

HOUSE BILL NO. 13

INTRODUCED BY J. FITZPATRICK

BY REQUEST OF THE OFFICE OF BUDGET AND PROGRAM PLANNING

A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING LAWS GOVERNING STATE EMPLOYEE COMPENSATION; REVISING STATE EMPLOYEE PER DIEM RATES; INCREASING THE EMPLOYER CONTRIBUTION FOR GROUP BENEFITS; SETTING THE HOURLY PAY RATE FOR LEGISLATORS IN FUTURE BIENNIA; APPROPRIATING FUNDS TO IMPLEMENT PAY AND BENEFIT REVISIONS AND PER DIEM ADJUSTMENTS; PROVIDING AN APPROPRIATION; AMENDING SECTIONS 2-18-303, 2-18-501, 2-18-703, AND 5-2-301, MCA; AND PROVIDING AN EFFECTIVE DATE."

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

Section 1. Section 2-18-303, MCA, is amended to read:

"2-18-303. Procedures for administering broadband pay plan. (1) On the first day of the first complete pay period in fiscal year ~~2024~~ 2026, each employee is entitled to the amount of the employee's base salary as it was on June 30, ~~2023~~ 2025.

(2) To the extent that the plan applies to employees within a collective bargaining unit, the implementation of the plan is a negotiable subject under 39-31-305.

(3) Effective on the first day of the first complete pay period that includes July 1, ~~2023~~ 2025, the base salary of each employee must be increased by ~~\$1.50~~ \$1.00 an hour or by ~~4%~~ 2.5%, whichever is greater. Effective on the first day of the first complete pay period that includes July 1, ~~2024~~ 2026, the base salary of each employee must be increased by ~~\$1.50~~ \$1.00 an hour or by ~~4%~~ 2.5%, whichever is greater. ~~All full-time employees must receive a one-time, lump-sum payment of \$1,040 in the first full pay period after April 11, 2023. All employees who are regularly scheduled to work 20 hours or more a week but less than 40 hours a week must receive a one-time, lump-sum payment of \$780 in the first full pay period after April 11, 2023. All employees who are regularly scheduled to work less than 20 hours a week must receive a one-time, lump-sum payment of \$520 in the first full pay period after April 11, 2023. These payments are applicable for fiscal year~~

1 ~~2023 only.~~

2 (4) (a) (i) A member of a bargaining unit may not receive the pay adjustment provided for in
3 subsection (3) until the employer's collective bargaining representative receives written notice that the
4 employee's collective bargaining unit has ratified a collective bargaining agreement.

5 (ii) If ratification of a collective bargaining agreement, as required by subsection (4)(a)(i), is not
6 completed by the date on which a legislatively authorized pay increase is implemented, members of the
7 bargaining unit must continue to receive the compensation that they were receiving until an agreement is
8 ratified.

9 (b) Methods of administration consistent with the purpose of this part and necessary to properly
10 implement the pay adjustments provided for in this section may be provided for in collective bargaining
11 agreements.

12 (5) (a) Montana highway patrol officer base salaries must be established through the broadband
13 pay plan. Before January 1 of each odd-numbered year, the department shall, after seeking the advice of the
14 Montana highway patrol, conduct a salary survey to be used in establishing the base salary for existing and
15 entry-level highway patrol officer positions. The county sheriff's offices and the city police departments located
16 within the county seats of the following consolidated governments and counties are the labor market for
17 purposes of the survey: Butte-Silver Bow, Cascade, Yellowstone, Missoula, Lewis and Clark, Gallatin, Flathead,
18 and Dawson. The base salary for existing and entry-level highway patrol officer positions must then be
19 determined by the department of justice, using the results of the salary survey and the department of justice
20 pay plan guidelines. Base or biennial salary increases under this subsection are exclusive of and not in addition
21 to any increases otherwise awarded to other state employees after July 1, 2006.

22 (b) To the extent that the plan applies to employees within a collective bargaining unit, the
23 implementation of the plan is a negotiable subject under 39-31-305.

24 (c) The department of justice shall submit the salary survey to the office of budget and program
25 planning as a part of the information required by 17-7-111.

26 (d) The salary survey and plan must be completed at least 6 months before the start of each
27 regular legislative session."

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Section 2. Section 2-18-501, MCA, is amended to read:

"2-18-501. Meals, lodging, and transportation of persons in state service. All elected state officials, appointed members of boards, commissions, or councils, department directors, and all other state employees must be reimbursed for meals and lodging while away from the person's designated headquarters and engaged in official state business in accordance with the following provisions:

(1) Except as provided under subsection (3), for travel within the state of Montana, the following provisions apply:

(a) lodging ~~Lodging~~ must be authorized at the actual cost of lodging and taxes on the allowable cost of lodging, ~~except as provided in subsection (3), plus \$8.25 for the morning meal, \$9.25 for the midday meal, and \$16.00 for the evening meal except as provided in subsection (9). All claims for lodging expense reimbursement allowed under this section must be documented by an appropriate receipt.~~

(b) Except as provided in subsection (9), meals must be authorized at 70% of the standard federal rate of reimbursement for breakfast, lunch, and dinner in Montana established by the United States general services administration in accordance with the federal travel regulation.

(2) Except as provided in subsection (3), for travel outside the state of Montana including foreign travel, the following provisions apply:

(a) Lodging must be reimbursed at actual cost, not to exceed the prescribed maximum standard federal rate per day for the location involved plus taxes on the allowable cost.

(b) Meal reimbursement may not exceed the prescribed maximum standard federal rate per meal.

(3) Except as provided in subsection (9), the department of administration shall designate the locations and circumstances under which the governor, other elected state officials, appointed members of boards, commissions, or councils, department directors, and all other state employees may be authorized the actual cost of the following:

(a) meals, not including alcoholic beverages, when the actual cost exceeds the maximum established in subsection (2)(b); and

(b) lodging when the actual cost exceeds the maximum established in subsection (2)(a).

(4) When other than commercial, nonreceiptable lodging facilities are used by a state official or employee while conducting official state business in a travel status, the amount of \$12 is authorized for lodging

expenses for each day in which travel involves an overnight stay in lieu of the amount authorized in subsection (1) or (2)(a). However, when overnight accommodations are provided at the expense of a government entity, reimbursement may not be claimed for lodging.

(5) The actual cost of reasonable transportation expenses and other necessary business expenses incurred by a state official or employee while in an official travel status is subject to reimbursement.

(6) The provisions of this section may not be construed as affecting the validity of 5-2-301.

(7) The department of administration shall establish policies necessary to effectively administer this section for state government.

(8) All commercial air travel must be by the least expensive class service available.

(9) When the actual cost of meals exceeds the maximum standard allowed pursuant to subsection (1), the department of administration may authorize the actual cost of meals for firefighters.

(10) For the purposes of implementing subsection (9), the following definitions apply:

(a) "Firefighter" means a firefighter who is employed by the department of natural resources and conservation and who is directly involved in the suppression of a wildfire in Montana.

(b) "Wildfire" means an unplanned, unwanted fire burning uncontrolled and consuming vegetative fuels.

(11) ~~All-EXCEPT FOR CLAIMS MADE PURSUANT TO SUBSECTION (4), ALL~~ claims for lodging expense reimbursement allowed under this section must be documented by an appropriate receipt."

Section 3. Section 2-18-703, MCA, is amended to read:

"2-18-703. Contributions. (1) Each agency, as defined in 2-18-601, and the state compensation insurance fund shall contribute the amount specified in this section toward the group benefits cost.

(2) (a) Except as provided in subsection (2)(b), for employees defined in 2-18-701 and for members of the legislature, the employer contribution for group benefits is ~~\$1,054~~ \$1,080 a month beginning January 2026 and \$1,107 a month beginning January 2027.

(b) For employees defined in 2-18-701 and for members of the legislature, beginning January 2020 and for each succeeding month, the cost of group benefits, including both the employer and employee contributions for group benefits and health flexible spending accounts, may not exceed the monthly amount for

self-only coverage and coverage other than self-only that will trigger the excise tax under 26 U.S.C. 4980I, including any cost-of-living adjustments under 26 U.S.C. 4980I. This section limits contributions for group benefits only to the extent needed to avoid triggering the excise tax under 26 U.S.C. 4980I.

(c) Except as provided in subsection (2)(d), for employees of the Montana university system, the employer contribution for group benefits is ~~\$1,054~~ \$1,080 a month ~~beginning January 2026~~ JULY 2025 and \$1,107 a month ~~beginning January 2027~~ JULY 2026.

(d) For employees of the Montana university system, beginning the earlier of July 2020 or the first month in 2020 in which the excise tax under 26 U.S.C. 4980I applies, and for each succeeding month, the cost of group benefits, including both the employer and employee contributions for group benefits and health flexible spending accounts, may not exceed the monthly amount for self-only coverage and coverage other than self-only that will trigger the excise tax under 26 U.S.C. 4980I, including any cost-of-living adjustments under 26 U.S.C. 4980I. This section limits contributions for group benefits only to the extent needed to avoid triggering the excise tax under 26 U.S.C. 4980I.

(e) If a state employee is terminated to achieve a reduction in force, the continuation of contributions for group benefits beyond the termination date is subject to negotiation under 39-31-305 and to the protections of 2-18-1205. Permanent part-time, seasonal part-time, and temporary part-time employees who are regularly scheduled to work less than 20 hours a week are not eligible for the group benefit contribution. An employee who elects not to be covered by a state-sponsored group benefit plan may not receive the state contribution. A portion of the employer contribution for group benefits may be applied to an employee's costs for participation in Part B of medicare under Title XVIII of the Social Security Act, as amended, if the state group benefit plan is the secondary payer and medicare the primary payer.

(3) For employees of elementary and high school districts, the employer's contributions may exceed but may not be less than \$10 a month.

(4) (a) For employees of political subdivisions, as defined in 2-9-101, except school districts, the employer's contributions may exceed but may not be less than \$10 a month.

(b) Subject to the public hearing requirement provided in 2-9-212(2)(b), the amount in excess of the base contribution of a local government's property tax levy for contributions for group benefits as determined in subsection (4)(c) is not subject to the mill levy calculation limitation provided for in 15-10-420.

(c) (i) Subject to subsections (4)(c)(ii) and (4)(c)(iii), the base contribution is determined by multiplying the average annual contribution for each employee on July 1, 1999, times the number of employees for whom the employer makes contributions for group benefits under 2-9-212 on July 1 of each fiscal year.

(ii) If a political subdivision did not make contributions for group benefits on or before July 1, 1999, and subsequently does so, the base contribution is determined by multiplying the average annual contribution for each employee in the first year the political subdivision provides contributions for group benefits times the number of employees for whom the employer makes contributions for group benefits under 2-9-212 on July 1 of each fiscal year.

(iii) If a political subdivision has made contributions for group benefits but has not previously levied for contributions in excess of the base contribution, the political subdivision's base is determined by multiplying the average annual contribution for each employee at the beginning of the fiscal year immediately preceding the year in which the levy will first be levied times the number of employees for whom the employer made contributions for group benefits under 2-9-212 in that fiscal year.

(5) Unused employer contributions for any state employee must be transferred to an account established for this purpose by the department of administration and upon transfer may be used to offset losses occurring to the group of which the employee is eligible to be a member.

(6) Unused employer contributions for any government employee may be transferred to an account established for this purpose by a self-insured government and upon transfer may be used to offset losses occurring to the group of which the employee is eligible to be a member or to increase the reserves of the group.

(7) The laws prohibiting discrimination on the basis of marital status in Title 49 do not prohibit bona fide group insurance plans from providing greater or additional contributions for insurance benefits to employees with dependents than to employees without dependents or with fewer dependents."

Section 4. Section 5-2-301, MCA, is amended to read:

"5-2-301. Compensation and expenses for members while in session. (1) ~~Legislators are entitled to a salary commensurate to that of the daily rate for an employee earning \$10.33 an hour when the regular session of the legislature in which they serve is convened under 5-2-103 for those days during which the~~

legislature is in session. The hourly rate must be adjusted by any statutorily required pay increase For the legislators serving in the legislative session beginning in January 2027, the salary of each legislator must be determined by multiplying 80% times the average hourly wage for the state of Montana, all industry types, posted by the United States bureau of labor statistics from the most recently published quarter of employment and wages data. For the legislators serving in the legislative session beginning in January 2029 and any subsequent biennium, the salary of each legislator must be determined to be equal to the average hourly wage for the state of Montana, all industry types, posted by the United States bureau of labor statistics from the most recently published quarter of employment and wages data. The average hourly rate must be calculated by dividing the average weekly wage by 40 hours. The president of the senate and the speaker of the house must receive an additional \$5 a day in salary for those days during which the legislature is in session.

(2) Legislators may serve for no salary.

(3) Legislators are entitled to a daily allowance, 7 days a week, during a legislative session, as reimbursement for lodging, breakfast, lunch, dinner, and incidental expenses incurred in attending a session. The amount of the daily allowance is equal to the amount an employee of the executive branch of the federal government is generally entitled to receive as per diem for lodging, breakfast, lunch, dinner, and incidental expenses while away from home in the city of Helena but serving in the United States. Expense payments must stop when the legislature recesses for more than 3 days and resume when the legislature reconvenes.

(4) Legislators are entitled to a mileage allowance as provided in 2-18-503 for each mile of travel to the place of the holding of the session and to return to their place of residence at the conclusion of the session.

(5) In addition to the mileage allowance provided for in subsection (4), legislators, on submittal of an appropriate claim for mileage reimbursement to the legislative services division, are entitled to:

(a) three additional round trips to their place of residence during each regular session; and

(b) additional round trips as authorized by the legislature during special session.

(6) Legislators are not entitled to any additional mileage allowance under subsection (4) for a special session if it is convened within 7 days of a regular session.

(7) The department of administration shall work with the legislative services division to offer options to legislators to receive their session salary provided for in subsection (1) over the 2-year legislative

term or a portion of the term. The options must be offered to all legislators in order to assist legislators to manage their income over the term. The per diem allowance and mileage as provided in this section, salary during a special session as provided in 5-3-101, and the salary during the interim as provided for in 5-2-302 may not be affected."

NEW SECTION. Section 5. Appropriations. (1) The following money for the indicated fiscal years is appropriated to the listed agencies to implement the adjustments provided in 2-18-303:

Fiscal Year 2026

General Fund	State Special	Federal Special	Proprietary
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Legislative Branch			
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441,185	66,291		
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Consumer Counsel			
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	18,266		
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Judicial Branch			
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1,012,535	48,454	812	
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Executive Branch			
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12,940,632	10,811,397	6,347,166	237,519
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Montana University System			
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9,489,860	1,569	56,860	
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Total			
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23,884,212	10,945,977	6,404,838	237,519
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Fiscal Year 2027

General Fund	State Special	Federal Special	Proprietary
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Legislative Branch			
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890,017	133,406		
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Consumer Counsel			
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	36,925		
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Judicial Branch			
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1	2,027,488	97,184	1,624	
2	Executive Branch			
3	25,951,443	21,676,963	12,720,808	475,848
4	Montana University System			
5	19,094,292	3,177	113,925	
6	Total			
7	47,963,240	21,947,655	12,836,357	475,848

8 (2) The following money is appropriated for BOTH fiscal year 2026 and fiscal year 2027, IN EACH
9 FISCAL YEAR, to the listed agencies to implement the adjustments provided in 2-18-501:

10	General Fund	State Special	Federal Special	Proprietary
11	Legislative Branch			
12	4,525	331		
13	Consumer Counsel			
14		54		
15	Judicial Branch			
16	3,395	309	15	
17	Executive Branch			
18	80,748	175,299	108,980	2,074
19	Montana University System			
20	5,521		181	
21	Total			
22	94,189	175,993	109,176	2,074

23 (3) The following money for the indicated fiscal years is appropriated to the listed agencies to
24 implement the adjustments provided in 2-18-703:

25	Fiscal Year 2026			
26	General Fund	State Special	Federal Special	Proprietary
27	Legislative Branch			
28	23,026	3,650		

1	Consumer Counsel			
2		936		
3	Judicial Branch			
4	73,690	3,276	98	
5	Executive Branch			
6	800,421	662,800	291,446	14,386
7	Montana University System			
8	932,969	156	3,569	
9	Total			
10	1,830,106	670,818	395,113	14,386
11	Fiscal Year 2027			
12	General Fund	State Special	Federal Special	Proprietary
13	Legislative Branch			
14	69,962	11,092		
15	Consumer Counsel			
16		2,844		
17	Judicial Branch			
18	223,903	9,480	299	
19	Executive Branch			
20	2,432,049	2,011,048	1,189,393	43,712
21	Montana University System			
22	1,906,522	474	10,843	
23	Total			
24	4,632,436	2,034,938	1,200,535	43,712
25	(4) The following money is appropriated for the biennium beginning July 1, 2025, to the office of			
26	budget and program planning from the designated state fund and is to be distributed to agencies when			
27	personnel vacancies do not occur, retirement costs exceed agency resources, or other contingencies arise:			
28	General Fund	\$1,000,000		

1	State Special Revenue	\$500,000
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2	Federal Special Revenue	\$250,000
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3	Proprietary Funds	\$50,000
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4 (5) There is appropriated \$75,000 from the general fund to the department of administration for the
5 biennium beginning July 1, 2025, for a labor-management training initiative.

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7 NEW SECTION. Section 6. **Effective date.** [This act] is effective July 1, 2025.

8 - END -