

REPORTED CORRECTLY ENROLLED.

1 HOUSE BILL NO. 372
2 INTRODUCED BY [Signature]

3 BY REQUEST OF THE PUBLIC EMPLOYEES' RETIREMENT BOARD

4
5 A BILL FOR AN ACT ENTITLED: "AN ACT REQUIRING A CITY
6 JOINING THE FIREFIGHTERS' UNIFIED RETIREMENT SYSTEM TO PAY
7 EXCESS UNFUNDED LIABILITIES; REMOVING THE REQUIREMENT FOR A
8 SEPARATE VALUATION OF UNFUNDED LIABILITIES OF ALL PRIOR
9 PLANS AS OF JULY 1, 1986; AMENDING SECTION 19-13-503, MCA;
10 AND PROVIDING AN EFFECTIVE DATE."

11
12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

13 **Section 1.** Section 19-13-503, MCA, is amended to read:

14 "19-13-503. Unfunded liabilities. (1) The legislature
15 finds and declares that many cities operating under prior
16 plans have excess and unfunded liabilities, and the
17 liabilities cannot be amortized by the percentage
18 contributions set forth in this chapter.

19 (2) The administrator shall, ~~on or before October 17~~
20 ~~1986~~ within 6 months after a city is granted membership in
21 the plan, determine the excess and unfunded liability of
22 each city participating in the plan created by this chapter
23 the city's previous plan. ~~For each city determined by~~ If the
24 administrator determines that the city to have has an excess
25 and unfunded liability under a prior previous plan that, as

1 ~~of July 1, 1986,~~ is not funded by sums on deposit or funds
2 available for deposit with the administrator, the state
3 auditor city shall pay an additional sum over a period of
4 time ~~from the premium taxes on insurance risks enumerated in~~
5 ~~19-11-512~~ to amortize each the city's excess liability.

6 ~~{3}--if--the--administrator--determines--that--the--state~~
7 ~~auditor--is--paying--an--amount--in--excess--of--the--amount~~
8 ~~necessary--to--amortize--each--city's--liabilities--under--the~~
9 ~~prior--plan--and--under--this--chapter,--the--administrator--shall~~
10 ~~credit--the--accounts--of--the--administrator--for--the--excess~~
11 ~~payments.~~

12 ~~{4}{3}~~ For each city with an unfunded liability, any
13 portion of the member, the employer, and state contributions
14 that exceeds the amount necessary to maintain the current
15 level of unfunded liability must be applied to the reduction
16 of the unfunded liability."

17 NEW SECTION. **Section 2.** Effective date. [This act] is
18 effective July 1, 1991.

-End-



-2- INTRODUCED BILL
HB 372

STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for HB0372, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

An act requiring a city joining the firefighters' unified retirement system to pay excess unfunded liabilities; and removing the requirement for a separate valuation of unfunded liabilities of all prior plans as of July 1, 1986.

ASSUMPTIONS:

1. A city joining the Firefighters' Unified Retirement System (FURS) after July 1, 1991, would be required to pay any excess unfunded liabilities of its previous retirement plan. These previously unfunded liabilities would not therefore increase the total unfunded liabilities of FURS and no increased contributions from the state or other cities participating in FURS would be required.
2. No cities are requesting inclusion into the FURS at this time; therefore, no cost savings can be projected for the next biennium.
3. At the point in time when a city with a local fire pension plan joins the system, an actuarial valuation of that local system will be required. The Public Employees' Retirement Division will pay the cost of this valuation from its operating budget. The actuarial valuation will cost from \$5,000 to \$7,500.
4. This bill eliminates a provision for a separate actuarial valuation of prior plan assets as of July 1, 1986. If the separate valuation were required, it could cost approximately \$10,000. No savings is projected for the next biennium since the retirement system maintains a separate valuation is unnecessary under current law.

FISCAL IMPACT:


No impact can be projected for the next biennium.


EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

No local impact is anticipated.

LONG-RANGE EFFECTS OF PROPOSED LEGISLATION:

Over the long term, this bill will prevent unfunded liabilities of a local pension plan from being transferred to the statewide pension fund. This will limit the potential liability of the state and other cities while maintaining the actuarial soundness of the Firefighters' Unified Retirement System.


ROD SUNDESTED, BUDGET DIRECTOR 128-91 DATE
Office of Budget and Program Planning


R. BUDD GOULD, PRIMARY SPONSOR 1/28/91 DATE

Fiscal Note for HB0372, as introduced

HB 372

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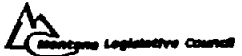
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6 ~~(3) If the administrator determines that the state~~
7 ~~auditor is paying an amount in excess of the amount~~
8 ~~necessary to amortize each city's liabilities under the~~
9 ~~prior plan and under this chapter, the administrator shall~~
10 ~~credit the accounts of the administrator for the excess~~
11 ~~payments.~~

12 ~~(4)~~(3) For each city with an unfunded liability, any
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THIRD READING
HB 372
CONSENT CALENDAR

1 HOUSE BILL NO. 372

2 INTRODUCED BY GOULD

3 BY REQUEST OF THE PUBLIC EMPLOYEES' RETIREMENT BOARD

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REFERENCE BILL

HB 372

CONSENT CALENDAR

