May 10, 2011

The Honorable Linda McCulloch
Secretary of State
State Capitol
Helena, MT 59620

Dear Secretary McCulloch:

In accordance with the power vested in me as Governor by the Constitution and the laws of the State of Montana, I hereby veto House Bill No. 577 (HB 577), "AN ACT ELIMINATING TIPS AND GRATUITIES FROM THE DEFINITION OF "WAGES" UNDER WORKERS' COMPENSATION LAW IN ORDER TO REDUCE EMPLOYER CONTRIBUTIONS TO THE WORKERS' COMPENSATION PROGRAM; AND AMENDING SECTIONS 33-22-2006 AND 39-71-123, MCA."

This bill is unfair to service industry employees and treats them differently than other employees who are compensated with a steady, reliable paycheck. House Bill 577 decreases the benefits paid to those in the service industry by excluding tips and gratuities documented by the employer from the definition of "wages."

Earlier this session, I signed HB 334 into law. That bill contained comprehensive, bipartisan workers' compensation reform. The reforms will cause major changes in our state workers' compensation system that will lower insurance rates in both the short and the long term. While I did not agree with everything in the bill, I agreed to compromise because major reform was clearly necessary for Montana. One of the provisions in HB 334 that I did not fully support eliminated permanent partial benefits for many Montana workers with minor injuries. In light of that major change to our workers' compensation system, I cannot support HB 577 because it would lower benefits for even more injured workers. The bill would place most tipped employees in the position of being considered minimum wage workers for purposes of determining their eligibility for permanent partial benefits. Tips have long been considered wages for workers' compensation benefit calculations in Montana. House Bill 577 could upset the quid pro quo of the workers' compensation system for those workers by significantly cutting the wages used to calculate benefits. For these reasons, I am vetoing the bill.

Sincerely,

BRIAN SCHWEITZER
GOVERNOR

cc: Legislative Services Division