

STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for HB0453, 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.

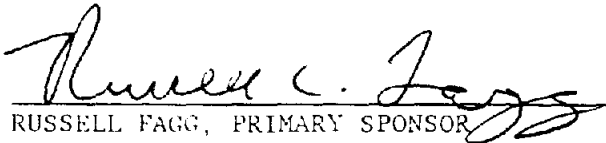
Public Employees' Retirement Division:

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 programming 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

 2-4-91
ROD SUNDSTED, BUDGET DIRECTOR DATE
Office of Budget and Program Planning


RUSSELL FAGG, PRIMARY SPONSOR DATE
Fiscal Note for HB0453, as introduced.

HB 453

Fiscal Note Request, HB0453, as introduced
 Form BD-15
 Page 2

FISCAL IMPACT:

Public Employees' Retirement:

	<u>FY 92</u>			<u>FY 93</u>		
	<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>						
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	<u>1,566</u>	<u>1,566</u>	<u>0</u>	<u>1,704</u>	<u>1,704</u>	<u>0</u>
Total	1,244,159	1,245,159	1,000	957,288	957,288	0
<u>Funding:</u>						
Expendable Trust	1,244,159	1,245,159	1,000	957,288	957,288	0

Department of Revenue:

	<u>FY 92</u>			<u>FY 93</u>		
	<u>Current Law</u>	<u>Proposed Law</u>	<u>Difference</u>	<u>Current Law</u>	<u>Proposed Law</u>	<u>Difference</u>
<u>Revenues:</u>						
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)

HB 453

1 *House* BILL NO. *453*
 2 INTRODUCED BY *Legis* *Request* *Hoffman* *Thomas*
 3 *John Nelson* *Blankart* *Stufe* *Montenaris* *Cap* *DeBenedictis*

4 A BILL FOR AN ACT ENTITLED: "AN ACT REQUIRING A PUBLIC
 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."

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-from--salary.

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

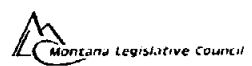
1 1991, shall pick up and pay the contributions that would be
 2 payable by the member under subsection (1) for service
 3 rendered after June 30, 1991.

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 right
 22 of any of these except refunds paid under 19-5-403 of the
 23 member's contributions picked up by an employer after June
 24 30, 1991, as provided in 19-5-402, shall be exempt from any
 25 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.

-End-

APPROVED BY COMMITTEE
ON LABOR & EMPLOYMENT
RELATIONS

1
2 INTRODUCED BY HOUSE BILL NO. 453
3 *Jon Nelson* *Blanket* *Stufe* *McIntire* *Cap* *J. Brown*
4

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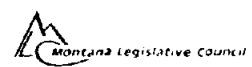
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 2 INTRODUCTION BY *HOUSE* BILL NO. *453*
 3 *Jon Nelson* *Blanket* *Stufe* *Wenzel* *Ep* *J. B. Steiner*
 4

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THIRD READING



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HOUSE BILL NO. 453

INTRODUCED BY FAGG, MAZUREK, HOFFMAN, THOMAS,

T. NELSON, SOUTHWORTH, BARNHART, O'KEEFE,

WANZENRIED, CRIPPEN, J. BROWN

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HB 0453/02

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