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*HOUSE* BILL NO. 288  
INTRODUCED BY \_\_\_\_\_

A BILL FOR AN ACT ENTITLED: "AN ACT INCREASING THE SERVICE RETIREMENT ALLOWANCE FOR MEMBERS OF THE SHERIFFS' RETIREMENT SYSTEM WITH 25 YEARS OR LESS OF CREDITABLE SERVICE WHO RETIRE ON OR AFTER JULY 1, 1991; AMENDING SECTION 19-7-503, MCA; AND PROVIDING AN EFFECTIVE DATE AND AN APPLICABILITY DATE."

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

**Section 1.** Section 19-7-503, MCA, is amended to read:

"19-7-503. Service retirement allowance. (1) The amount of any service retirement allowance granted to a member with 25 years or less of creditable service shall be ~~2%~~ 2.0834% of his final salary for each year of creditable service, up to a maximum of 50% of final salary.

(2) The member's retirement allowance shall be increased for any member who contributes after 25 years of service by 1.35% of his final salary for each year of creditable service in excess of 25 years of service, up to a maximum of 60% of his final salary.

(3) If a member dies after retirement and had not elected an optional retirement allowance provided for in 19-7-701, his beneficiary must be paid the excess, if any,

of the member's accumulated contributions at the time of retirement less payments made to the retired member."

NEW SECTION. **Section 2.** Applicability. [This act] applies to members of the sheriffs' retirement system, as established in 19-7-102, retiring on or after July 1, 1991.

NEW SECTION. **Section 3.** Effective date. [This act] is effective July 1, 1991.

-End-



INTRODUCED BILL  
**HB 288**

STATE OF MONTANA - FISCAL NOTE  
Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for HB0288, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

An act amending 19-7-503, MCA, to increase the retirement allowance for members of the sheriff's retirement system with less than 25 years of creditable service on or after July 1, 1991; and providing an effective and an applicability date.

ASSUMPTIONS:

1. Retirement benefits after July 1, 1991, increase from 2% to 2.0834% of the final average salary (FAS) per year of service up to 25 years or a maximum of 50% FAS. Calculation of death benefits remains unchanged.
2. The present funding structure for the retirement system is sufficient to provide the proposed increase without a statutory increase in either employee or employer contribution rates.
3. A typical pensioner has an average of 26 years of service and an average pension payment of \$12,432 per year. A typical disability pensioner has an average of 16.75 years of service and an average pension payment of \$8,244 per year.
4. The proposed legislation will not impact current cost to administer the retirement system.
5. Current law represents the projected number of new pensioners added to the retirement system after July 1, 1991. The retirement system has an annual average of seven individuals who retire on service pensions and four individuals who retire with disability pensions. Service and disability retirements begun in FY92 will be paid an amount equal to the average of six months in the first year and twelve months in the second year of the biennium.


FISCAL IMPACT:

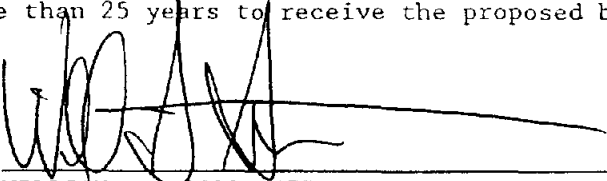
Sheriff's Retirement System:

	FY 92			FY 93		
	<u>Current Law</u>	<u>Proposed Law</u>	<u>Difference</u>	<u>Current Law</u>	<u>Proposed Law</u>	<u>Difference</u>
<u>Expenditures:</u>						
Benefits and Claims	60,000	61,834	1,834	180,000	185,501	5,501
<u>Funding:</u>						
Expendable Trust	60,000	61,834	1,834	180,000	185,501	5,501

TECHNICAL NOTES:

Currently pensioners with 25 years of service receive the maximum of 50% of the final average salary. The proposed amendment to 19-7-503, MCA, would increase the retirement benefit to 2.0834% but does not change the 50% maximum. Consequently, the proposed legislation does not impact the retirement benefits of pensioners with 25 years or more of creditable service. In order for a pensioner with 25 years of service to receive the proposed benefit increase, the 25 years of creditable service would need to be amended to 24 years. In addition, 19-7-503(2), MCA, would need to be amended to 24 years of creditable service in order for pensioners with more than 25 years to receive the proposed benefit increase.

  
ROD SUNDESTED, BUDGET DIRECTOR  
Office of Budget and Program Planning  
1-24-91  
DATE

  
WILLIAM S. "BILL" STRIZICH, PRIMARY SPONSOR  
1-26-91  
DATE

Fiscal Note for HB0288, as introduced.

HB 288

APPROVED BY COMMITTEE  
ON STATE ADMINISTRATION

HOUSE BILL NO. 288

INTRODUCED BY STRIZICH

A BILL FOR AN ACT ENTITLED: "AN ACT INCREASING THE SERVICE RETIREMENT ALLOWANCE FOR MEMBERS OF THE SHERIFFS' RETIREMENT SYSTEM WITH 25 24 YEARS OR LESS OF CREDITABLE SERVICE WHO RETIRE ON OR AFTER JULY 1, 1991; AMENDING SECTION 19-7-503, MCA; AND PROVIDING AN EFFECTIVE DATE AND AN APPLICABILITY DATE."

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**Section 1.** Section 19-7-503, MCA, is amended to read:

"19-7-503. Service retirement allowance. (1) The amount of any service retirement allowance granted to a member with 25 24 years or less of creditable service shall be 2% 2.0834% of his final salary for each year of creditable service, up to a maximum of 50% of final salary.

(2) The member's retirement allowance shall be increased for any member who contributes after 25 24 years of service by 1.35% of his final salary for each year of creditable service in excess of 25 24 years of service, up to a maximum of 60% of his final salary.

(3) If a member dies after retirement and had not elected an optional retirement allowance provided for in 19-7-701, his beneficiary must be paid the excess, if any,

of the member's accumulated contributions at the time of retirement less payments made to the retired member."

NEW SECTION. **Section 2.** Applicability. [This act] applies to members of the sheriffs' retirement system, as established in 19-7-102, retiring on or after July 1, 1991.

NEW SECTION. **Section 3.** Effective date. [This act] is effective July 1, 1991.

-End-



1 HOUSE BILL NO. 288  
2 INTRODUCED BY STRIZICH  
3

4 A BILL FOR AN ACT ENTITLED: "AN ACT INCREASING THE SERVICE  
5 RETIREMENT ALLOWANCE FOR MEMBERS OF THE SHERIFFS' RETIREMENT  
6 SYSTEM WITH ~~25~~ 24 YEARS OR LESS OF CREDITABLE SERVICE WHO  
7 RETIRE ON OR AFTER JULY 1, 1991; AMENDING SECTION 19-7-503,  
8 MCA; AND PROVIDING AN EFFECTIVE DATE AND AN APPLICABILITY  
9 DATE."  
10

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17 service, up to a maximum of 50% of final salary.

18 (2) The member's retirement allowance shall be  
19 increased for any member who contributes after ~~25~~ 24 years  
20 of service by 1.35% of his final salary for each year of  
21 creditable service in excess of ~~25~~ 24 years of service, up  
22 to a maximum of 60% of his final salary.

23 (3) If a member dies after retirement and had not  
24 elected an optional retirement allowance provided for in  
25 19-7-701, his beneficiary must be paid the excess, if any,

1 of the member's accumulated contributions at the time of  
2 retirement less payments made to the retired member."

3 NEW SECTION. **Section 2. Applicability.** [This act]  
4 applies to members of the sheriffs' retirement system, as  
5 established in 19-7-102, retiring on or after July 1, 1991.

6 NEW SECTION. **Section 3. Effective date.** [This act] is  
7 effective July 1, 1991.

-End-

THIRD READING

HOUSE BILL NO. 288

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of the member's accumulated contributions at the time of retirement less payments made to the retired member."

NEW SECTION. Section 2. Applicability. (This act) applies to members of the sheriffs' retirement system, as established in 19-7-102, retiring on or after July 1, 1991.

NEW SECTION. Section 3. Effective date. (This act) is effective July 1, 1991.

-End-

REFERENCE BILL

