

Summary of Old Fund - Taxes and Transfers

Old Fund Liability Tax was paid by the following:

Employers:	\$255,156,909
Employees:	\$70,512,805
Self-employed:	\$23,795,377
Montana State Fund:	\$166,000,000 (dividends paid to Old Fund as required by law)

Total: \$515,465,091

July 1, 1987 - 0.3% Payroll Tax placed on employers for funding of the unfunded liability in the State Fund

July 1, 1990 - Payroll Tax on employers modified to 0.28%

July 1, 1990 - Liability of State Fund separated into claims that occurred before July 1, 1990, known as the "Old Fund", and claims that occurred on or after July 1, 1990, known as the "New Fund".

- The Old Fund has been funded from the remaining premiums in 1990, the payroll tax from employers, the self employed and employees, and contributions from Montana State Fund in lieu of dividends to policyholders.

1993- Payroll tax on employers was increased to 0.5% effective July 1, 1993

- Payroll tax placed on employees of 0.2% effective July 1, 1993
- Payroll tax placed on sole proprietors, partners of partnerships, subchapter S. corporation shareholders and members or managers of LLC's of 1% effective on January 1, 1993 and 0.2% effective January 1, 1994

December 31, 1998 - **Payroll Tax Terminated** as Old Fund met the criteria to be considered "adequately funded".

August 2002 Special Session - SB 19

Required a transfer of \$4.0 million from the Old Fund to the general fund and school flexibility fund by June 30, 2003-completed.

2003 legislative session - HB 363- transfers funds from the Old Fund to the General Fund. The transfers are as follows:

- \$9 million from the removal of the 10% contingency fund requirement- transferred 5-29-03
- \$9.178 from excess funds from FY02- by June 30 2003 - transferred 6-16-2003
- Up to \$4.3 million if available in excess funds from FY03 - by June 30, 2004
Excess is \$815,605, available for transfer by June 30, 2004- transferred March 2004
- Up to \$3.78 million, if available, in excess funds from FY04- by June 30. 2005
- Any additional excess funds from FY03 and FY04 as well as any excess funds from subsequent years are also to be transferred to the general fund.

The estimated funds set aside to pay and administer the claims in the Old Fund are not subject to transfer under this bill. Should the Old Fund not be adequately funded in any year, the necessary funds must be transferred from the general fund.

History of Funding

