HOUSE BILL NO. 453

INTRODUCED BY FAGG, MAZUREK, HOFFMAN, THOMAS, T. NELSON, SOUTHWORTH, BARNHART, O'KEEFE, WANZENRIED, CRIPPEN, J. BROWN

	IN THE HOUSE
JANUARY 30, 1991	INTRODUCED AND REFERRED TO COMMITTEE ON LABOR & EMPLOYMENT RELATIONS.
	FIRST READING.
FEBRUARY 8, 1991	COMMITTEE RECOMMEND BILL DO PASS. REPORT ADOPTED.
FEBRUARY 9, 1991	PRINTING REPORT.
FEBRUARY 11, 1991	SECOND READING, DO PASS.
FEBRUARY 12, 1991	ENGROSSING REPORT.
FEBRUARY 13, 1991	THIRD READING, PASSED. AYES, 97; NOES, 3.
	TRANSMITTED TO SENATE.
	IN THE SENATE
FEBRUARY 14, 1991	INTRODUCED AND REFERRED TO COMMITTEE ON STATE ADMINISTRATION.
	FIRST READING.
MARCH 5, 1991	COMMITTEE RECOMMEND BILL BE CONCURRED IN. REPORT ADOPTED.
MARCH 6, 1991	SECOND READING, CONCURRED IN.
MARCH 7, 1991	THIRD READING, CONCURRED IN. AYES, 49; NOES, 0.
	RETURNED TO HOUSE.
	IN THE HOUSE
MARCH 8, 1991	RECEIVED FROM SENATE.

SENT TO ENROLLING.

REPORTED CORRECTLY ENROLLED.

STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for HBO453, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

An act requiring a public employer to pick up a member's contribution under the Montana Judges' Retirement System; requiring the employer to deduct from the member's compensation an amount equal to the amount of the member's contribution paid by the employer; requiring a member to pay state and local taxes on a refund of certain contributions; amending sections 19-5-402 and 19-5-704, MCA; and providing an effective date.

ASSUMPTIONS:

Department of Revenue:

- 1. Members' contributions to the Montana Judges' Retirement System in FY90 of \$151,873 will remain unchanged in FY92-93.
- 2. The average salary for Montana judges in FY91 of \$55,415 will remain the same in FY92-93.
- 3. The average 1989 effective tax rate of 4.7% for the \$50,000-\$59,000 income bracket will apply to FY92-93 income.
- 4. Under current law, all collections from the individual income tax are deposited in the general fund.
- 5. No judge will receive a refund of retirement contributions during FY92-93.

Public Employees' Retirement Division:

- 6. Member contributions made to the Judges' Retirement System on or after July 1, 1991, must be accounted for separately for state and federal tax purposes. Additional appropriation authority will be required in FY92 only for the increased computer programing charges to change member contributions accounting. Funding will come from investment earnings on the Judges' Retirement System Pension Trust Fund.
- 7. Current law is represented by the executive budget recommendation for the Public Employees' Retirement Division of the Department of Administration.

FISCAL IMPACT:

see next page

ROD SUNDSTED, BUDGET DIRECTOR

Office of Budget and Program Planning

RHSSFLL

ELL FAGG, PRIMARY SPONSOR

DATE

Fiscal Note for HB0453, as introduced.

Fiscal Note Request. <u>HB0453</u>, as introduced Form BD-15 Page 2

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Public Employees' Retiremen	nt:	FY 92			FY 93	
	Current Law	Proposed Law	Difference	Current Law	Proposed Law	Difference
Expenditures:					-	
FTE	20.00	20.00	0.00	20.00	20.00	0.00
Personal Services	518,860	518,860	0	517,936	517,936	0
Operating Costs	723,733	724,733	1,000	437,648	437,648	0
Equipment	1,566	1,566	0	1,704	1,704	0
Total	1,244,159	1,245,159	1,000	957,288	957,288	0
Funding:						
Expendable Trust	1,244,159	1,245,159	1,000	957,288	957,288	0
Department of Revenue:		FY 92			FY 93	
n	Current Law	Proposed Law	<u>Difference</u>	Current Law	Proposed Law	Difference
Revenues: Individual Income Tax (01)	311,176,000	311,168,862	(7,138)	327,201,000	327,193,862	(7,138)
<u>Funding:</u> General Fund	311,176,000	311,168,862	(7,138)	327,201,000	327,193,862	(7,138)

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5	EMPLOYER TO PICK UP A MEMBER'S CONTRIBUTION UNDER THE
6	MONTANA JUDGES' RETIREMENT SYSTEM; REQUIRING THE EMPLOYER TO
7	DEDUCT FROM THE MEMBER'S COMPENSATION AN AMOUNT EQUAL TO THE
8	AMOUNT OF THE MEMBER'S CONTRIBUTION PICKED UP BY THE
9	EMPLOYER; REQUIRING A MEMBER TO PAY STATE AND LOCAL TAXES ON
10	A REFUND OF CERTAIN CONTRIBUTIONS; AMENDING SECTIONS
11	19-5-402 AND 19-5-704, MCA; AND PROVIDING AN EFFECTIVE
12	DATE."
13	
14	BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
15	Section 1. Section 19-5-402, MCA, is amended to read:
16	"19-5-402. Member's contribution deducted-fromsalary.
17	(1) Every member shall be required to contribute into the
18	fund a sum equal to 6% of his monthly salary, except that a
19	member elected or appointed to office after July 1, 1983,
20	shall be required to contribute into the fund a sum equal to
21	7% of his monthly salary beginning on the first day of his
22	term. This sum shall be deducted from his salary and
23	credited to his account in the fund.
24	(2) Each employer, pursuant to section 414(h)(2) of the

Internal Revenue Code, as amended and applicable on July 1,

1	1991, Shall blek up and pay the contributions that would be
2	payable by the member under subsection (1) for service
3	rendered after June 30, 1991.
4	(3) The member's contribution picked up by the employer
5	is the member's contribution for all purposes of the
6	retirement system, except for the determination of a tax
7	upon a distribution from the retirement system. The
8	contributions must become part of the member's accumulated
9	contributions but must be accounted for separately from the
10	previously accumulated contributions.
11	(4) The member's contributions picked up by the
12	employer are payable from the same source used to pay
13	compensation to the member and must be included in the
14	member's monthly compensation. The employer shall deduct
15	from the member's compensation an amount equal to the amount
16	of the member's contributions picked up by the employer and
17	remit the total of the contributions to the board."
18	Section 2. Section 19-5-704, MCA, is amended to read:
19	"19-5-704. Exemption from taxes and legal process $-$
20	exception. Any money received or to be paid as a member's
21	annuity, state annuity, or return of deductions or the righ
22	of any of these except refunds paid under 19-5-403 of th
23	member's contributions picked up by an employer after Jun
24	30, 1991, as provided in 19-5-402, shall be exempt from an

state or municipal tax and from levy, sale, garnishment,

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- 1 attachment, or any other process whatsoever and shall be
- 2 unassignable except as specifically provided in 19-5-705."
- 3 NEW SECTION. Section 3. Effective date. [This act] is
- 4 effective July 1, 1991.

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APPROVED BY COMMITTEE ON LABOR & EMPLOYMENT RELATIONS

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member elected or appointed to office after July 1, 1983,

shall be required to contribute into the fund a sum equal to

7% of his monthly salary beginning on the first day of his

term. This sum shall be deducted from his salary and

23 credited to his account in the fund.

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25 Internal Revenue Code, as amended and applicable on July 1,

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6 retirement system, except for the determination of a tax
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8 contributions must become part of the member's accumulated
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HB 0453/02

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