# HOUSE BILL NO. 274

INTRODUCED BY STRIZICH, NISBET, BACHINI, GALVIN, WYATT, J. BROWN, CONNELLY, DAVIS, PHILLIPS, LEE

IN THE HOUSE JANUARY 19, 1991 INTRODUCED AND REFERRED TO COMMITTEE ON STATE ADMINISTRATION. JANUARY 21, 1991 FIRST READING. COMMITTEE RECOMMEND BILL FEBRUARY 20, 1991 DO PASS AS AMENDED. REPORT ADOPTED. FEBRUARY 21, 1991 PRINTING REPORT. POSTED ON ALTERNATE CONSENT CALENDAR. FEBRUARY 23, 1991 THIRD READING, PASSED. AYES, 97; NOES, 0. TRANSMITTED TO SENATE. IN THE SENATE FEBRUARY 25, 1991 INTRODUCED AND REFERRED TO COMMITTEE ON STATE ADMINISTRATION. FIRST READING. MARCH 8, 1991 COMMITTEE RECOMMEND BILL BE CONCURRED IN. REPORT ADOPTED. MARCH 12, 1991 SECOND READING, CONCURRED IN. MARCH 13, 1991 THIRD READING, CONCURRED IN. AYES, 49; NOES, 0. RETURNED TO HOUSE. IN THE HOUSE RECEIVED FROM SENATE. MARCH 14, 1991 SENT TO ENROLLING.

REPORTED CORRECTLY ENROLLED.

52nd Legislature

LC 1048/01

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House BILL NO. 274 1 2 INTRODUCED BY Bachine Halvin allett A Brown Connelly 3 (n 4 A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING THAT ALL 5 SERVICE TIME PURCHASED BY A MEMBER OF THE MUNICIPAL POLICE 6 OFFICERS' RETIREMENT SYSTEM MAY BE CREDITED TOWARD THE 7 MEMBER'S ELIGIBILITY FOR SERVICE RETIREMENT; DEFINING 8 "QUALIFIED SERVICE"; AMENDING SECTIONS 19-9-104, 19-9-403, 9 AND 19-9-801, MCA; AND PROVIDING AN EFFECTIVE DATE AND A 10 RETROACTIVE APPLICABILITY DATE."

11

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

Section 1. Section 19-9-104, MCA, is amended to read:
"19-9-104. Definitions. Unless the context requires
otherwise, the following definitions apply in this chapter:
(1) "Administrator" means the public employees'
retirement division of the department of administration.

18 (2) "Base salary" means the sum of the monthly19 compensations for each month in a given calendar year.

20 (3) "Board" means the retirement board described in 21 2-15-1009.

(4) "Credited service" means the aggregate of a
member's prior service and membership service.

24 (5) "Death benefit" means a monthly annuity paid to a25 surviving spouse or dependent child or a lump-sum payment

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1 made to a beneficiary on behalf of a member who dies before 2 retirement.

3 (6) "Dependent child" means a child of a deceased
 4 member:

(a) who is unmarried and under 18 years of age; or

6 (b) who is unmarried, under 24 years of age, and
7 attending an accredited postsecondary educational
8 institution as a full-time student in anticipation of
9 receiving a certificate or degree.

(7) "Employer" means any city which participated in a
prior plan or which elects to join this plan under 19-9-107.
(8) "Employer annuity" means monthly payments for life

13 derived from employer and state contributions.

14 (9) "Final average salary" means the monthly
15 compensation of a member, averaged over the last 36 months
16 of his active service or, in the event he has not been a
17 member that long, over the period of his membership.

18 (10) "Fund" means the pension trust fund in the treasury19 system designated for the use of the plan.

(11) "Member" means a person who is employed by an
employer as a police officer or who is entitled to a
retirement allowance by virtue of his service to an employer
as a police officer.

(12) "Member contributions" means the total of the
 deductions from the compensation of a member, either made

INTRODUCED BILL HB 274

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during a period of active membership hereunder or made under
 a prior plan and transferred to this plan, standing to his
 credit, together with the interest thereon.

4 (13) "Member's annuity" means monthly payments for life
5 derived from member contributions.

6 (14) "Membership service" means a period of employment with an employer occurring after June 30, 1977, during which 7 8 the withholdings required by this chapter have been made 9 from a member's monthly compensation and credited to his 10 member contributions account. Pro rata credit shall be 11 granted for employment on a part-time basis or for 12 employment over a period of less than a complete fiscal 13 year.

14 (15) "Minimum retirement date" or "normal retirement 15 date" means the first day of the month coinciding with or 16 immediately following, if none coincides, the date on which 17 a member becomes both age 50 or older and completes 20 or 18 more years of credited service.

19 (16) "Monthly compensation" means the wage, excluding 20 overtime, holiday payments, shift differential payments, 21 compensation time payments, and payments in lieu of sick 22 leave and annual leave, a member receives as an active 23 police officer.

24 (17) Any reference to "municipality", "city", or "town"25 includes those jurisdictions which, prior to the effective

date of a county-municipal consolidation, were incorporated
 municipalities, subsequent districts created for urban law
 enforcement services, or the entire county included in the
 county-municipal consolidation.

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5 (18) "Plan" means the municipal police officers'6 retirement system created by this chapter.

7 (19) "Police officer" means a law enforcement officer8 employed by an employer.

9 (20) "Prior plan" means the local police reserve or 10 retirement fund of a city which elects to join the plan 11 under 19-9-107 or the statewide police reserve fund 12 administered by the department of administration in 13 accordance with Chapter 335, Laws of 1974.

14 (21) "Prior service" means a period of employment as a
15 police officer for which credit was granted to a member
16 under a prior plan and has been transferred to this plan.

17 (22) "Qualified service" means credited service plus any
18 service purchased under the provisions of part 4 of this
19 chapter.

20 (22)(23) "Retirement allowance" means the employer
21 annuity plus the member's annuity.

(23)(24) "Retirement date" means the date on which the
first payment of the retirement, disability, or survivor
benefits of a member or a beneficiary is payable.

25 (24)(25) "Surviving spouse" means the spouse married to

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1 a member at the time of the member's death.

2 (25)(26) "Totally and permanently disabled" means that 3 the board, upon certification by a licensed and practicing 4 physician, has determined that a member's disability is of 5 such a nature as to permanently impair his ability to 6 discharge his normal duties as a police officer."

Section 2. Section 19-9-403, MCA, is amended to read: 7 8 "19-9-403. Election to qualify previous military 9 service. (1) A member with 15 years or more of service may, 10 at any time prior to his retirement, make a written election with the board to qualify all or any portion of his active 11 12 service in the armed forces of the United States for the 13 purpose of calculating retirement benefits, up to a maximum 14 of 5 years, if he is not otherwise eligible to receive 15 credit. To gualify this service he must contribute to the 16 account the actuarial cost of granting the service to be 17 determined by the board based on his compensation and normal 18 contribution rate as of his 16th year and as many succeeding 19 years as are required to qualify this service, with interest 20 from the date he becomes eligible for this benefit to the 21 date he contributes. He may not qualify more of his military 22 service than he has service in excess of 15 years. Military 23 service--purchased-under-this-section-may-not-be-used-in-the 24 determination--of--eligibility--for--a--service---retirement 25 requiring-a-minimum-of-20-years-service-

1 (2) If a member has retired from active duty in the 2 armed forces of the United States with normal service retirement benefits, he may not qualify his military service 3 under subsection (1). However, a member who is serving or 4 has served in the military reserves with the expectation of 5 receiving a military service pension may qualify his active 6 7 military service under subsection (1) if his active duty in 8 the armed forces of the United States is not more than 25% 9 of the total of all his years of military service, including 10 reserve and active duty time."

11 Section 3. Section 19-9-801, MCA, is amended to read:

12 "19-9-801. Eligibility for service retirement -13 commencement of allowance. Members are eligible for
14 retirement and shall retire as provided in this section:

15 (1) A member who was employed by an employer as a 16 police officer on July 1, 1975, is eligible to receive a 17 service retirement allowance when he has completed 20 years 18 or more in-the--aggregate--as--a--probationary-officer7-a 19 regular-officer7-or-a-special-officer7-in--any--capacity--or 20 rank7 of qualified service and has terminated covered 21 employment.

(2) A member who was or is first employed by an
employer as a police officer after July 1, 1975, is eligible
to receive a service retirement allowance when he has
reached the age of 50, has completed 20 years or more in-the

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4 (3) (a) Except as provided in subsection (3)(b), the 5 retirement allowance may commence on the first day of the 6 month following the member's last day of membership service 7 or, if requested by the terminated member in writing, on the 8 first day of the month following receipt of the written 9 application.

10 (b) The retirement allowance for an eligible terminated 11 member must commence no later than the first day of the 12 month following the member's 55th birthday."

NEW SECTION. Section 4. Retroactive applicability.
[This act] applies retroactively, within the meaning of
1-2-109, to retirements on or after January 1, 1991.

16 <u>NEW SECTION.</u> Section 5. Effective date. [This act] is 17 effective July 1, 1991.

-End-

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# STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for <u>HB0274</u>, <u>as introduced</u>.

### DESCRIPTION OF PROPOSED LEGISLATION:

An act providing that all service time purchased by a member of the municipal police officers' retirement system may be credited toward the member's eligibility for service retirement; defining "qualified service"; amending sections 19-9-104, 19-9-403, and 19-9-801, MCA; and providing an effective date and a retroactive applicability date.

### ASSUMPTIONS:

- 1. Current law allows a member to purchase service credits to be used in the calculation of retirement benefits. However, purchased service credits can not currently be used in the calculation for determining eligibility for retirement.
- 2. Including purchased service credits in the calculation for retirement eligibility will not increase pension payments.
- 3. The actuary has determined that including purchased service credits into retirement eligibility will not impact the actuarial soundness of the retirement system.

### FISCAL IMPACT:

None

### TECHNICAL NOTES:

Although Section 4 provides for a retroactive applicability date of January 1, 1991, the effective date of the proposed legislation is July 1, 1991. An immediate effective date would enable administrative work on retroactive provisions to begin upon approval.

DATE

ROD SUNDSTED, BUDGET DIRECTOR Office of Budget and Program Planning

"BILL" STRIZICH, PRIMARY SPONSOR S Fiscal Note for HB0274, as introduced. HB 274

#### 52nd Legislature

HB 0274/02 APPROVED BY COMMITTEE ON STATE ADMINISTRATION

1	HOUSE BILL NO. 274	1	surviving spou
2	INTRODUCED BY STRIZICE, NISBET, BACHINI, GALVIN,	2	made to a benef
3	WYATT, J. BROWN, CONNELLY, DAVIS, PHILLIPS, LEE	3	retirement.
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 made to a beneficiary on behalf of a member who dies before
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2 a member at the time of the member's death.

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10 service. (1) A member with 15 years or more of service may, 11 at any time prior to his retirement, make a written election 12 with the board to qualify all or any portion of his active 13 service in the armed forces of the United States for the 14 purpose of calculating retirement benefits, up to a maximum 15 of 5 years, if he is not otherwise eligible to receive 16 credit. To qualify this service he must contribute to the 17 account the actuarial cost of granting the service to be 18 determined by the board based on his compensation and normal 19 contribution rate as of his 16th year and as many succeeding 20 years as are required to gualify this service, with interest 21 from the date he becomes eligible for this benefit to the 22 date he contributes. He may not qualify more of his military 23 service than he has service in excess of 15 years. Military 24 service-purchased-under-this-section-may-not-be-used-in--the 25 determination---of--eligibility--for--a--service--retirement

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1 requiring-a-minimum-of-20-years-service-

2 (2) If a member has retired from active duty in the 3 armed forces of the United States with normal service 4 retirement benefits, he may not qualify his military service 5 under subsection (1). However, a member who is serving or 6 has served in the military reserves with the expectation of receiving a military service pension may qualify his active 7 8 military service under subsection (1) if his active duty in 9 the armed forces of the United States is not more than 25% 10 of the total of all his years of military service, including 11 reserve and active duty time."

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5 (3) (a) Except as provided in subsection (3)(b), the 6 retirement allowance may commence on the first day of the 7 month following the member's last day of membership service 8 or, if requested by the terminated member in writing, on the 9 first day of the month following receipt of the written 10 application.

11 (b) The retirement allowance for an eligible terminated 12 member must commence no later than the first day of the 13 month following the member's 55th birthday."

<u>NEW SECTION.</u> Section 4. Retroactive applicability.
[This act] applies retroactively, within the meaning of
1-2-109, to retirements on or after January 1, 1991.

17 <u>NEW SECTION.</u> Section 5. Effective date. [This act] is 18 effective July-17-1991 ON PASSAGE AND APPROVAL.

-End-

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HB 0274/02

1	HOUSE BILL NO. 274	1	surviving spouse or dependent child or a lump-sum payment
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5	A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING THAT ALL	5	member:
6	SERVICE TIME PURCHASED BY A MEMBER OF THE MUNICIPAL POLICE	6	(a) who is unmarried and under 18 years of age; or
7	OFFICERS' RETIREMENT SYSTEM MAY BE CREDITED TOWARD THE	7	(b) who is unmarried, under 24 years of age, and
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9	"QUALIFIED SERVICE"; AMENDING SECTIONS 19-9-104, 19-9-403,	9	institution as a full-time student in anticipation of
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13	BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:	13	(8) "Employer annuity" means monthly payments for life
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16 1-2-109, to retirements on or after January 1, 1991.

17 NEW SECTION. Section 5. Effective date. [This act] is

# 18 effective July-17-1991 ON PASSAGE AND APPROVAL.

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HB 0274/02

HB 0274/02

1	HOUSE BILL NO. 274	1	surviving spouse or dependent child or a lump-sum payment
2	INTRODUCED BY STRIZICH, NISBET, BACHINI, GALVIN,	2	made to a beneficiary on behalf of a member who dies before
3	WYATT, J. BROWN, CONNELLY, DAVIS, PHILLIPS, LEE	3	retirement.
4		4	(6) "Dependent child" means a child of a deceased
5	A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING THAT ALL	5	member:
6	SERVICE TIME FURCHASED BY A MEMBER OF THE MUNICIPAL POLICE	6	(a) who is unmarried and under 18 years of age; or
7	OFFICERS' RETIREMENT SYSTEM MAY BE CREDITED TOWARD THE	7	(b) who is unmarried, under 24 years of age, and
8	MEMBER'S ELIGIBILITY FOR SERVICE RETIREMENT; DEFINING	8	attending an accredited postsecondary educational
9	"QUALIFIED SERVICE"; AMENDING SECTIONS 19-9-104, 19-9-403,	9	institution as a full-time student in anticipation of
10	AND 19-9-801, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE	10	receiving a certificate or degree.
11	AND A RETROACTIVE APPLICABILITY DATE."	11	(7) "Employer" means any city which participated in a
12		12	prior plan or which elects to join this plan under 19-9-107.
13	BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:	13	(8) "Employer annuity" means monthly payments for life
14	Section 1. Section 19-9-104, MCA, is amended to read:	14	derived from employer and state contributions.
15	"19-9-104. Definitions. Unless the context requires	15	(9) "Final average salary" means the monthly
16	otherwise, the following definitions apply in this chapter:	16	compensation of a member, averaged over the last 36 months
17	(1) "Administrator" means the public employees'	17	of his active service or, in the event he has not been a
18	retirement division of the department of administration.	18	member that long, over the period of his membership.
19	(2) "Base salary" means the sum of the monthly	19	(10) "Fund" means the pension trust fund in the treasury
20	compensations for each month in a given calendar year.	20	system designated for the use of the plan.
21	(3) "Board" means the retirement board described in	21	(11) "Member" means a person who is employed by an
22	2-15-1009.	22	employer as a police officer or who is entitled to a
23	(4) "Credited service" means the aggregate of a	23	retirement allowance by virtue of his service to an employer
24	member's prior service and membership service.	24	as a police officer.
25	(5) "Death benefit" means a monthly annuity paid to a	25	(12) "Member contributions" means the total of the TREFERENCE BILL
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deductions from the compensation of a member, either made
 during a period of active membership hereunder or made under
 a prior plan and transferred to this plan, standing to his
 credit, together with the interest thereon.

5 (13) "Member's annuity" means monthly payments for life6 derived from member contributions.

7 (14) "Membership service" means a period of employment 8 with an employer occurring after June 30, 1977, during which 9 the withholdings required by this chapter have been made 10 from a member's monthly compensation and credited to his member contributions account. Pro rata credit shall be 11 12 granted for employment on a part-time basis or for 13 employment over a period of less than a complete fiscal 14 year.

15 (15) "Minimum retirement date" or "normal retirement 16 date" means the first day of the month coinciding with or 17 immediately following, if none coincides, the date on which 18 a member becomes both age 50 or older and completes 20 or 19 more years of credited service.

(16) "Monthly compensation" means the wage, excluding
overtime, holiday payments, shift differential payments,
compensation time payments, and payments in lieu of sick
leave and annual leave, a member receives as an active
police officer.

25 (17) Any reference to "municipality", "city", or "town"

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includes those jurisdictions which, prior to the effective
 date of a county-municipal consolidation, were incorporated
 municipalities, subsequent districts created for urban law
 enforcement services, or the entire county included in the
 county-municipal consolidation.

6 (18) "Plan" means the municipal police officers'7 retirement system created by this chapter.

8 (19) "Police officer" means a law enforcement officer
9 employed by an employer.

10 (20) "Prior plan" means the local police reserve or 11 retirement fund of a city which elects to join the plan 12 under 19-9-107 or the statewide police reserve fund 13 administered by the department of administration in 14 accordance with Chapter 335, Laws of 1974.

(21) "Prior service" means a period of employment as a
police officer for which credit was granted to a member
under a prior plan and has been transferred to this plan.

18 (22) "Qualified service" means credited service plus any
 19 service purchased under the provisions of part 4 of this
 20 chapter.

21 (722)(23) "Retirement allowance" means the employer 22 annuity plus the member's annuity.

23 (23)(24) "Retirement date" means the date on which the
24 first payment of the retirement, disability, or survivor
25 benefits of a member or a beneficiary is payable.

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3 (25)(26) "Totally and permanently disabled" means that 4 the board, upon certification by a licensed and practicing 5 physician, has determined that a member's disability is of 6 such a nature as to permanently impair his ability to 7 discharge his normal duties as a police officer."

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Section 2. Section 19-9-403, MCA, is amended to read:

9 "19-9-403. Election to qualify previous military 10 service. (1) A member with 15 years or more of service may, 11 at any time prior to his retirement, make a written election 12 with the board to qualify all or any portion of his active 13 service in the armed forces of the United States for the 14 purpose of calculating retirement benefits, up to a maximum 15 of 5 years, if he is not otherwise eligible to receive 16 credit. To qualify this service he must contribute to the 17 account the actuarial cost of granting the service to be 18 determined by the board based on his compensation and normal 19 contribution rate as of his 16th year and as many succeeding 20 years as are required to qualify this service, with interest 21 from the date he becomes eligible for this benefit to the 22 date he contributes. He may not qualify more of his military 23 service than he has service in excess of 15 years. Military 24 service-purchased-under-this-section-may-not-be-used-in--the 25 determination---of--eligibility--for--a--service--retirement

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### 1 requiring-a-minimum-of-20-years-service:

2 (2) If a member has retired from active duty in the ٦ armed forces of the United States with normal service 4 retirement benefits, he may not qualify his military service under subsection ()). However, a member who is serving or 5 has served in the military reserves with the expectation of 6 7 receiving a military service pension may gualify his active 8 military service under subsection (1) if his active duty in 9 the armed forces of the United States is not more than 25% 10 of the total of all his years of military service, including 11 reserve and active duty time."

12 Section 3. Section 19-9-801, MCA, is amended to read:

13 "19-9-801. Eligibility for service retirement - 14 commencement of allowance. Members are eligible for
 15 retirement and shall retire as provided in this section:

16 (1) A member who was employed by an employer as a
17 police officer on July 1, 1975, is eligible to receive a
18 service retirement allowance when he has completed 20 years
19 or more in-the--aggregate--as--a--probationary--officer7--a
20 regular--officer7--or--a-special-officer7-in-any-capacity-or
21 rank7 of qualified service and has terminated covered
22 employment.

23 (2) A member who was or is first employed by an
24 employer as a police officer after July 1, 1975, is eligible
25 to receive a service retirement allowance when he has

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1 reached the age of 50, has completed 20 years or more in-the

aggregate-as-a-probationary-officer;-a-regular-officer;-or-a

2

3 special-officer;-in--any--capacity--or--rank; of qualified
4 service, and has terminated covered employment.

5 (3) (a) Except as provided in subsection (3)(b), the 6 retirement allowance may commence on the first day of the 7 month following the member's last day of membership service 8 or, if requested by the terminated member in writing, on the 9 first day of the month following receipt of the written 10 application.

11 (b) The retirement allowance for an eligible terminated 12 member must commence no later than the first day of the 13 month following the member's 55th birthday."

14 <u>NEW SECTION.</u> Section 4. Retroactive applicability.
15 [This act] applies retroactively, within the meaning of
16 1-2-109, to retirements on or after January 1, 1991.

17 NEW SECTION, Section 5. Effective date. [This act] is

18 effective July-17-1991 ON PASSAGE AND APPROVAL.

-End-

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