



PAYROLL REPORT INSTRUCTIONS

Do you provide housing to your employees?

EFFECTIVE 7/1/2024: Montana Department of Labor and Industry (DLI) Updates Employer Provided Housing Values.

Montana law requires employers who provide housing to employees as a benefit of employment to include the DLI Value of Employer Provided Housing Rates when reporting employee earnings to their workers' compensation insurer. All insurers are required to include the state mandated value when determining injured worker wage loss benefits. Please visit DLI's website for more information including current housing values:

<https://erd.dli.mt.gov/work-comp-claims/data-management/edi/value-of-employer-furnished-housing>

For policies with new or renewal effective dates of July 1, 2023 to July 1, 2024.

Please Read These Instructions Carefully Before Completing Your Payroll Report

You must complete and return the enclosed report, **even if you did not have employees during the period.** If you did not have employees or other reportable payroll, enter "zero." All policies are subject to a minimum premium of \$440 including a \$200 expense constant for this policy period. If actual premium plus expense constant for the policy period is less than the minimum, the entire minimum premium will be required. If your actual premium for the policy period exceeds \$440 you will not pay the minimum premium.

You **must** advise us of any changes that occur in your business (such as name, mailing address, location, ownership, change in operations, or if you no longer have employees) and the effective date of the change.

Copy the completed report for your records and submit the entire report to Montana State Fund. If the report is not received in our office by the due date, your policy will be cancelled 30 days after the report due date. Failure to submit the report in accordance with these instructions may result in a higher premium rate in the future.

General Report Requirements

You must report the following items that constitute earnings:

1. Wages, salaries, commissions, bonuses, vacation pay, holiday pay, traditional sick leave and piecework payments.
2. Payments made under any incentive plan or profit sharing arrangement.
3. Employee contributions to insurance, retirement, pension, deferred compensation or cafeteria plans and amounts required by law (social security, etc.).
4. Actual value of any substitutes for monetary payments, including, but not limited to, meals and lodging, value of rent or housing, store certificates, merchandise and credits. Effective 4/1/2018, the reportable value for housing is established for each county in Montana in the publication entitled "Montana Workers Compensation Housing, Rent or Lodging Monthly Rates" available at the Department of Labor's website at <http://erd.dli.mt.gov>. Agricultural employers may discount the published housing value by 50% for the county in which the dwelling is located.

5. Travel time allowance payments if the employee received a specific allowance to get to and from work or to and from a specific job. (Don't report a travel allowance if it is a reimbursement of the employee's actual expenses.)
6. Payments or allowances to employees for hand or power tools furnished by employees. (Don't report a payment if it is a reimbursement of the employee's actual expenses.)
7. Tips or gratuities received by employees and documented for Federal tax purposes.
8. Employer contributions to a non-qualified employee pension plan.

Your reported payroll may be limited by the following:

1. **Overtime Wages:** Report overtime hours, worked at an increased rate of pay, at the regular rate of pay, **not at the overtime rate.**
2. **Heavy Equipment Rental:** You may exclude the reasonable rental value of heavy equipment, for example logging trucks and bulldozers, furnished by an employee. The excluded amount cannot exceed 75% of the employee's gross remuneration.
3. **Interchange of Labor:** Some employees may perform duties directly related to more than one class code. In such circumstances, an employee's remuneration may be divided between two or more class codes provided:
 - The class codes are properly assigned to the employer and the class codes do not prohibit payroll division, **AND**
 - The employer maintains payroll records disclosing the actual payroll by class code for each such individual employee. An estimated or percentage allocation of payroll is not permitted. If original payroll records do not disclose the actual payroll applicable to each class code, the entire payroll of the individual employee will be reported in the class code carrying the highest rate and describing all or some of the employee's duties.
 - Payroll division is not permitted between any other class code(s) and class codes 8810 - clerical office employees, 8742 - outside sales, or 8748 - automobile salesman.
4. **Reporting requirements for employees working solely in North Dakota:** Montana employees are excluded from Montana coverage if they meet all of the following:
 - Work solely in North Dakota; and
 - Are required to be covered in North Dakota; and
 - Are covered under a North Dakota Policy.

"Work solely in North Dakota" means the employees do not perform job duties in Montana. Travel that is commuting to and from a job site in North Dakota from a location in Montana does not constitute performing job duties in Montana even if the employer pays for all or a portion of the costs of travel or if the worker is paid for the travel time.

If you had employees who met this exclusion go to <https://erd.dli.mt.gov/work-comp-regulations/insurance-compliance/extra-territorial>, obtain and complete the Employer Verification form and submit it with your Payroll Report.

Your reported payroll need NOT include:

1. Employer contributions to an employee group insurance or qualified pension plan.
2. A special reward paid an employee for individual invention or discovery.
3. Tips or other gratuities received by employees in excess of those documented for federal tax purposes.

4. Dismissal or severance payments, except for time worked and paid vacation or traditional sick leave benefits.
5. Vacation or traditional sick leave benefits accrued but not paid.
6. Employee expense reimbursements, like meals, lodging, travel, equipment maintenance, etc., need not be reported as wages provided all the reimbursements are entered separately in your records; the employee could reasonably be expected to incur the expenses while conducting your business; the reimbursement is not based on a percentage of the employee's wage or deducted from the employee's wage; and the reimbursement does not replace the customary wage for the occupation. Providing the above criteria are met, employee expense reimbursements may be supported by actual receipts. If receipts are not maintained, the following alternatives are acceptable:

Miscellaneous:

- Drivers employed by a motor carrier with **interstate operating authority**: A flat rate of \$30 for each calendar day worked in a travel status.

- Other Employees:

Meals

Within Montana

12/13/2023 to 06/13/2024 - Morning (12:01 am to 10:00 am)	\$8.25
12/13/2023 to 06/13/2024 - Midday (10:01 am to 3:00 pm)	\$9.25
12/13/2023 to 06/13/2024 - Evening (3:01 pm to 12:00 am)	\$16.00

Out of State

12/13/2023 to 06/13/2024 - Morning (12:01 am to 10:00 am)	\$13.00
12/13/2023 to 06/13/2024 - Midday (10:01 am to 3:00 pm)	\$15.00
12/13/2023 to 06/13/2024 - Evening (3:01 pm to 12:00 am)	\$26.00

Overnight Lodging

\$12.00

Passenger Vehicle

Effective 07/01/2023 Maximum allowance of \$0.655 per mile; 1000+miles \$0.625 per mile.

Effective 01/01/2024 Maximum allowance of \$0.670 per mile; 1000+miles \$0.640 per mile.

Chain Saw Rent and Related Timber Falling Expenses

Maximum daily rate of \$22.50.

+Special Reporting for Per Capita Codes: 0913 – Full Time Domestic and 0908 – Part Time Domestic

Premium for per capita class codes 0913 & 0908 are uniquely calculated and billed at the end of your policy period. Premium is based upon the number of employees, hours worked, and the start & end dates of employment to arrive at the number of units subject to a premium charge. List each covered employee in the Per Capita Employee Section, providing the requested information for the entire **Policy Period** (indicated in the upper right hand corner on the first page of your Payroll Report).

A **full time worker, assigned code 0913**, is defined as working more than 20 hours per workweek and/or provided housing. Premium is calculated by multiplying the number of full time workers by the full time worker per capita charge. If a full time worker is employed only a portion of the policy period, the per capita charge may be prorated no less than 25% of the annual per capita charge during a policy period.

A **part time worker, assigned code 0908**, is defined as working 20 or less hours per workweek and not provided housing. Premium for a part time worker(s) is calculated based upon the total aggregate hours of all part time workers employed during the policy period. A single per capita charge is applied for each 20 hours of total aggregate time. An additional per capita charge applies to any remainder less than 20 hours per work week.

Optional Coverage Section

Coverage for the following employments is not required but with approval, may be elected by the employer. Optional coverages in effect during the reporting period are listed on Page 1 of your Payroll Report. Include actual earnings for these optional employments in the Class Code and Earnings section as indicated below unless applicable to class code 0913 or 0908 (+see 'Special Reporting for Per Capita Codes' above):

Volunteer Labor:

- **Volunteer Endorsement:** include assumed earnings for all volunteer workers equal to earnings of regular, paid employees doing the same or similar work.
- **Limited Volunteer Endorsement:** include assumed earnings for the listed Group and/or Individual(s) named on the policy endorsement for these workers equal to earnings of regular paid employees doing the same or similar work.
- **Volunteer Emergency Care Provider (ECP)** (formerly Emergency Medical Technician), **not providing services for a volunteer firefighting organization:** include assumed earnings based on the number of volunteer hours of each ECP times the average weekly wage divided by 40 hours, subject to a maximum of 60 hours per week. The average weekly wage for this policy period is \$1,034.49 and the maximum is \$1,551.73. The term "volunteer hours" means all the time spent by a volunteer ECP in the service of an employer, including but not limited to training time, response time, and time spent at the employer's premises.
- **Volunteer Firefighters & Volunteer ECP's for a volunteer firefighting organization** must be listed on a roster of service maintained by the employer and available upon request. A flat assumed monthly payroll of \$83.33 shall be reported for each person on the roster for any month in which the person is on the roster of service.
- **Volunteer ECP elected coverage for Sole Proprietor or Partner NOT providing services for a volunteer firefighting organization:** Wages must be reported at an assumed wage of 2,080 hours at the state's minimum wage.

Covered Owners or Officers: Names and coverage periods of all **covered** corporate officers, LLC managers, owners, partners, or LLC member/managers are shown in the 'Person/Persons Covered' area of the Class Code and Earnings section unless applicable to class codes 0913 or 0908 (+see 'Special Reporting for Per Capita Codes' above).

Dependent Family Members: Coverage is not required for **dependent** family member employees or the spouse of a sole proprietorship or partnership if the employer can claim them as exemptions for federal income tax purposes; however, coverage may be elected by the employer. Coverage is **required** for employees who are family members of corporate officers, managers of a manager-managed LLC, or members of a member-managed LLC. Report actual earnings of all covered family member employees, by class code, listed in the 'ALL OTHER EMPLOYEES' area of the Class Code and Earnings section unless applicable to class codes 0913 or 0908 (+see 'Special Reporting for Per Capita Codes' above).

Working for Aid/Sustenance: Actual value of the aid and/or sustenance. Report covered employees, by class code, in the Class Code and Earnings section unless applicable to class codes 0913 or 0908 (+see 'Special Reporting for Per Capita Codes' above).

Sole Proprietorship, Partnership, Limited Liability Partnership (LLP), and Member-Managed Limited Liability Company (LLC) Type Entities

Elected Coverage: Premium is due if you elected coverage. Elected coverage levels are subject to minimum and maximum amounts. The total reportable payroll amount, based on the elected coverage level for each covered owner, partner or member/manager is printed. You must report that amount in the proper class code(s) unless applicable to class code 0913 or 0908 (+see 'Special Reporting for Per Capita Codes' above).

Minimum and maximum coverage levels: Maximum – \$80,704.00 per year (or \$221.11 per calendar day). Minimum – \$10,800.00 per year (or \$29.59 per calendar day). If an owner, partner, or member/manager elects the maximum coverage level, we will automatically adjust the monthly rate upon renewal in future years. Any other change must be requested in writing and in advance.

Corporate and Manager-Managed Limited Liability Company (LLC) Type Entities

Elected Coverage: Premium is due if you elected coverage. Elected coverage levels are subject to minimum and maximum amounts. The total reportable payroll amount, based on the elected coverage level for each covered officer or manager, is printed. You must report that amount in the proper class code(s) unless applicable to class code 0913 or 0908 (+see 'Special Reporting for Per Capita Codes' above).

Minimum and maximum coverage levels: Maximum – \$80,704.00 per year (or \$221.11 per calendar day). Minimum – \$10,428.00 per year (or \$28.57 per calendar day). If an officer or LLC manager elects the maximum coverage level, we will automatically adjust the monthly rate upon renewal in future years. Any other change must be requested in writing and in advance.

Automatic Coverage: Premium is due, and officer(s) or LLC manager(s) are **automatically** included if they meet all five of the criteria listed below. You must report **actual earnings** in the Class Code and Earnings section unless applicable to class code 0913 or 0908 (+see 'Special Reporting for Per Capita Codes' above). Dividends paid to covered officers of Sub-Chapter S corporations are also considered reportable earnings.

An officer or LLC manager is automatically **included** if **all** of the following criteria are met:

1. The officer or LLC manager owns **less than** 10% of the shares of stock in the corporation or limited liability company.
2. The officer or LLC manager is **not** engaged in household employment for the corporation or the limited liability company.
3. The officer or LLC manager is **not** the spouse, child, adopted child, stepchild, mother, father, son-in-law, daughter-in-law, nephew, niece, brother, sister of a corporation officer or limited liability company manager who owns 10% of the number of shares of stock in the corporation or limited liability company.
4. The officer or manager owns **less than** 10% of the shares of stock in the corporation or limited liability company, but when the officer or manager's shares are aggregated with one or more of the family members listed in number 3 above total is **still less than** 10%.
5. The officer or LLC manager **receives pay** from the corporation or limited liability Company for the performance of the ordinary duties.

You may obtain necessary forms and/or instructions to elect or rescind coverage for owners, officers, and other optional coverages by contacting our office.

Class Code and Earnings Section

*See Notice on page 1 specific to reporting furloughed wages due to COVID-19.

A brief description of each assigned class code is printed on the report for each covered owner or officer and for 'ALL OTHER EMPLOYEES' unless applicable to class code 0913 or 0908 (+see 'Special Reporting for Per Capita Codes' above). **You should contact our office for additional class codes** if you have operations not described on the report.

For persons listed by name, enter the elected coverage level or earnings as described above. If multiple class codes are assigned and division of payroll is allowed, the coverage level or earnings may be divided among those codes.

In the 'ALL OTHER EMPLOYEES' area, enter earnings by class code for regular employees and those for whom optional coverage has been elected as indicated in the 'Optional Coverage' section unless applicable to class code 0913 or 0908 (+see 'Special Reporting for Per Capita Codes' above).

Sum all reported 'Earnings' and enter the total in the 'Total Earnings' area. Also, enter the total number of full time and part time employees reported in the spaces provided.

Example of Class Code and Earnings Section

<u>Class Code and Earnings Person/Persons Covered</u>	<u>Code</u>	<u>Description</u>	<u>Earnings</u>
All Other Employees 07/01/2020 – 10/01/2020	5022-01	Masonry NOC	\$10,483.47
	5443-00	Lathing & Drivers	\$3,462.80
Employer, J.Q. 07/01/2020 – 10/01/2020 LVL \$2,700	5022-01	Masonry NOC	\$2,150.00
	5443-00	Lathing & Drivers	\$550.00
Total Number Full-time Employees Reported	3		
Total Number Part-time Employees Reported	1	Total Earnings	\$16,646.27

On the back of the report, list individual employees reported in the Class Code and Earnings section (all regular employees and those for whom coverage is specifically indicated). Include the state of residence, class code, and reported earnings of each employee.

The employer or their authorized representative **MUST** sign and date the report. Please include the telephone number so we may contact the appropriate person, if necessary.

Important Information

Your Payroll Report must be received in our office by the stated due date.

We will calculate premium when we receive your report and send you a payroll and premium recap. The recap will outline the premium calculation. Your next invoice will reflect any resulting charges or credits.

If you have any questions or need further information on how to complete the Payroll Report, please contact a Customer Service Specialist at 800-332-6102 or 406-495-5000.

Thank you for insuring with Montana State Fund

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