employer, except that this  
5 subsection (1)(n) does not apply to service performed in a program established for or on behalf of an employer  
6 or group of employers;

7 (o) service performed as an officer or member of the crew of a vessel on the navigable waters of  
8 the United States;

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

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

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

16 (s) service performed by an individual as an official, including a timer, referee, umpire, or judge, at  
17 an amateur athletic event; ~~or~~

18 (t) service performed by a volunteer participant in a program funded under the National and  
19 Community Service Act of 1990, 42 U.S.C. 12501, et seq., or the Domestic Volunteer Service Act of 1973, 42  
20 U.S.C. 4950, et seq.; ~~or~~

21 ~~(u) service performed by a person younger than 18 years of age who performs seasonal, part-time~~  
22 ~~duties, including but not limited to lawn care, landscape cleanup, snow removal, and other unsupervised and~~  
23 ~~unscheduled minimal duties.~~

24 (2) For the purposes of 39-51-203(5) and (6), the term "employment" does not include:

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

28 (b) service performed by an individual receiving rehabilitation or remunerative work in a facility

1 conducted for the purpose of carrying out a program of rehabilitation for individuals whose earning capacity is  
2 impaired by age or physical or mental deficiency or injury or providing remunerative work for individuals who,  
3 because of impaired physical or mental capacity, cannot be readily absorbed in the competitive labor market;

4 (c) service performed as part of an unemployment work-relief or work-training program assisted or  
5 financed in whole or in part by a federal agency, an agency of a state or political subdivision of the state, or an  
6 Indian tribe by an individual receiving work relief or work training;

7 (d) service performed for a state prison or other state correctional or custodial institution by an  
8 inmate of that institution;

9 (e) service performed by an individual who is sentenced to perform court-ordered community  
10 service or similar work;

11 (f) service performed by elected public officials; or

12 (g) services performed by an election judge appointed pursuant to 13-4-101 if the remuneration  
13 received for those services is less than \$1,000 in a calendar year.

14 (3) (a) Except as provided in subsection (3)(b), an individual found to be an independent contractor  
15 by the department under the terms of 39-71-417 is considered an independent contractor for the purposes of  
16 this chapter. An independent contractor is not precluded from filing a claim for benefits and receiving a  
17 determination pursuant to 39-51-2402.

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

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

24 - END -