

HOUSE BILL NO. 595

INTRODUCED BY STRIZICH, HARPER, REAM

IN THE HOUSE

FEBRUARY 4, 1991 INTRODUCED AND REFERRED TO COMMITTEE
ON STATE ADMINISTRATION.

FIRST READING.

FEBRUARY 21, 1991 COMMITTEE RECOMMEND BILL
DO PASS AS AMENDED. REPORT ADOPTED.

FEBRUARY 22, 1991 PRINTING REPORT.

FEBRUARY 23, 1991 SECOND READING, DO PASS.

ON MOTION, REREFERRED TO COMMITTEE
ON APPROPRIATIONS.

FEBRUARY 25, 1991 ENGROSSING REPORT.

MARCH 27, 1991 COMMITTEE RECOMMEND BILL
DO PASS AS AMENDED. REPORT ADOPTED.

MARCH 28, 1991 PRINTING REPORT.

SECOND READING, DO PASS.

ENGROSSING REPORT.

ON MOTION, RULES SUSPENDED. BILL
PLACED ON THIRD READING THIS DAY.

THIRD READING, PASSED.
AYES, 67; NOES, 32.

TRANSMITTED TO SENATE.

IN THE SENATE

MARCH 28, 1991 INTRODUCED AND REFERRED TO COMMITTEE
ON STATE ADMINISTRATION.

FIRST READING.

APRIL 9, 1991 COMMITTEE RECOMMEND BILL BE
CONCURRED IN AS AMENDED. REPORT
ADOPTED.

APRIL 13, 1991

SECOND READING, CONCURRED IN.

APRIL 15, 1991

THIRD READING, CONCURRED IN.
AYES, 43; NOES, 6.

RETURNED TO HOUSE WITH AMENDMENTS.

IN THE HOUSE

APRIL 17, 1991

RECEIVED FROM SENATE.

SECOND READING, AMENDMENTS
CONCURRED IN.

APRIL 18, 1991

THIRD READING, AMENDMENTS
CONCURRED IN.

SENT TO ENROLLING.

REPORTED CORRECTLY ENROLLED.

INTRODUCED BY House BILL NO. 595
Ream Hayes

A BILL FOR AN ACT ENTITLED: "AN ACT ALLOWING EMPLOYEES COVERED UNDER THE STATEWIDE AND LOCAL POLICE OFFICERS' RETIREMENT SYSTEMS TO RETIRE AFTER 20 YEARS OF SERVICE; REMOVING THE REQUIREMENT THAT A POLICE OFFICER BE 50 YEARS OF AGE TO BE ELIGIBLE FOR RETIREMENT; AMENDING SECTIONS 19-9-104, 19-9-601, 19-9-702, 19-9-703, 19-9-801, 19-9-802, 19-9-804, 19-9-903, 19-10-401, 19-10-403, 19-10-501, AND 19-10-502, MCA; AND PROVIDING AN EFFECTIVE DATE."

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.
- (2) "Base salary" means the sum of the monthly compensations for each month in a given calendar year.
- (3) "Board" means the retirement board described in 2-15-1009.
- (4) "Credited service" means the aggregate of a member's prior service and membership service.
- (5) "Death benefit" means a monthly annuity paid to a

surviving spouse or dependent child or a lump-sum payment made to a beneficiary on behalf of a member who dies before retirement.

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

- (a) who is unmarried and under 18 years of age; or
- (b) who is unmarried, under 24 years of age, and attending an accredited postsecondary educational institution as a full-time student in anticipation of 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 derived from employer and state contributions.

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

(10) "Fund" means the pension trust fund in the treasury 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

LC 0844/01

1 deductions from the compensation of a member, either made
 2 during a period of active membership hereunder or made under
 3 a prior plan and transferred to this plan, standing to his
 4 credit, together with the interest thereon.

5 (13) "Member's annuity" means monthly payments for life
 6 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
 11 member contributions account. Pro rata credit shall be
 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.

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

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

1 includes those jurisdictions which, prior to the effective
 2 date of a county-municipal consolidation, were incorporated
 3 municipalities, subsequent districts created for urban law
 4 enforcement services, or the entire county included in the
 5 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.

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

18 (22) "Retirement allowance" means the employer annuity
 19 plus the member's annuity.

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

23 (24) "Surviving spouse" means the spouse married to a
 24 member at the time of the member's death.

25 (25) "Totally and permanently disabled" means that the

1 board, upon certification by a licensed and practicing
2 physician, has determined that a member's disability is of
3 such a nature as to permanently impair his ability to
4 discharge his normal duties as a police officer."

5 **Section 2.** Section 19-9-601, MCA, is amended to read:

6 "19-9-601. Member contributions. (1) The normal
7 contribution of each active member is 6% of his monthly
8 compensation ~~or 7-1/2%~~. In the case of a member first employed
9 by an employer as a police officer after June 30, 1975, the
10 contribution is 6.9% of his monthly compensation. In the
11 case of a member first employed by an employer as a police
12 officer after June 30, 1979, 7-1/2% the contribution is 8.4%
13 of his monthly compensation,--excluding. Contributions
14 exclude overtime payments, holiday payments, shift
15 differential payments, compensation time payments, and
16 payments in lieu of sick leave and annual leave, for his
17 services as a police officer.

18 (2) Each employer, pursuant to section 414(h)(2) of the
19 federal Internal Revenue Code of 1954, as amended and
20 applicable on July 1, 1985, shall pick up and pay the
21 contributions which would be payable by the member under
22 subsection (1) for service rendered after June 30, 1985.

23 (3) The member's contributions picked up by the
24 employer must be designated for all purposes of the
25 retirement system as the member's contributions, except for

1 the determination of a tax upon a distribution from the
2 retirement system. These contributions must become part of
3 the member's accumulated contributions but must be accounted
4 for separately from those previously accumulated.

5 (4) The member's contributions picked up by the
6 employer must be payable from the same source as is used to
7 pay compensation to the member and must be included in the
8 member's wages as defined in 19-1-102 and his monthly
9 compensation as defined in 19-9-104. The employer shall
10 deduct from the member's compensation an amount equal to the
11 amount of the member's contributions picked up by the
12 employer and remit the total of the contributions to the
13 board."

14 **Section 3.** Section 19-9-702, MCA, is amended to read:

15 "19-9-702. State contribution. The state of Montana
16 shall make its contributions through the state auditor out
17 of the premium tax on motor vehicle property and casualty
18 insurance policies, which premium tax is statutorily
19 appropriated, as provided in 17-7-502, for the
20 contributions. Such payments shall be made annually after
21 the end of each fiscal year but no later than September 1
22 from the gross premium tax after deduction for cancellations
23 and returned premiums. The administrator shall notify the
24 auditor by April 1 of each year of the annual compensation
25 paid to all active members during the preceding year. Before

1 ~~July 1, 1985, the~~ The state's contribution shall be is:

2 (1) 14.04% of such compensation and paid to members
3 before July 1, 1985;

4 (2) 15.06% on and of compensation paid to members from
5 July 1, 1985, through June 30, 1991; and

6 (3) 15.96% of compensation paid to members after July
7 1, 1985 1991."

8 **Section 4.** Section 19-9-703, MCA, is amended to read:

9 "19-9-703. Employer contribution. Each employer shall
10 make its contribution on behalf of members through the city
11 treasurer or other appropriate official out of moneys
12 available to the city for such purpose. ~~Before July 1, 1985,~~
13 the The employer's contribution shall be, which must be paid
14 monthly to the administrator, is:

15 (1) 14.04% of the total monthly compensation paid to
16 all active members during the preceding month, before July
17 1, 1985;

18 (2) 13.02% on and after of the total monthly
19 compensation paid to all active members during the preceding
20 month from July 1, 1985, and shall be payable monthly to the
21 administrator through June 30, 1991; and

22 (3) 13.92% of the total monthly compensation paid to
23 all active members during the preceding month after July 1,
24 1991."

25 **Section 5.** Section 19-9-801, MCA, is amended to read:

1 "19-9-801. Eligibility for service retirement --
2 commencement of allowance. Members are eligible for
3 retirement and shall retire as provided in this section:

4 (1) A member who was employed by an employer as a
5 police officer on July 1, 1975, is eligible to receive a
6 service retirement allowance when he has completed 20 years
7 or more in the aggregate as a probationary officer, a
8 regular officer, or a special officer, in any capacity or
9 rank, and has terminated covered employment.

10 (2) A member who was or is first employed by an
11 employer as a police officer after July 1, 1975, is eligible
12 to receive a service retirement allowance when he has
13 reached the age of 50, has completed 20 years or more in the
14 aggregate as a probationary officer, a regular officer, or a
15 special officer, in any capacity or rank, and has terminated
16 covered employment.

17 (3) (a) Except as provided in subsection (3)(b) (2)(b),
18 the retirement allowance may commence on the first day of
19 the month following the member's last day of membership
20 service or, if requested by the terminated member in
21 writing, on the first day of the month following receipt of
22 the written application.

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

Section 6. Section 19-9-802, MCA, is amended to read:

"19-9-802. Election to serve additional years. (1) A police officer who is eligible for service retirement under 19-9-801(1) or (2) may retire as of the time he becomes eligible or may elect to serve an additional 1 to 10 years as an active police officer.

(2) A police officer whose eligibility depends on 19-9-801(2) and who completes 20 years of service before reaching the age of 50 is considered to have elected to serve an additional year for each year between the completion of his 20th year of service and his 50th birthday and shall be paid the additional 1%, as prescribed in 19-9-804(2), for each such year."

Section 7. Section 19-9-804, MCA, is amended to read:

"19-9-804. Amount of service retirement allowance -- continuation of allowance after death of member. (1) A police officer who is eligible under subsection (1) or (2) of 19-9-801 and does not elect to serve any additional years as an active police officer shall receive a service retirement allowance equal to one-half his final average salary.

(2) A police officer who is eligible for service retirement after 20 years of service and who elects to serve additional years shall receive the allowance provided for in subsection (1) plus an additional 1% of his final average

salary for each year of additional service, up to a maximum of 60% of his final average salary.

(3) Upon the death of a police officer receiving a service retirement allowance under this section, his surviving spouse, if there is one, shall receive from the fund a sum equal to one-half of the officer's final average salary. If the officer leaves one or more dependent children, then upon his death, if he leaves no surviving spouse or upon the death of the surviving spouse, the officer's surviving dependent child, or children collectively if there are more than one, shall receive the same monthly payments a surviving spouse would receive for as long as the child or one of the children remains dependent as defined in 19-9-104. The payments must be made to the child's appointed guardian for the child's use. If there is more than one dependent child, upon each child no longer qualifying as dependent under 19-9-104, the pro rata payments to that child must cease and be made to the remaining children until all the children are no longer dependent."

Section 8. Section 19-9-903, MCA, is amended to read:

"19-9-903. Amount of disability retirement allowance -- continuation of allowance after death of member. (1) A police officer who is eligible under 19-9-902 before completing 20 years of service shall receive a disability

1 retirement allowance equal to one-half his average final
2 salary.

3 (2) A police officer who is retired under 19-9-902 and
4 who, at the time of his injury or disability, was eligible
5 at his option to be retired under ~~subsection (1) or (2) of~~
6 19-9-801 but had elected to serve additional years and was
7 then serving such additional years shall be paid for the
8 additional years at the rate prescribed in 19-9-804(2).

9 (3) Upon the death of a police officer receiving a
10 disability allowance under this section, his surviving
11 spouse or dependent child is eligible for benefits as
12 provided in 19-9-804(3)."

13 **Section 9.** Section 19-10-401, MCA, is amended to read:

14 "19-10-401. Eligibility for service retirement. The
15 ~~following persons are eligible for the police retired list~~
16 ~~of a city and shall retire as provided in this section:~~

17 (1) A person who is employed by any city as a police
18 officer ~~on July 17, 1975~~, is eligible for the police retired
19 list when he has completed 20 years or more in the aggregate
20 as a probationary officer, a regular officer, or a special
21 officer of the police department, in any capacity or rank.

22 (2) ~~A person who is first employed by a city as a~~
23 ~~police officer after July 17, 1975 is eligible for the~~
24 ~~police retired list when he has reached the age of 50 and~~
25 ~~has completed 20 years or more in the aggregate as a~~

1 ~~probationary officer, a regular officer, or a special~~
2 ~~officer of the police department, in any capacity or rank."~~

3 **Section 10.** Section 19-10-403, MCA, is amended to read:

4 "19-10-403. Option of officer to remain on active list.
5 (1) A police officer who is eligible for the retired list
6 under ~~subsection (1) or (2) of~~ 19-10-401 may transfer, as of
7 the time he becomes eligible, to the retired list or may
8 elect to serve an additional 1 to 10 years as an active
9 police officer.

10 (2) A police officer ~~whose eligibility depends on~~
11 ~~19-10-401(2) and~~ who completes 20 years of service before
12 ~~reaching the age of 50~~ is considered to have elected to
13 serve an additional year for each year between of service
14 after the completion of his 20th year of service ~~and his~~
15 ~~50th birthday~~, and he shall must be paid the additional 1½
16 for each such additional year."

17 **Section 11.** Section 19-10-501, MCA, is amended to read:

18 "19-10-501. Service retirement allowance. When a police
19 officer is transferred from the active list to the retired
20 list of a city, he shall thereafter receive monthly payments
21 from the city's police retirement fund, as follows:

22 (1) A police officer who is eligible under 19-10-401(1)
23 ~~or (2)~~ and does not elect to serve any additional years as
24 an active police officer shall receive a sum equal to
25 one-half the base salary, excluding overtime and payments in

1 lieu of sick leave and annual leave, he was receiving as an
2 active officer computed on the highest salary received in
3 any one month during his last year of active service.

4 (2) A police officer who is eligible after 20 years of
5 service and who elects to serve additional years shall
6 receive the payment provided for in subsection (1) plus an
7 additional 1% of such payment per year of additional
8 service, up to a maximum of 60% of the base salary,
9 excluding overtime and payments in lieu of sick leave and
10 annual leave, he was receiving as an active officer computed
11 on the highest salary received in any one month during his
12 last year of active service."

13 **Section 12.** Section 19-10-502, MCA, is amended to read:

14 "19-10-502. **Disability retirement allowance.** When a
15 police officer is transferred from the active list to the
16 retired list of a city, he shall thereafter receive monthly
17 payments from the city's police retirement fund, as follows:

18 (1) A police officer who is eligible under 19-10-402
19 before completing 20 years of service shall receive a sum
20 equal to one-half the base salary, excluding overtime and
21 payments in lieu of sick leave and annual leave, he was
22 receiving as an active officer computed on the highest
23 salary received in any one month during his last year of
24 active service.

25 (2) A police officer who is placed on the retired list

1 under 19-10-402 and who, at the time of his injury or
2 disability, was eligible at his option to be placed on the
3 retired list under 19-10-401(1)-~~or~~(2) but had elected to
4 serve additional years and was then serving such additional
5 years shall be paid for the additional years over his
6 original eligibility at the rate prescribed in
7 19-10-501(2)."

8 NEW SECTION. **Section 13.** Coordination instruction. If
9 ___Bill No. ___ [LC 1345] is passed and approved, [sections 1
10 and 5 through 8 of this act] are void.

11 NEW SECTION. **Section 14.** Effective date. [This act] is
12 effective July 1, 1991.

-End-

STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for HB0595, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:


An act allowing employees covered under the statewide and local police officers' retirement systems to retire after 20 years of service; removing the requirement that a police officer be 50 years of age to be eligible for retirement; amending existing statutes and providing an effective date.

ASSUMPTIONS:

1. The proposed legislation removes the 50 years of age requirement for eligibility to retire in the Municipal Police Officers' Retirement System (MPORS) and other police retirement plans. After July 1, 1991, any police officer with at least 20 years of service may retire and begin drawing retirement benefits.
2. The proposed legislation affects law enforcement officers employed after July 1, 1975. Officers hired prior to July 1, 1975, have been eligible to retire prior to age 50 under current law.
3. Current contribution rates to MPORS are sufficient to fund the increase in benefit payments caused by the proposed legislation. Other local law enforcement retirement plans may be adversely impacted by the proposed increase in retirement benefits.
4. Law enforcement officers hired after July 1, 1975, will pay an additional .9% contribution to MPORS. The increase in contribution rates will affect approximately 66% of the MPORS payroll.
5. Since contributions to retirement pensions are tax deferred, state income tax revenues will decrease as a result of an increase in member contribution rates. Due to the lack of information on the aggregate tax status of effected law enforcement officers in the state, the amount of a potential reduction in state income taxes can not be determined.
6. Public Employees' Retirement Division (P.E.R.D.) will be required to revise its data processing system and prepare information to be distributed to contributing members and employers at a cost not to exceed \$2,360 per year.
7. Current law is represented by the executive budget recommendation for the Public Employees' Retirement Division during the 1993 biennium.

FISCAL IMPACT:

see next page



ROD SUNDSTED, BUDGET DIRECTOR DATE
Office of Budget and Program Planning 2-8-91



WILLIAM S. "BILL" STRIZICH, PRIMARY SPONSOR DATE

Fiscal Note for HB0595, as introduced.

HB595

FISCAL IMPACT:

<u>P.E.R.D.:</u>	<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	726,093	2,360	437,648	440,008	2,360
Equipment	1,566	1,566	0	1,704	1,704	0
Total	1,244,159	1,246,519	2,360	957,288	959,648	2,360
<u>Funding:</u>						
Non-Exp. Trust	1,244,159	1,246,519	2,360	957,288	959,648	2,360

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

The proposed legislation does not provide additional funding to local police retirement plans (non-MPORS plans) for the payment of enhanced benefits. Currently local police retirement plans are actuarially sound. However, they do not have large memberships and, consequently, lack diversity of funding sources; for instance, large amounts of interest earnings from retirement pensions and/or a variety of investments. Any increase in benefits without a comparable increase in funding sources will either increase or cause an unfunded liability in these non-MPORS, local law enforcement retirement plans.

LONG-RANGE EFFECTS OF PROPOSED LEGISLATION:

The absorption of failed, local police retirement plans into MPORS will increase future MPORS contribution rates.

TECHNICAL NOTE:

The proposed legislation does not address the funding requirements for enhanced benefits in local police retirement plans which are not affiliated with the Municipal Police Officers' Retirement System (MPORS).

STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for HB0595, as introduced, revised

DESCRIPTION OF PROPOSED LEGISLATION:


An act allowing employees covered under the statewide and local police officers' retirement systems to retire after 20 years of service; removing the requirement that a police officer be 50 years of age to be eligible for retirement; amending existing statutes and providing an effective date.

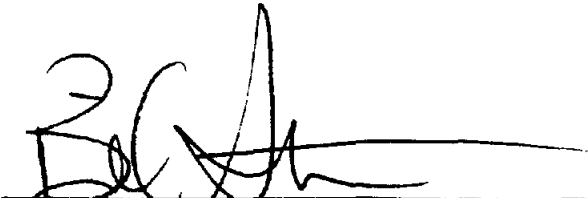
ASSUMPTIONS:

1. The proposed legislation removes the 50 years of age requirement for eligibility to retire in the Municipal Police Officers' Retirement System (MPORS) and other police retirement plans. After July 1, 1991, any police officer with at least 20 years of service may retire and begin drawing retirement benefits.
2. The proposed legislation effects affects law enforcement officers employed after July 1, 1975. Officers hired prior to July, 1, 1975, have been eligible to retire prior to age 50 under current law.
3. The proposed legislation splits the contribution rate increase among employers, the state, and members hired after July 1, 1975. The employers contribution rate goes from 13.02% to 13.92% of salaries. The State contribution rate goes from 15.06% to 15.96% of salaries.
4. State contribution rates are derived from the premium tax on motor vehicle property and casualty insurance polices which is deposited into the general fund and annually transferred to MPORS. The premium tax established in 33-2-705, MCA remains unchanged.
5. Law enforcement officers hired after July 1, 1975, will pay an additional .9% contribution to MPORS. The increase in contribution rates will affect approximately 66% of the MPORS payroll.
6. Since contributions to retirement pensions are tax deferred, state income tax revenues will decrease as a result of an increase in member contribution rates. Due to the lack of information on the aggregate tax status of effected law enforcement officers in the state, the amount of a potential reduction in state income taxes can not be determined.
7. Public Employees' Retirement Division (P.E.R.D.) will be required to revise its data processing system and prepare information to be distributed to contributing members and employers at a cost not to exceed \$2,360 per year.
8. Current law is represented by the executive budget recommendation for the Public Employees' Retirement Division during the 1993 biennium.

FISCAL IMPACT:

see next page


 ROD SUNDSTED, BUDGET DIRECTOR DATE
 Office of Budget and Program Planning


 WILLIAM S. "BILL" STRIZICH, PRIMARY SPONSOR DATE
 2-18-91

Fiscal Note for HB0595, as introduced, revised

HB 595
Rev

FISCAL IMPACT:

<u>P.E.R.D.:</u>	<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	726,093	2,360	437,648	440,008	2,360
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	1,246,519	2,360	957,288	959,648	2,360
<u>Funding:</u>						
Non-Exp. Trust	1,244,159	1,246,519	2,360	957,288	959,648	2,360
<u>Revenues:</u>						
State Contributions (01)	1,693,911	1,795,141	101,230	1,770,137	1,875,922	105,785
Municipalities (09)	1,464,457	1,565,687	101,230	1,530,357	1,636,142	105,785
Employees (09)	<u>779,754</u>	<u>846,566</u>	<u>66,812</u>	<u>814,813</u>	<u>884,631</u>	<u>69,818</u>
Total	3,938,122	4,207,394	269,272	4,115,307	4,396,695	281,388
<u>Net Impact:</u>						
General Fund			(101,230)			(105,785)

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

1. The contribution rate for municipalities belonging to the Municipal Police Officers' Retirement System will increase from 13.02% to 13.92% of salaries. The estimated impact is \$101,230 in FY92 and \$105,785 in FY93.
2. The proposed legislation does not provide additional funding to local police retirement plans (non-MPORS plans) for the payment of enhanced benefits. Currently local police retirement plans are actuarially sound. However, they do not have large memberships and, consequently, lack diversity of funding sources; for instance, large amounts of interest earnings from retirement pensions and/or a variety of investments. Any increase in benefits without a comparable increase in funding sources will either increase or cause an unfunded liability in these non-MPORS, local law enforcement retirement plans.

LONG-RANGE EFFECTS OF PROPOSED LEGISLATION:

The absorption of failed, local police retirement plans into MPORS will increase future MPORS contribution rates.

TECHNICAL NOTE:

The proposed legislation does not address the funding requirements for enhanced benefits in local police retirement plans which are not affiliated with the Municipal Police Officers' Retirement System (MPORS).

41505 R...

STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for HB0595, third reading, as amended.

DESCRIPTION OF PROPOSED LEGISLATION:

An act allowing employees covered under the statewide police officers' retirement systems to retire after 20 years of service; removing the requirement that a police officer be 50 years of age to be eligible for retirement.

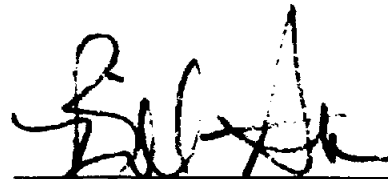
ASSUMPTIONS:

1. The proposed legislation removes the 50 years of age requirement for eligibility to retire in the Municipal Police Officers' Retirement System (MPORS). After July 1, 1991, a MPORS member with at least 20 years of service may retire and begin drawing retirement benefits.
2. The proposed legislation affects law enforcement officers employed after July 1, 1975. Officers hired prior to July 1, 1975 have been eligible to retire prior to age 50 under current law.
3. The actuarial cost of the benefit enhancement is an additional 2.7% of total covered payroll.
4. The proposed legislation splits the contribution rate increase among employers, the state and members hired after July 1, 1975. The employers contribution rates goes from 13.02% to 13.92% of salaries. The state contribution rates goes from 15.05% to 15.66% of salaries.
5. State contribution rates are derived from the premium tax on motor vehicle property and casualty insurance policies which are deposited into the general fund and annually transferred to MPORS. The premium tax established in 33-2-705, MCA, remains unchanged.
6. Law enforcement officers hired after July 1, 1975 but before July 1, 1979 will pay an additional 1.2% contribution to MPORS. The 1.2% increase in contribution rates will affect approximately 10% of the MPORS payroll. Law enforcement officers hired on and after July 1, 1979 will pay an additional .9% contribution to MPORS. The .9% increase in the contribution rate will affect approximately 56.6% of the MPORS payroll. This will result in insufficient employee contributions to fund the benefit enhancement. This underfunding will increase each year as more employees pay insufficient contributions.
7. Since contributions to retirement pensions are tax deferred, state income tax revenues will decrease as a result of an increase in member contribution rates. Due to the lack of information on the aggregate tax status of effected law enforcement officers in the state, the amount of a potential reduction in state income taxes can not be determined.
8. Public Employees' Retirement Division (P.E.R.D.) will be required to revise its data processing system and prepare information to be distributed to contributing members and employers at a cost not to exceed \$2,360 per year.
9. Current law is represented by the executive budget recommendation for the Public Employees' Retirement Division during the 1993 biennium.

FISCAL IMPACT:

see next page


ROD SUNDSTED, BUDGET DIRECTOR
Office of Budget and Program Planning
44-71
DATE


WILLIAM S. "BILL" STRIZICH, PRIMARY SPONSOR
4/4/91
DATE

Fiscal Note for HB0595, third reading, as amended.

HB595-3

Fiscal Note Request, HB0595, third reading, as amended.

Form BD-15

Page 2

FISCAL IMPACT:

P.E.R.D.:

	<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	726,093	2,360	437,648	440,008	2,360
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	1,246,519	2,360	957,288	959,648	2,360
<u>Funding:</u>						
Non-Exp. Trust	1,244,159	1,246,519	2,360	957,288	959,648	2,360
<u>Revenues:</u>						
State Contributions (01)	1,693,911	1,761,397	67,486	1,770,137	1,840,660	70,523
Municipalities (09)	1,464,457	1,565,687	101,230	1,530,357	1,636,142	105,785
Employees (09)	<u>779,754</u>	<u>857,348</u>	<u>77,594</u>	<u>814,813</u>	<u>895,929</u>	<u>81,116</u>
Total	3,938,122	4,184,432	246,310	4,115,307	4,372,731	257,424

Net Fiscal Impact:

Underfunding to MPORS Trust	(121,206)	(126,660)
General Fund (decrease)	(67,486)	(70,523)

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

The contribution rate for municipalities belong to MPORS will increase from 13.02% to 13.92% of salaries. The estimated impact is \$101,230 in FY92 and \$105,785 in FY93.

TECHNICAL NOTE:

The House amendments did not increase employee contribution rates evenly. Persons hired after 7-1-79 (the majority of the members impacted by this bill) will only pay an additional .9% contribution which is insufficient to adequately fund the benefit enhancement. Page 5, line 13, of the bill must be amended to change the "8.4%" contribution rate to "8.7%."

HB 595-3

APPROVED BY COMMITTEE
ON STATE ADMINISTRATION

1 HOUSE BILL NO. 595
 2 INTRODUCED BY STRIZICH, HARPER, REAM
 3
 4 A BILL FOR AN ACT ENTITLED: "AN ACT ALLOWING EMPLOYEES
 5 COVERED UNDER THE STATEWIDE ~~AND--LOCAL~~ POLICE OFFICERS'
 6 RETIREMENT SYSTEMS TO RETIRE AFTER 20 YEARS OF SERVICE;
 7 REMOVING THE REQUIREMENT THAT A POLICE OFFICER BE 50 YEARS
 8 OF AGE TO BE ELIGIBLE FOR RETIREMENT; AMENDING SECTIONS
 9 19-9-104, 19-9-601, 19-9-702, 19-9-703, 19-9-801, 19-9-802,
 10 19-9-804, AND 19-9-903, ~~19-10-401; 19-10-403; 19-10-501; AND~~
 11 ~~19-10-502; MCA; AND PROVIDING AN EFFECTIVE DATE."~~

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

14 **Section 1.** Section 19-9-104, MCA, is amended to read:

15 "19-9-104. Definitions. Unless the context requires
16 otherwise, the following definitions apply in this chapter:

17 (1) "Administrator" means the public employees'
18 retirement division of the department of administration.

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

21 (3) "Board" means the retirement board described in
22 2-15-1009.

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

25 (5) "Death benefit" means a monthly annuity paid to a

1 surviving spouse or dependent child or a lump-sum payment
2 made to a beneficiary on behalf of a member who dies before
3 retirement.

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

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

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

11 (7) "Employer" means any city which participated in a
12 prior plan or which elects to join this plan under 19-9-107.

13 (8) "Employer annuity" means monthly payments for life
14 derived from employer and state contributions.

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

19 (10) "Fund" means the pension trust fund in the treasury
20 system designated for the use of the plan.

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

25 (12) "Member contributions" means the total of the



1 deductions from the compensation of a member, either made
 2 during a period of active membership hereunder or made under
 3 a prior plan and transferred to this plan, standing to his
 4 credit, together with the interest thereon.

5 (13) "Member's annuity" means monthly payments for life
 6 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
 11 member contributions account. Pro rata credit shall be
 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.

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

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

1 includes those jurisdictions which, prior to the effective
 2 date of a county-municipal consolidation, were incorporated
 3 municipalities, subsequent districts created for urban law
 4 enforcement services, or the entire county included in the
 5 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.

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

18 (22) "Retirement allowance" means the employer annuity
 19 plus the member's annuity.

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

23 (24) "Surviving spouse" means the spouse married to a
 24 member at the time of the member's death.

25 (25) "Totally and permanently disabled" means that the

1 board, upon certification by a licensed and practicing
2 physician, has determined that a member's disability is of
3 such a nature as to permanently impair his ability to
4 discharge his normal duties as a police officer."

5 **Section 2.** Section 19-9-601, MCA, is amended to read:

6 "19-9-601. **Member contributions.** (1) The normal
7 contribution of each active member is 6% of his monthly
8 compensation ~~or, in~~. In the case of a member first employed
9 by an employer as a police officer after June 30, 1975, the
10 contribution is 6.9% of his monthly compensation. In the
11 case of a member first employed by an employer as a police
12 officer after June 30, 1979, ~~7-1/2%~~ the contribution is 8.4%
13 of his monthly compensation, excluding. Contributions
14 exclude overtime payments, holiday payments, shift
15 differential payments, compensation time payments, and
16 payments in lieu of sick leave and annual leave, for his
17 services as a police officer.

18 (2) Each employer, pursuant to section 414(h)(2) of the
19 federal Internal Revenue Code of 1954, as amended and
20 applicable on July 1, 1985, shall pick up and pay the
21 contributions which would be payable by the member under
22 subsection (1) for service rendered after June 30, 1985.

23 (3) The member's contributions picked up by the
24 employer must be designated for all purposes of the
25 retirement system as the member's contributions, except for

1 the determination of a tax upon a distribution from the
2 retirement system. These contributions must become part of
3 the member's accumulated contributions but must be accounted
4 for separately from those previously accumulated.

5 (4) The member's contributions picked up by the
6 employer must be payable from the same source as is used to
7 pay compensation to the member and must be included in the
8 member's wages, as defined in 19-1-102 and his monthly
9 compensation as defined in 19-9-104. The employer shall
10 deduct from the member's compensation an amount equal to the
11 amount of the member's contributions picked up by the
12 employer and remit the total of the contributions to the
13 board."

14 **Section 3.** Section 19-9-702, MCA, is amended to read:

15 "19-9-702. **State contribution.** The state of Montana
16 shall make its contributions through the state auditor out
17 of the premium tax on motor vehicle property and casualty
18 insurance policies, which premium tax is statutorily
19 appropriated, as provided in 17-7-502, for the
20 contributions. Such payments shall be made annually after
21 the end of each fiscal year but no later than September 1
22 from the gross premium tax after deduction for cancellations
23 and returned premiums. The administrator shall notify the
24 auditor by April 1 of each year of the annual compensation
25 paid to all active members during the preceding year. Before

1 ~~July 17, 1985,~~ The state's contribution shall be is:
 2 (1) 14.04% of such compensation and paid to members
 3 before July 1, 1985;
 4 (2) 15.06% on-and of compensation paid to members from
 5 July 1, 1985, through June 30, 1991; and
 6 (3) 15.96% of compensation paid to members after July
 7 1, 1985 1991."

8 **Section 4.** Section 19-9-703, MCA, is amended to read:

9 **"19-9-703. Employer contribution.** Each employer shall
 10 make its contribution on behalf of members through the city
 11 treasurer or other appropriate official out of moneys
 12 available to the city for such purpose. ~~Before July 17, 1985,~~
 13 the The employer's contribution shall be, which must be paid
 14 monthly to the administrator, is:

- 15 (1) 14.04% of the total monthly compensation paid to
 16 all active members during the preceding month, before July
 17 1, 1985;
 18 (2) 13.02% on--and--after of the total monthly
 19 compensation paid to all active members during the preceding
 20 month from July 1, 1985, and shall be payable monthly to the
 21 administratoer through June 30, 1991; and
 22 (3) 13.92% of the total monthly compensation paid to
 23 all active members during the preceding month after July 1,
 24 1991."

25 **Section 5.** Section 19-9-801, MCA, is amended to read:

1 **"19-9-801. Eligibility for service retirement --**
 2 **commencement of allowance.** Members are eligible for
 3 retirement and shall retire as provided in this section:

4 (1) A member ~~who--was~~ employed by an employer as a
 5 police officer ~~on July 17, 1975,~~ is eligible to receive a
 6 service retirement allowance when he has completed 20 years
 7 or more in the aggregate as a probationary officer, a
 8 regular officer, or a special officer, in any capacity or
 9 rank, and has terminated covered employment.

10 (2) ~~A member--who--was--or--is--first--employed--by--an~~
 11 ~~employer--as--a--police--officer--after--July--17--1975--is--eligible~~
 12 ~~to--receive--a--service--retirement--allowance--when--he--has~~
 13 ~~reached--the--age--of--50--has--completed--20--years--or--more--in--the~~
 14 ~~aggregate--as--a--probationary--officer--a--regular--officer--or--a~~
 15 ~~special--officer--in--any--capacity--or--rank--and--has--terminated~~
 16 ~~covered--employment.~~

17 ~~{3}~~ (a) Except as provided in subsection ~~{3}~~~~{b}~~ (2)(b),
 18 the retirement allowance may commence on the first day of
 19 the month following the member's last day of membership
 20 service or, if requested by the terminated member in
 21 writing, on the first day of the month following receipt of
 22 the written application.

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

Section 6. Section 19-9-802, MCA, is amended to read:

"19-9-802. Election to serve additional years. (1) A police officer who is eligible for service retirement under 19-9-801(1) or (2) may retire as of the time he becomes eligible or may elect to serve an additional 1 to 10 years as an active police officer.

(2) A police officer whose eligibility depends on 19-9-801(2) and who completes 20 years of service before reaching the age of 50 is considered to have elected to serve an additional year for each year between the completion of his 20th year of service and his 50th birthday and shall be paid the additional 1%, as prescribed in 19-9-804(2), for each such year."

Section 7. Section 19-9-804, MCA, is amended to read:

"19-9-804. Amount of service retirement allowance -- continuation of allowance after death of member. (1) A police officer who is eligible under subsection (1) or (2) of 19-9-801 and does not elect to serve any additional years as an active police officer shall receive a service retirement allowance equal to one-half his final average salary.

(2) A police officer who is eligible for service retirement after 20 years of service and who elects to serve additional years shall receive the allowance provided for in subsection (1) plus an additional 1% of his final average

salary for each year of additional service, up to a maximum of 60% of his final average salary.

(3) Upon the death of a police officer receiving a service retirement allowance under this section, his surviving spouse, if there is one, shall receive from the fund a sum equal to one-half of the officer's final average salary. If the officer leaves one or more dependent children, then upon his death, if he leaves no surviving spouse or upon the death of the surviving spouse, the officer's surviving dependent child, or children collectively if there are more than one, shall receive the same monthly payments a surviving spouse would receive for as long as the child or one of the children remains dependent as defined in 19-9-104. The payments must be made to the child's appointed guardian for the child's use. If there is more than one dependent child, upon each child no longer qualifying as dependent under 19-9-104, the pro rata payments to that child must cease and be made to the remaining children until all the children are no longer dependent."

Section 8. Section 19-9-903, MCA, is amended to read:

"19-9-903. Amount of disability retirement allowance -- continuation of allowance after death of member. (1) A police officer who is eligible under 19-9-902 before completing 20 years of service shall receive a disability

1 retirement allowance equal to one-half his average final
2 salary.

3 (2) A police officer who is retired under 19-9-902 and
4 who, at the time of his injury or disability, was eligible
5 at his option to be retired under subsection (1) or (2) of
6 19-9-801 but had elected to serve additional years and was
7 then serving such additional years shall be paid for the
8 additional years at the rate prescribed in 19-9-804(2).

9 (3) Upon the death of a police officer receiving a
10 disability allowance under this section, his surviving
11 spouse or dependent child is eligible for benefits as
12 provided in 19-9-804(3)."

13 Section 9--Section 19-10-401, MCA, is amended to read:

14 "19-10-401--Eligibility--for--service--retirement: The
15 following--persons--are--eligible--for--the--police--retired--list
16 of--a--city--and--shall--retire--as--provided--in--this--section:

17 (1)--A--person--who--is--employed--by--any--city--as--a--police
18 officer--on--July--17--1975--is--eligible--for--the--police--retired
19 list--when--he--has--completed--20--years--or--more--in--the--aggregate
20 as--a--probationary--officer,--a--regular--officer,--or--a--special
21 officer--of--the--police--department,--in--any--capacity--or--rank:

22 (2)--A--person--who--is--first--employed--by--a--city--as--a
23 police--officer--after--July--17--1975--is--eligible--for--the
24 police--retired--list--when--he--has--reached--the--age--of--50--and
25 has--completed--20--years--or--more--in--the--aggregate--as--a

1 probationary--officer,--a--regular--officer,--or--a--special
2 officer--of--the--police--department,--in--any--capacity--or--rank."

3 Section 10--Section 19-10-403, MCA, is amended to read:

4 "19-10-403--Option--of--officer--to--remain--on--active--list:
5 (1)--A--police--officer--who--is--eligible--for--the--retired--list
6 under--subsection--(1)--or--(2)--of--19-10-401--may--transfer,--as--of
7 the--time--he--becomes--eligible,--to--the--retired--list--or--may
8 elect--to--serve--an--additional--1--to--10--years--as--an--active
9 police--officer:

10 (2)--A--police--officer--whose--eligibility--depends--on
11 19-10-401(2)--and--who--completes--20--years--of--service--before
12 reaching--the--age--of--50--is--considered--to--have--elected--to
13 serve--an--additional--year--for--each--year--between of--service
14 after the--completion--of--his--20th--year--of--service--and--his
15 50th--birthday,--and--he--shall must be--paid--the--additional--10
16 for--each--such additional year."

17 Section 11--Section 19-10-501, MCA, is amended to read:

18 "19-10-501--Service--retirement--allowance:--When--a--police
19 officer--is--transferred--from--the--active--list--to--the--retired
20 list--of--a--city,--he--shall--thereafter--receive--monthly--payments
21 from--the--city's--police--retirement--fund,--as--follows:

22 (1)--A--police--officer--who--is--eligible--under--19-10-401(1)
23 or--(2)--and--does--not--elect--to--serve--any--additional--years--as
24 an--active--police--officer--shall--receive--a--sum--equal--to
25 one--half--the--base--salary,--excluding--overtime--and--payments--in

1 lieu of sick leave and annual leave, he was receiving as an
2 active officer computed on the highest salary received in
3 any one month during his last year of active service.

4 (2) A police officer who is eligible after 20 years of
5 service and who elects to serve additional years shall
6 receive the payment provided for in subsection (1) plus an
7 additional 1% of such payment per year of additional
8 service, up to a maximum of 60% of the base salary,
9 excluding overtime and payments in lieu of sick leave and
10 annual leave, he was receiving as an active officer computed
11 on the highest salary received in any one month during his
12 last year of active service.*

13 Section 12, Section 19-10-502, MCA, is amended to read:

14 *19-10-502. Disability retirement allowance. When a
15 police officer is transferred from the active list to the
16 retired list of a city, he shall thereafter receive monthly
17 payments from the city's police retirement fund, as follows:

18 (1) A police officer who is eligible under 19-10-402
19 before completing 20 years of service shall receive a sum
20 equal to one-half the base salary, excluding overtime and
21 payments in lieu of sick leave and annual leave, he was
22 receiving as an active officer computed on the highest
23 salary received in any one month during his last year of
24 active service.

25 (2) A police officer who is placed on the retired list

1 under 19-10-402 and who, at the time of his injury or
2 disability, was eligible at his option to be placed on the
3 retired list under 19-10-401(1) or (2) but had elected to
4 serve additional years and was then serving such additional
5 years shall be paid for the additional years over his
6 original eligibility at the rate prescribed in
7 19-10-501(2).*

8 NEW SECTION. Section 13, Coordination instruction, if
9 Bill No. 1345 is passed and approved, sections 1
10 and 5 through 8 of this act are void.

11 NEW SECTION. Section 9. Effective date. [This act] is
12 effective July 1, 1991.

-End-

AS AMENDED

HOUSE BILL NO. 595

INTRODUCED BY STRIZICH, HARPER, REAM

A BILL FOR AN ACT ENTITLED: "AN ACT ALLOWING EMPLOYEES COVERED UNDER THE STATEWIDE ~~AND--LOCAL~~ POLICE OFFICERS' RETIREMENT SYSTEMS TO RETIRE AFTER 20 YEARS OF SERVICE; REMOVING THE REQUIREMENT THAT A POLICE OFFICER BE 50 YEARS OF AGE TO BE ELIGIBLE FOR RETIREMENT; AMENDING SECTIONS 19-9-104, 19-9-601, 19-9-702, 19-9-703, 19-9-801, 19-9-802, 19-9-804, AND 19-9-903, ~~19-10-401, 19-10-403, 19-10-501, 19-10-502,~~ MCA; AND PROVIDING AN EFFECTIVE DATE."

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.
- (2) "Base salary" means the sum of the monthly compensations for each month in a given calendar year.
- (3) "Board" means the retirement board described in 2-15-1009.
- (4) "Credited service" means the aggregate of a member's prior service and membership service.
- (5) "Death benefit" means a monthly annuity paid to a

surviving spouse or dependent child or a lump-sum payment made to a beneficiary on behalf of a member who dies before retirement.

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

- (a) who is unmarried and under 18 years of age; or
- (b) who is unmarried, under 24 years of age, and attending an accredited postsecondary educational institution as a full-time student in anticipation of 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 derived from employer and state contributions.

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

(10) "Fund" means the pension trust fund in the treasury 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



1 deductions from the compensation of a member, either made
 2 during a period of active membership hereunder or made under
 3 a prior plan and transferred to this plan, standing to his
 4 credit, together with the interest thereon.

5 (13) "Member's annuity" means monthly payments for life
 6 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
 11 member contributions account. Pro rata credit shall be
 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.

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

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

1 includes those jurisdictions which, prior to the effective
 2 date of a county-municipal consolidation, were incorporated
 3 municipalities, subsequent districts created for urban law
 4 enforcement services, or the entire county included in the
 5 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.

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

18 (22) "Retirement allowance" means the employer annuity
 19 plus the member's annuity.

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

23 (24) "Surviving spouse" means the spouse married to a
 24 member at the time of the member's death.

25 (25) "Totally and permanently disabled" means that the

1 board, upon certification by a licensed and practicing
2 physician, has determined that a member's disability is of
3 such a nature as to permanently impair his ability to
4 discharge his normal duties as a police officer."

5 **Section 2.** Section 19-9-601, MCA, is amended to read:

6 "19-9-601. Member contributions. (1) The normal
7 contribution of each active member is 6% of his monthly
8 compensation ~~or in~~. In the case of a member first employed
9 by an employer as a police officer after June 30, 1975, the
10 contribution is ~~6.9%~~ 7.2% of his monthly compensation. In
11 the case of a member first employed by an employer as a
12 police officer after June 30, 1979, ~~7-1/2%~~ the contribution
13 is 8.4% of his monthly compensation ~~---excluding~~.
14 Contributions exclude overtime payments, holiday payments,
15 shift differential payments, compensation time payments, and
16 payments in lieu of sick leave and annual leave, for his
17 services as a police officer.

18 (2) Each employer, pursuant to section 414(h)(2) of the
19 federal Internal Revenue Code of 1954, as amended and
20 applicable on July 1, 1985, shall pick up and pay the
21 contributions which would be payable by the member under
22 subsection (1) for service rendered after June 30, 1985.

23 (3) The member's contributions picked up by the
24 employer must be designated for all purposes of the
25 retirement system as the member's contributions, except for

1 the determination of a tax upon a distribution from the
2 retirement system. These contributions must become part of
3 the member's accumulated contributions but must be accounted
4 for separately from those previously accumulated.

5 (4) The member's contributions picked up by the
6 employer must be payable from the same source as is used to
7 pay compensation to the member and must be included in the
8 member's wages as defined in 19-1-102 and his monthly
9 compensation as defined in 19-9-104. The employer shall
10 deduct from the member's compensation an amount equal to the
11 amount of the member's contributions picked up by the
12 employer and remit the total of the contributions to the
13 board."

14 **Section 3.** Section 19-9-702, MCA, is amended to read:

15 "19-9-702. State contribution. The state of Montana
16 shall make its contributions through the state auditor out
17 of the premium tax on motor vehicle property and casualty
18 insurance policies, which premium tax is statutorily
19 appropriated, as provided in 17-7-502, for the
20 contributions. Such payments shall be made annually after
21 the end of each fiscal year but no later than September 1
22 from the gross premium tax after deduction for cancellations
23 and returned premiums. The administrator shall notify the
24 auditor by April 1 of each year of the annual compensation
25 paid to all active members during the preceding year. **Before**

1 ~~July 1, 1985, the~~ The state's contribution shall be is:
 2 (1) 14.04% of such compensation and paid to members
 3 before July 1, 1985;
 4 (2) 15.06% on and of compensation paid to members from
 5 July 1, 1985, through June 30, 1991; and
 6 (3) ~~15.96%~~ 15.66% of compensation paid to members after
 7 July 1, 1985 1991."

8 **Section 4.** Section 19-9-703, MCA, is amended to read:
 9 ***19-9-703. Employer contribution.** Each employer shall
 10 make its contribution on behalf of members through the city
 11 treasurer or other appropriate official out of moneys
 12 available to the city for such purpose. ~~Before July 1, 1985,~~
 13 the The employer's contribution shall be, which must be paid
 14 monthly to the administrator, is:

15 (1) 14.04% of the total monthly compensation paid to
 16 all active members during the preceding month, before July
 17 1, 1985;
 18 (2) 13.02% on and after of the total monthly
 19 compensation paid to all active members during the preceding
 20 month from July 1, 1985, and shall be payable monthly to the
 21 administrator through June 30, 1991; and
 22 (3) 13.92% of the total monthly compensation paid to
 23 all active members during the preceding month after July 1,
 24 1991."

25 **Section 5.** Section 19-9-801, MCA, is amended to read:

1 ***19-9-801. Eligibility for service retirement --**
 2 **commencement of allowance.** Members are eligible for
 3 retirement and shall retire as provided in this section:

4 (1) A member ~~who was~~ employed by an employer as a
 5 police officer ~~on July 1, 1975,~~ is eligible to receive a
 6 service retirement allowance when he has completed 20 years
 7 or more in the aggregate as a probationary officer, a
 8 regular officer, or a special officer, in any capacity or
 9 rank, and has terminated covered employment.

10 (2) ~~A member who was or is first employed by an~~
 11 ~~employer as a police officer after July 1, 1975, is eligible~~
 12 ~~to receive a service retirement allowance when he has~~
 13 ~~reached the age of 50, has completed 20 years or more in the~~
 14 ~~aggregate as a probationary officer, a regular officer, or a~~
 15 ~~special officer in any capacity or rank, and has terminated~~
 16 ~~covered employment.~~

17 ~~(3) (a) Except as provided in subsection (3)(b) (2)(b),~~
 18 the retirement allowance may commence on the first day of
 19 the month following the member's last day of membership
 20 service or, if requested by the terminated member in
 21 writing, on the first day of the month following receipt of
 22 the written application.

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

Section 6. Section 19-9-802, MCA, is amended to read:

"19-9-802. Election to serve additional years. (1) A police officer who is eligible for service retirement under 19-9-801(1) or (2) may retire as of the time he becomes eligible or may elect to serve an additional 1 to 10 years as an active police officer.

(2) A police officer whose eligibility depends on 19-9-801(2) and who completes 20 years of service before reaching the age of 50 is considered to have elected to serve an additional year for each year between the completion of his 20th year of service and his 50th birthday and shall be paid the additional 1% as prescribed in 19-9-804(2) for each such year."

Section 7. Section 19-9-804, MCA, is amended to read:

"19-9-804. Amount of service retirement allowance -- continuation of allowance after death of member. (1) A police officer who is eligible under subsection (1) or (2) of 19-9-801 and does not elect to serve any additional years as an active police officer shall receive a service retirement allowance equal to one-half his final average salary.

(2) A police officer who is eligible for service retirement after 20 years of service and who elects to serve additional years shall receive the allowance provided for in subsection (1) plus an additional 1% of his final average

salary for each year of additional service, up to a maximum of 60% of his final average salary.

(3) Upon the death of a police officer receiving a service retirement allowance under this section, his surviving spouse, if there is one, shall receive from the fund a sum equal to one-half of the officer's final average salary. If the officer leaves one or more dependent children, then upon his death, if he leaves no surviving spouse or upon the death of the surviving spouse, the officer's surviving dependent child, or children collectively if there are more than one, shall receive the same monthly payments a surviving spouse would receive for as long as the child or one of the children remains dependent as defined in 19-9-104. The payments must be made to the child's appointed guardian for the child's use. If there is more than one dependent child, upon each child no longer qualifying as dependent under 19-9-104, the pro rata payments to that child must cease and be made to the remaining children until all the children are no longer dependent."

Section 8. Section 19-9-903, MCA, is amended to read:

"19-9-903. Amount of disability retirement allowance -- continuation of allowance after death of member. (1) A police officer who is eligible under 19-9-902 before completing 20 years of service shall receive a disability

1 retirement allowance equal to one-half his average final
2 salary.

3 (2) A police officer who is retired under 19-9-902 and
4 who, at the time of his injury or disability, was eligible
5 at his option to be retired under subsection (1) or (2) of
6 19-9-801 but had elected to serve additional years and was
7 then serving such additional years shall be paid for the
8 additional years at the rate prescribed in 19-9-804(2).

9 (3) Upon the death of a police officer receiving a
10 disability allowance under this section, his surviving
11 spouse or dependent child is eligible for benefits as
12 provided in 19-9-804(3)."

13 Section 9, Section 19-10-401, MCA, is amended to read:

14 "19-10-401. Eligibility for service retirement. The
15 following persons are eligible for the police retired list
16 of a city and shall retire as provided in this section:

17 (1) A person who is employed by any city as a police
18 officer on July 1, 1975, is eligible for the police retired
19 list when he has completed 20 years or more in the aggregate
20 as a probationary officer, a regular officer, or a special
21 officer of the police department, in any capacity or rank.

22 (2) A person who is first employed by a city as a
23 police officer after July 1, 1975, is eligible for the
24 police retired list when he has reached the age of 50 and
25 has completed 20 years or more in the aggregate as a

1 probationary officer, a regular officer, or a special
2 officer of the police department, in any capacity or rank."

3 Section 10, Section 19-10-403, MCA, is amended to read:

4 "19-10-403. Option of officer to remain on active list.
5 (1) A police officer who is eligible for the retired list
6 under subsection (1) or (2) of 19-10-401 may transfer, as of
7 the time he becomes eligible, to the retired list or may
8 elect to serve an additional 1 to 10 years as an active
9 police officer.

10 (2) A police officer whose eligibility depends on
11 19-10-401(2) and who completes 20 years of service before
12 reaching the age of 50 is considered to have elected to
13 serve an additional year for each year between of service
14 after the completion of his 20th year of service and his
15 50th birthday, and he shall must be paid the additional 1¢
16 for each such additional year."

17 Section 11, Section 19-10-501, MCA, is amended to read:

18 "19-10-501. Service retirement allowance. When a police
19 officer is transferred from the active list to the retired
20 list of a city, he shall thereafter receive monthly payments
21 from the city's police retirement fund, as follows:

22 (1) A police officer who is eligible under 19-10-401(1)
23 or (2) and does not elect to serve any additional years as
24 an active police officer shall receive a sum equal to
25 one-half the base salary, excluding overtime and payments in

1 lieu of sick leave and annual leave, he was receiving as an
2 active officer computed on the highest salary received in
3 any one month during his last year of active service:

4 (2) A police officer who is eligible after 20 years of
5 service and who elects to serve additional years shall
6 receive the payment provided for in subsection (1) plus an
7 additional 1% of such payment per year of additional
8 service, up to a maximum of 60% of the base salary,
9 excluding overtime and payments in lieu of sick leave and
10 annual leave, he was receiving as an active officer computed
11 on the highest salary received in any one month during his
12 last year of active service:*

13 Section 12, Section 19-10-502, MCA, is amended to read:

14 "19-10-502. Disability retirement allowance: When a
15 police officer is transferred from the active list to the
16 retired list of a city, he shall thereafter receive monthly
17 payments from the city's police retirement fund, as follows:

18 (1) A police officer who is eligible under 19-10-402
19 before completing 20 years of service shall receive a sum
20 equal to one-half the base salary, excluding overtime and
21 payments in lieu of sick leave and annual leave, he was
22 receiving as an active officer computed on the highest
23 salary received in any one month during his last year of
24 active service:

25 (2) A police officer who is placed on the retired list

1 under 19-10-402 and who, at the time of his injury or
2 disability, was eligible at his option to be placed on the
3 retired list under 19-10-401(1) or (2) but had elected to
4 serve additional years and was then serving such additional
5 years shall be paid for the additional years over his
6 original eligibility at the rate prescribed in
7 19-10-501(2)."

8 NEW SECTION. Section 13, Coordination instruction, if
9 Bill No. 1345 is passed and approved, sections 1
10 and 5 through 8 of this act are void.

11 NEW SECTION. Section 9. Effective date. [This act] is
12 effective July 1, 1991.

-End-

HOUSE BILL NO. 595

INTRODUCED BY STRIZICH, HARPER, REAM

A BILL FOR AN ACT ENTITLED: "AN ACT ALLOWING EMPLOYEES COVERED UNDER THE STATEWIDE ~~AND--LOCAL~~ POLICE OFFICERS' RETIREMENT SYSTEMS TO RETIRE AFTER 20 YEARS OF SERVICE; REMOVING THE REQUIREMENT THAT A POLICE OFFICER BE 50 YEARS OF AGE TO BE ELIGIBLE FOR RETIREMENT; AMENDING SECTIONS 19-9-104, 19-9-601, 19-9-702, 19-9-703, 19-9-801, 19-9-802, 19-9-804, AND 19-9-903, ~~19-10-401, 19-10-403, 19-10-501, AND 19-10-502,~~ MCA; AND PROVIDING AN EFFECTIVE DATE."

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.

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

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

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

(5) "Death benefit" means a monthly annuity paid to a

surviving spouse or dependent child or a lump-sum payment made to a beneficiary on behalf of a member who dies before retirement.

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

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

(b) who is unmarried, under 24 years of age, and attending an accredited postsecondary educational institution as a full-time student in anticipation of 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 derived from employer and state contributions.

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

(10) "Fund" means the pension trust fund in the treasury 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

1 deductions from the compensation of a member, either made
2 during a period of active membership hereunder or made under
3 a prior plan and transferred to this plan, standing to his
4 credit, together with the interest thereon.

5 (13) "Member's annuity" means monthly payments for life
6 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
11 member contributions account. Pro rata credit shall be
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.

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

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

1 includes those jurisdictions which, prior to the effective
2 date of a county-municipal consolidation, were incorporated
3 municipalities, subsequent districts created for urban law
4 enforcement services, or the entire county included in the
5 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.

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

18 (22) "Retirement allowance" means the employer annuity
19 plus the member's annuity.

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

23 (24) "Surviving spouse" means the spouse married to a
24 member at the time of the member's death.

25 (25) "Totally and permanently disabled" means that the

1 board, upon certification by a licensed and practicing
2 physician, has determined that a member's disability is of
3 such a nature as to permanently impair his ability to
4 discharge his normal duties as a police officer."

5 **Section 2.** Section 19-9-601, MCA, is amended to read:

6 "19-9-601. **Member contributions.** (1) The normal
7 contribution of each active member is 6% of his monthly
8 compensation ~~or, in~~. In the case of a member first employed
9 by an employer as a police officer after June 30, 1975, the
10 contribution is 6.9% of his monthly compensation. In the
11 case of a member first employed by an employer as a police
12 officer after June 30, 1979, ~~7-1/2%~~ the contribution is 8.4%
13 of his monthly compensation,---excluding. Contributions
14 exclude overtime payments, holiday payments, shift
15 differential payments, compensation time payments, and
16 payments in lieu of sick leave and annual leave, for his
17 services as a police officer.

18 (2) Each employer, pursuant to section 414(h)(2) of the
19 federal Internal Revenue Code of 1954, as amended and
20 applicable on July 1, 1985, shall pick up and pay the
21 contributions which would be payable by the member under
22 subsection (1) for service rendered after June 30, 1985.

23 (3) The member's contributions picked up by the
24 employer must be designated for all purposes of the
25 retirement system as the member's contributions, except for

1 the determination of a tax upon a distribution from the
2 retirement system. These contributions must become part of
3 the member's accumulated contributions but must be accounted
4 for separately from those previously accumulated.

5 (4) The member's contributions picked up by the
6 employer must be payable from the same source as is used to
7 pay compensation to the member and must be included in the
8 member's wages as defined in 19-1-102 and his monthly
9 compensation as defined in 19-9-104. The employer shall
10 deduct from the member's compensation an amount equal to the
11 amount of the member's contributions picked up by the
12 employer and remit the total of the contributions to the
13 board."

14 **Section 3.** Section 19-9-702, MCA, is amended to read:

15 "19-9-702. **State contribution.** The state of Montana
16 shall make its contributions through the state auditor out
17 of the premium tax on motor vehicle property and casualty
18 insurance policies, which premium tax is statutorily
19 appropriated, as provided in 17-7-502, for the
20 contributions. Such payments shall be made annually after
21 the end of each fiscal year but no later than September 1
22 from the gross premium tax after deduction for cancellations
23 and returned premiums. The administrator shall notify the
24 auditor by April 1 of each year of the annual compensation
25 paid to all active members during the preceding year. Before

1 ~~July 1, 1985,~~ the The state's contribution shall be is:

2 (1) 14.04% of such compensation and paid to members
3 before July 1, 1985;

4 (2) 15.06% on and of compensation paid to members from
5 July 1, 1985, through June 30, 1991; and

6 (3) 15.96% of compensation paid to members after July
7 1, 1985 1991."

8 **Section 4.** Section 19-9-703, MCA, is amended to read:

9 **"19-9-703. Employer contribution.** Each employer shall
10 make its contribution on behalf of members through the city
11 treasurer or other appropriate official out of moneys
12 available to the city for such purpose. ~~Before July 1, 1985,~~
13 the The employer's contribution shall be, which must be paid
14 monthly to the administrator, is:

15 (1) 14.04% of the total monthly compensation paid to
16 all active members during the preceding month, before July
17 1, 1985;

18 (2) 13.02% on and after of the total monthly
19 compensation paid to all active members during the preceding
20 month from July 1, 1985, and shall be payable monthly to the
21 administrator through June 30, 1991; and

22 (3) 13.92% of the total monthly compensation paid to
23 all active members during the preceding month after July 1,
24 1991."

25 **Section 5.** Section 19-9-801, MCA, is amended to read:

1 **"19-9-801. Eligibility for service retirement --**
2 **commencement of allowance.** Members are eligible for
3 retirement and shall retire as provided in this section:

4 (1) A member ~~who was~~ employed by an employer as a
5 police officer ~~on July 1, 1975,~~ is eligible to receive a
6 service retirement allowance when he has completed 20 years
7 or more in the aggregate as a probationary officer, a
8 regular officer, or a special officer, in any capacity or
9 rank, and has terminated covered employment.

10 (2) ~~A member who was or is first employed by an~~
11 ~~employer as a police officer after July 1, 1975, is eligible~~
12 ~~to receive a service retirement allowance when he has~~
13 ~~reached the age of 50, has completed 20 years or more in the~~
14 ~~aggregate as a probationary officer, a regular officer, or a~~
15 ~~special officer, in any capacity or rank, and has terminated~~
16 ~~covered employment.~~

17 (3) (a) Except as provided in subsection (3)(b) (2)(b),
18 the retirement allowance may commence on the first day of
19 the month following the member's last day of membership
20 service or, if requested by the terminated member in
21 writing, on the first day of the month following receipt of
22 the written application.

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

1 **Section 6.** Section 19-9-802, MCA, is amended to read:

2 "19-9-802. Election to serve additional years. (1) A
3 police officer who is eligible for service retirement under
4 19-9-801(1) or (2) may retire as of the time he becomes
5 eligible or may elect to serve an additional 1 to 10 years
6 as an active police officer.

7 (2) ~~A police officer whose eligibility depends on
8 19-9-801(2) and who completes 20 years of service before
9 reaching the age of 50 is considered to have elected to
10 serve an additional year for each year between the
11 completion of his 20th year of service and his 50th birthday
12 and shall be paid the additional 1%, as prescribed in
13 19-9-804(2), for each such year."~~

14 **Section 7.** Section 19-9-804, MCA, is amended to read:

15 "19-9-804. Amount of service retirement allowance --
16 continuation of allowance after death of member. (1) A
17 police officer who is eligible under subsection (1) or (2)
18 of 19-9-801 and does not elect to serve any additional years
19 as an active police officer shall receive a service
20 retirement allowance equal to one-half his final average
21 salary.

22 (2) A police officer who is eligible for service
23 retirement after 20 years of service and who elects to serve
24 additional years shall receive the allowance provided for in
25 subsection (1) plus an additional 1% of his final average

1 salary for each year of additional service, up to a maximum
2 of 60% of his final average salary.

3 (3) Upon the death of a police officer receiving a
4 service retirement allowance under this section, his
5 surviving spouse, if there is one, shall receive from the
6 fund a sum equal to one-half of the officer's final average
7 salary. If the officer leaves one or more dependent
8 children, then upon his death, if he leaves no surviving
9 spouse or upon the death of the surviving spouse, the
10 officer's surviving dependent child, or children
11 collectively if there are more than one, shall receive the
12 same monthly payments a surviving spouse would receive for
13 as long as the child or one of the children remains
14 dependent as defined in 19-9-104. The payments must be made
15 to the child's appointed guardian for the child's use. If
16 there is more than one dependent child, upon each child no
17 longer qualifying as dependent under 19-9-104, the pro rata
18 payments to that child must cease and be made to the
19 remaining children until all the children are no longer
20 dependent."

21 **Section 8.** Section 19-9-903, MCA, is amended to read:

22 "19-9-903. Amount of disability retirement allowance --
23 continuation of allowance after death of member. (1) A
24 police officer who is eligible under 19-9-902 before
25 completing 20 years of service shall receive a disability

1 retirement allowance equal to one-half his average final
2 salary.

3 (2) A police officer who is retired under 19-9-902 and
4 who, at the time of his injury or disability, was eligible
5 at his option to be retired under subsection (1) or (2) of
6 19-9-801 but had elected to serve additional years and was
7 then serving such additional years shall be paid for the
8 additional years at the rate prescribed in 19-9-804(2).

9 (3) Upon the death of a police officer receiving a
10 disability allowance under this section, his surviving
11 spouse or dependent child is eligible for benefits as
12 provided in 19-9-804(3)."

13 Section 9. Section 19-10-401, MCA, is amended to read:

14 "19-10-401. Eligibility for service retirement. The
15 following persons are eligible for the police retired list
16 of a city and shall retire as provided in this section:

17 (1) A person who is employed by any city as a police
18 officer on July 1, 1975, is eligible for the police retired
19 list when he has completed 20 years or more in the aggregate
20 as a probationary officer, a regular officer, or a special
21 officer of the police department, in any capacity or rank.

22 (2) A person who is first employed by a city as a
23 police officer after July 1, 1975, is eligible for the
24 police retired list when he has reached the age of 50 and
25 has completed 20 years or more in the aggregate as a

1 probationary officer, a regular officer, or a special
2 officer of the police department, in any capacity or rank."

3 Section 10. Section 19-10-403, MCA, is amended to read:

4 "19-10-403. Option of officer to remain on active list.
5 (1) A police officer who is eligible for the retired list
6 under subsection (1) or (2) of 19-10-401 may transfer, as of
7 the time he becomes eligible, to the retired list or may
8 elect to serve an additional 1 to 10 years as an active
9 police officer.

10 (2) A police officer whose eligibility depends on
11 19-10-401(2) and who completes 20 years of service before
12 reaching the age of 50 is considered to have elected to
13 serve an additional year for each year between of service
14 after the completion of his 20th year of service and his
15 50th birthday, and he shall must be paid the additional 14
16 for each such additional year."

17 Section 11. Section 19-10-501, MCA, is amended to read:

18 "19-10-501. Service retirement allowance. When a police
19 officer is transferred from the active list to the retired
20 list of a city, he shall thereafter receive monthly payments
21 from the city's police retirement fund, as follows:

22 (1) A police officer who is eligible under 19-10-401(1)
23 or (2) and does not elect to serve any additional years as
24 an active police officer shall receive a sum equal to
25 one-half the base salary, excluding overtime and payments in

1 lieu-of-sick-leave-and-annual-leave,-he-was-receiving-as-an
2 active-officer-computed-on-the-highest-salary-received-in
3 any-one-month-during-his-last-year-of-active-service;

4 (2)--A-police-officer-who-is-eligible-after-20-years-of
5 service-and-who-elects-to-serve-additional-years-shall
6 receive-the-payment-provided-for-in-subsection-(1)-plus-an
7 additional-14-of-such-payment-per-year-of-additional
8 service,-up-to-a-maximum-of-60%-of-the-base-salary,
9 excluding-overtime-and-payments-in-lieu-of-sick-leave-and
10 annual-leave,-he-was-receiving-as-an-active-officer-computed
11 on-the-highest-salary-received-in-any-one-month-during-his
12 last-year-of-active-service."

13 Section-12--Section-19-10-502,-MEA,-is-amended-to-read:

14 "19-10-502.-Disability-retirement-allowance:-When-a
15 police-officer-is-transferred-from-the-active-list-to-the
16 retired-list-of-a-city,-he-shall-thereafter-receive-monthly
17 payments-from-the-city's-police-retirement-fund,-as-follows:

18 (1)--A-police-officer-who-is-eligible-under-19-10-402
19 before-completing-20-years-of-service-shall-receive-a-sum
20 equal-to-one-half-the-base-salary,-excluding-overtime-and
21 payments-in-lieu-of-sick-leave-and-annual-leave,-he-was
22 receiving-as-an-active-officer-computed-on-the-highest
23 salary-received-in-any-one-month-during-his-last-year-of
24 active-service;

25 (2)--A-police-officer-who-is-placed-on-the-retired-list

1 under-19-10-402-and-who-at-the-time-of-his-injury-or
2 disability,-was-eligible-at-his-option-to-be-placed-on-the
3 retired-list-under-19-10-401(1)-or-(2)-but-had-elected-to
4 serve-additional-years-and-was-then-serving-such-additional
5 years-shall-be-paid-for-the-additional-years-over-his
6 original-eligibility-at-the-rate-prescribed-in
7 19-10-501(2)."

8 NEW SECTION. Section-13--Coordination-instruction,-if
9 ---Bill-Not---[BC-1345]-is-passed-and-approved,-[sections-1
10 and-5-through-8-of-this-act]-are-void;

11 NEW SECTION. Section 9. Effective date. [This act] is
12 effective July 1, 1991.

-End-

1 HOUSE BILL NO. 555

2 INTRODUCED BY STRIZICH, HARPER, REAM

3
4 A BILL FOR AN ACT ENTITLED: "AN ACT ALLOWING EMPLOYEES
5 COVERED UNDER THE STATEWIDE AND--LOCAL POLICE OFFICERS'
6 RETIREMENT SYSTEMS TO RETIRE AFTER 20 YEARS OF SERVICE;
7 REMOVING THE REQUIREMENT THAT A POLICE OFFICER BE 50 YEARS
8 OF AGE TO BE ELIGIBLE FOR RETIREMENT; AMENDING SECTIONS
9 19-9-104, 19-9-601, 19-9-702, 19-9-703, 19-9-801, 19-9-802,
10 19-9-804, AND 19-9-903, ~~19-10-401, 19-10-403, 19-10-501, AND~~
11 ~~19-10-502~~, MCA; AND PROVIDING AN EFFECTIVE DATE."

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

14 Section 1. Section 19-9-104, MCA, is amended to read:

15 "19-9-104. Definitions. Unless the context requires
16 otherwise, the following definitions apply in this chapter:17 (1) "Administrator" means the public employees'
18 retirement division of the department of administration.19 (2) "Base salary" means the sum of the monthly
20 compensations for each month in a given calendar year.21 (3) "Board" means the retirement board described in
22 2-15-1009.23 (4) "Credited service" means the aggregate of a
24 member's prior service and membership service.

25 (5) "Death benefit" means a monthly annuity paid to a

1 surviving spouse or dependent child or a lump-sum payment
2 made to a beneficiary on behalf of a member who dies before
3 retirement.

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

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

7 (b) who is unmarried, under 24 years of age, and
8 attending an accredited postsecondary educational
9 institution as a full-time student in anticipation of
10 receiving a certificate or degree.11 (7) "Employer" means any city which participated in a
12 prior plan or which elects to join this plan under 19-9-107.13 (8) "Employer annuity" means monthly payments for life
14 derived from employer and state contributions.15 (9) "Final average salary" means the monthly
16 compensation of a member, averaged over the last 36 months
17 of his active service or, in the event he has not been a
18 member that long, over the period of his membership.19 (10) "Fund" means the pension trust fund in the treasury
20 system designated for the use of the plan.21 (11) "Member" means a person who is employed by an
22 employer as a police officer or who is entitled to a
23 retirement allowance by virtue of his service to an employer
24 as a police officer.

25 (12) "Member contributions" means the total of the

1 deductions from the compensation of a member, either made
 2 during a period of active membership hereunder or made under
 3 a prior plan and transferred to this plan, standing to his
 4 credit, together with the interest thereon.

5 (13) "Member's annuity" means monthly payments for life
 6 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
 11 member contributions account. Pro rata credit shall be
 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.

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

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

1 includes those jurisdictions which, prior to the effective
 2 date of a county-municipal consolidation, were incorporated
 3 municipalities, subsequent districts created for urban law
 4 enforcement services, or the entire county included in the
 5 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.

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

18 (22) "Retirement allowance" means the employer annuity
 19 plus the member's annuity.

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

23 (24) "Surviving spouse" means the spouse married to a
 24 member at the time of the member's death.

25 (25) "Totally and permanently disabled" means that the

1 board, upon certification by a licensed and practicing
2 physician, has determined that a member's disability is of
3 such a nature as to permanently impair his ability to
4 discharge his normal duties as a police officer."

5 **Section 2.** Section 19-9-601, MCA, is amended to read:

6 "19-9-601. **Member contributions.** (1) The normal
7 contribution of each active member is 6% of his monthly
8 compensation ~~or, in~~. In the case of a member first employed
9 by an employer as a police officer after June 30, 1975, the
10 contribution is ~~6.9%~~ 7.2% of his monthly compensation. In
11 the case of a member first employed by an employer as a
12 police officer after June 30, 1979, ~~7-1/2%~~ the contribution
13 is ~~8.4%~~ of his monthly compensation,---excluding,
14 Contributions exclude overtime payments, holiday payments,
15 shift differential payments, compensation time payments, and
16 payments in lieu of sick leave and annual leave, for his
17 services as a police officer.

18 (2) Each employer, pursuant to section 414(h)(2) of the
19 federal Internal Revenue Code of 1954, as amended and
20 applicable on July 1, 1985, shall pick up and pay the
21 contributions which would be payable by the member under
22 subsection (1) for service rendered after June 30, 1985.

23 (3) The member's contributions picked up by the
24 employer must be designated for all purposes of the
25 retirement system as the member's contributions, except for

1 the determination of a tax upon a distribution from the
2 retirement system. These contributions must become part of
3 the member's accumulated contributions but must be accounted
4 for separately from those previously accumulated.

5 (4) The member's contributions picked up by the
6 employer must be payable from the same source as is used to
7 pay compensation to the member and must be included in the
8 member's wages as defined in 19-1-102 and his monthly
9 compensation as defined in 19-9-104. The employer shall
10 deduct from the member's compensation an amount equal to the
11 amount of the member's contributions picked up by the
12 employer and remit the total of the contributions to the
13 board."

14 **Section 3.** Section 19-9-702, MCA, is amended to read:

15 "19-9-702. **State contribution.** The state of Montana
16 shall make its contributions through the state auditor out
17 of the premium tax on motor vehicle property and casualty
18 insurance policies, which premium tax is statutorily
19 appropriated, as provided in 17-7-502, for the
20 contributions. Such payments shall be made annually after
21 the end of each fiscal year but no later than September 1
22 from the gross premium tax after deduction for cancellations
23 and returned premiums. The administrator shall notify the
24 auditor by April 1 of each year of the annual compensation
25 paid to all active members during the preceding year. Before

1 ~~July 1, 1985, the~~ The state's contribution shall be is:

2 (1) 14.04% of such compensation and paid to members
3 before July 1, 1985;

4 (2) 15.06% on and of compensation paid to members from
5 July 1, 1985, through June 30, 1991; and

6 (3) ~~15.96%~~ 15.66% of compensation paid to members after
7 July 1, 1985 1991."

8 **Section 4.** Section 19-9-703, MCA, is amended to read:

9 **"19-9-703. Employer contribution.** Each employer shall
10 **make its contribution on behalf of members through the city**
11 **treasurer or other appropriate official out of moneys**
12 **available to the city for such purpose. Before July 1, 1985,**
13 **the The employer's contribution shall be, which must be paid**
14 **monthly to the administrator, is:**

15 (1) 14.04% of the total monthly compensation paid to
16 all active members during the preceding month, before July
17 1, 1985;

18 (2) 13.02% on and after of the total monthly
19 compensation paid to all active members during the preceding
20 month from July 1, 1985, and shall be payable monthly to the
21 administrator through June 30, 1991; and

22 (3) 13.92% of the total monthly compensation paid to
23 all active members during the preceding month after July 1,
24 1991."

25 **Section 5.** Section 19-9-801, MCA, is amended to read:

1 **"19-9-801. Eligibility for service retirement --**
2 **commencement of allowance. Members are eligible for**
3 **retirement and shall retire as provided in this section:**

4 (1) A member who was employed by an employer as a
5 police officer on July 1, 1975, is eligible to receive a
6 service retirement allowance when he has completed 20 years
7 or more in the aggregate as a probationary officer, a
8 regular officer, or a special officer, in any capacity or
9 rank, and has terminated covered employment.

10 (2) A member who was or is first employed by an
11 employer as a police officer after July 1, 1975, is eligible
12 to receive a service retirement allowance when he has
13 reached the age of 50, has completed 20 years or more in the
14 aggregate as a probationary officer, a regular officer, or a
15 special officer, in any capacity or rank, and has terminated
16 covered employment:

17 (3) (a) Except as provided in subsection (3)(b) (2)(b),
18 the retirement allowance may commence on the first day of
19 the month following the member's last day of membership
20 service or, if requested by the terminated member in
21 writing, on the first day of the month following receipt of
22 the written application.

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

1 **Section 6.** Section 19-9-802, MCA, is amended to read:

2 *19-9-802. Election to serve additional years. (1) A
3 police officer who is eligible for service retirement under
4 19-9-801(1) or (2) may retire as of the time he becomes
5 eligible or may elect to serve an additional 1 to 10 years
6 as an active police officer.

7 (2) A police officer whose eligibility depends on
8 19-9-801(2) and who completes 20 years of service before
9 reaching the age of 50 is considered to have elected to
10 serve an additional year for each year between the
11 completion of his 20th year of service and his 50th birthday
12 and shall be paid the additional 1% as prescribed in
13 19-9-804(2), for each such year."

14 **Section 7.** Section 19-9-804, MCA, is amended to read:

15 *19-9-804. Amount of service retirement allowance --
16 continuation of allowance after death of member. (1) A
17 police officer who is eligible under subsection (1) or (2)
18 of 19-9-801 and does not elect to serve any additional years
19 as an active police officer shall receive a service
20 retirement allowance equal to one-half his final average
21 salary.

22 (2) A police officer who is eligible for service
23 retirement after 20 years of service and who elects to serve
24 additional years shall receive the allowance provided for in
25 subsection (1) plus an additional 1% of his final average

1 salary for each year of additional service, up to a maximum
2 of 60% of his final average salary.

3 (3) Upon the death of a police officer receiving a
4 service retirement allowance under this section, his
5 surviving spouse, if there is one, shall receive from the
6 fund a sum equal to one-half of the officer's final average
7 salary. If the officer leaves one or more dependent
8 children, then upon his death, if he leaves no surviving
9 spouse or upon the death of the surviving spouse, the
10 officer's surviving dependent child, or children
11 collectively if there are more than one, shall receive the
12 same monthly payments a surviving spouse would receive for
13 as long as the child or one of the children remains
14 dependent as defined in 19-9-104. The payments must be made
15 to the child's appointed guardian for the child's use. If
16 there is more than one dependent child, upon each child no
17 longer qualifying as dependent under 19-9-104, the pro rata
18 payments to that child must cease and be made to the
19 remaining children until all the children are no longer
20 dependent."

21 **Section 8.** Section 19-9-903, MCA, is amended to read:

22 *19-9-903. Amount of disability retirement allowance --
23 continuation of allowance after death of member. (1) A
24 police officer who is eligible under 19-9-902 before
25 completing 20 years of service shall receive a disability

1 retirement allowance equal to one-half his average final
2 salary.

3 (2) A police officer who is retired under 19-9-902 and
4 who, at the time of his injury or disability, was eligible
5 at his option to be retired under subsection (1) or (2) of
6 19-9-801 but had elected to serve additional years and was
7 then serving such additional years shall be paid for the
8 additional years at the rate prescribed in 19-9-804(2).

9 (3) Upon the death of a police officer receiving a
10 disability allowance under this section, his surviving
11 spouse or dependent child is eligible for benefits as
12 provided in 19-9-804(3)."

13 Section 9, Section 19-10-401, MCA, is amended to read:
14 "19-10-401. Eligibility for service retirement. The
15 following persons are eligible for the police retired list
16 of a city and shall retire as provided in this section:

17 (1) A person who is employed by any city as a police
18 officer on July 1, 1975, is eligible for the police retired
19 list when he has completed 20 years or more in the aggregate
20 as a probationary officer, a regular officer, or a special
21 officer of the police department, in any capacity or rank.

22 (2) A person who is first employed by a city as a
23 police officer after July 1, 1975, is eligible for the
24 police retired list when he has reached the age of 50 and
25 has completed 20 years or more in the aggregate as a

1 probationary officer, a regular officer, or a special
2 officer of the police department, in any capacity or rank."

3 Section 10, Section 19-10-403, MCA, is amended to read:
4 "19-10-403. Option of officer to remain on active list.
5 (1) A police officer who is eligible for the retired list
6 under subsection (1) or (2) of 19-10-401 may transfer, as of
7 the time he becomes eligible, to the retired list or may
8 elect to serve an additional 1 to 10 years as an active
9 police officer.

10 (2) A police officer whose eligibility depends on
11 19-10-401(2) and who completes 20 years of service before
12 reaching the age of 50 is considered to have elected to
13 serve an additional year for each year between of service
14 after the completion of his 20th year of service and his
15 50th birthday, and he shall must be paid the additional 10
16 for each such additional year."

17 Section 11, Section 19-10-501, MCA, is amended to read:
18 "19-10-501. Service retirement allowance. When a police
19 officer is transferred from the active list to the retired
20 list of a city, he shall thereafter receive monthly payments
21 from the city's police retirement fund, as follows:

22 (1) A police officer who is eligible under 19-10-401(1)
23 or (2) and does not elect to serve any additional years as
24 an active police officer shall receive a sum equal to
25 one-half the base salary, excluding overtime and payments in

1 lieu-of-sick-leave-and-annual-leave,he-was-receiving-as-an
2 active-officer-computed-on-the-highest-salary-received-in
3 any-one-month-during-his-last-year-of-active-service.

4 (2)--A-police-officer-who-is-eligible-after-20-years-of
5 service-and-who-elects-to-serve-additional-years-shall
6 receive-the-payment-provided-for-in-subsection-(1)-plus-an
7 additional-1%--of--such-payment-per-year-of-additional
8 service,up-to-a-maximum-of-60%--of--the--base-salary,
9 excluding-overtime-and-payments-in-lieu-of-sick-leave-and
10 annual-leave,he-was-receiving-as-an-active-officer-computed
11 on-the-highest-salary-received-in-any-one-month-during-his
12 last-year-of-active-service."

13 Section-12,--Section-19-10-502,-MCA,-is-amended-to-read:

14 "19-10-502,--Disability-retirement-allowance.--When-a
15 police-officer-is-transferred-from-the-active-list-to-the
16 retired-list-of-a-city,he-shall-thereafter-receive-monthly
17 payments-from-the-city's-police-retirement-fund,as-follows:

18 (1)--A-police-officer-who-is-eligible-under-19-10-402
19 before-completing-20-years-of-service-shall-receive-a-sum
20 equal-to-one-half-the-base-salary,--excluding-overtime--and
21 payments--in-lieu-of-sick-leave-and-annual-leave,he-was
22 receiving-as-an-active-officer-computed-on-the-highest
23 salary-received-in-any-one-month-during-his-last-year-of
24 active-service.

25 (2)--A-police-officer-who-is-placed-on-the-retired-list

1 under-19-10-402--and-who,--at--the--time--of-his-injury-or
2 disability,was-eligible-at-his-option-to-be-placed-on-the
3 retired-list-under-19-10-401(1)-or-(2)-but-had-elected-to
4 serve-additional-years-and-was-then-serving-such-additional
5 years-shall-be-paid-for-the-additional-years-over-his
6 original-eligibility-at-the-rate-prescribed-in
7 19-10-501(2)."

8 NEW SECTION.--Section-13,--Coordination-instruction,-if
9 ---Bill-No.---{bC-1345}-is-passed-and-approved,{sections-1
10 and-5-through-8-of-this-act}-are-void.

11 NEW SECTION. Section 9. Effective date. [This act] is
12 effective July 1, 1991.

-End-

SENATE STANDING COMMITTEE REPORT

Page 1 of 1
April 9, 1991

MR. PRESIDENT:

We, your committee on State Administration having had under consideration House Bill No. 595 (third reading copy -- blue), respectfully report that House Bill No. 595 be amended and as so amended be concurred in:

1. Title, line 6.
Strike: "SYSTEMS"
Insert: "SYSTEM"

2. Page 5, line 13.
Strike: "8.4%"
Insert: "8.7%"

3. Page 5, line 14.
Strike: "Contributions exclude"
Insert: "Compensation excludes"

Signed: Eleanor Vaughn
Eleanor Vaughn, Chairman

B 4/9/91
Amd. Coord.

SB 4/9 2:20
Sec. of Senate

SENATE
HB 595

1 HOUSE BILL NO. 595

2 INTRODUCED BY STRIZICH, HARPER, REAM

3
4 A BILL FOR AN ACT ENTITLED: "AN ACT ALLOWING EMPLOYEES
5 COVERED UNDER THE STATEWIDE ~~AND--LOCAL~~ POLICE OFFICERS'
6 RETIREMENT SYSTEMS SYSTEM TO RETIRE AFTER 20 YEARS OF
7 SERVICE; REMOVING THE REQUIREMENT THAT A POLICE OFFICER BE
8 50 YEARS OF AGE TO BE ELIGIBLE FOR RETIREMENT; AMENDING
9 SECTIONS 19-9-104, 19-9-601, 19-9-702, 19-9-703, 19-9-801,
10 19-9-802, 19-9-804, AND 19-9-903, ~~19-10-4017--19-10-4037~~
11 ~~19-10-5017--AND-19-10-5027~~ MCA; AND PROVIDING AN EFFECTIVE
12 DATE."
13

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

15 **Section 1.** Section 19-9-104, MCA, is amended to read:16 **"19-9-104. Definitions.** Unless the context requires
17 otherwise, the following definitions apply in this chapter:18 (1) "Administrator" means the public employees'
19 retirement division of the department of administration.20 (2) "Base salary" means the sum of the monthly
21 compensations for each month in a given calendar year.22 (3) "Board" means the retirement board described in
23 2-15-1009.24 (4) "Credited service" means the aggregate of a
25 member's prior service and membership service.1 (5) "Death benefit" means a monthly annuity paid to a
2 surviving spouse or dependent child or a lump-sum payment
3 made to a beneficiary on behalf of a member who dies before
4 retirement.5 (6) "Dependent child" means a child of a deceased
6 member:

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

8 (b) who is unmarried, under 24 years of age, and
9 attending an accredited postsecondary educational
10 institution as a full-time student in anticipation of
11 receiving a certificate or degree.12 (7) "Employer" means any city which participated in a
13 prior plan or which elects to join this plan under 19-9-107.14 (8) "Employer annuity" means monthly payments for life
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17 compensation of a member, averaged over the last 36 months
18 of his active service or, in the event he has not been a
19 member that long, over the period of his membership.20 (10) "Fund" means the pension trust fund in the treasury
21 system designated for the use of the plan.22 (11) "Member" means a person who is employed by an
23 employer as a police officer or who is entitled to a
24 retirement allowance by virtue of his service to an employer
25 as a police officer.

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2 deductions from the compensation of a member, either made
3 during a period of active membership hereunder or made under
4 a prior plan and transferred to this plan, standing to his
5 credit, together with the interest thereon.

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

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

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

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

1 (17) Any reference to "municipality", "city", or "town"
2 includes those jurisdictions which, prior to the effective
3 date of a county-municipal consolidation, were incorporated
4 municipalities, subsequent districts created for urban law
5 enforcement services, or the entire county included in the
6 county-municipal consolidation.

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

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

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

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

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20 plus the member's annuity.

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22 payment of the retirement, disability, or survivor benefits
23 of a member or a beneficiary is payable.

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25 member at the time of the member's death.

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 11 contribution is ~~6-9%~~ 7.2% of his monthly compensation. In
 12 the case of a member first employed by an employer as a
 13 police officer after June 30, 1979, ~~7-1/2%~~ the contribution
 14 is ~~8-4%~~ 8.7% of his monthly compensation, ---excluding,
 15 Contributions---exclude COMPENSATION EXCLUDES overtime
 16 payments, holiday payments, shift differential payments,
 17 compensation time payments, and payments in lieu of sick
 18 leave and annual leave, for his services as a police
 19 officer.

20 (2) Each employer, pursuant to section 414(h)(2) of the
 21 federal Internal Revenue Code of 1954, as amended and
 22 applicable on July 1, 1985, shall pick up and pay the
 23 contributions which would be payable by the member under
 24 subsection (1) for service rendered after June 30, 1985.

25 (3) The member's contributions picked up by the

1 employer must be designated for all purposes of the
 2 retirement system as the member's contributions, except for
 3 the determination of a tax upon a distribution from the
 4 retirement system. These contributions must become part of
 5 the member's accumulated contributions but must be accounted
 6 for separately from those previously accumulated.

7 (4) The member's contributions picked up by the
 8 employer must be payable from the same source as is used to
 9 pay compensation to the member and must be included in the
 10 member's wages as defined in 19-1-102 and his monthly
 11 compensation as defined in 19-9-104. The employer shall
 12 deduct from the member's compensation an amount equal to the
 13 amount of the member's contributions picked up by the
 14 employer and remit the total of the contributions to the
 15 board."

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17 "19-9-702. State contribution. The state of Montana
 18 shall make its contributions through the state auditor out
 19 of the premium tax on motor vehicle property and casualty
 20 insurance policies, which premium tax is statutorily
 21 appropriated, as provided in 17-7-502, for the
 22 contributions. Such payments shall be made annually after
 23 the end of each fiscal year but no later than September 1
 24 from the gross premium tax after deduction for cancellations
 25 and returned premiums. The administrator shall notify the

1 auditor by April 1 of each year of the annual compensation
2 paid to all active members during the preceding year. Before
3 ~~July 1, 1985, the~~ The state's contribution shall be is:

4 (1) 14.04% of such compensation and paid to members
5 before July 1, 1985;

6 (2) 15.06% on and of compensation paid to members from
7 July 1, 1985, through June 30, 1991; and

8 (3) ~~15.96%~~ 15.66% of compensation paid to members after
9 July 1, 1985 1991."

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11 "19-9-703. **Employer contribution.** Each employer shall
12 make its contribution on behalf of members through the city
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14 available to the city for such purpose. ~~Before July 1, 1985,~~
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19 1, 1985;

20 (2) 13.02% on and after of the total monthly
21 compensation paid to all active members during the preceding
22 month from July 1, 1985, and shall be payable monthly to the
23 administrator through June 30, 1991; and

24 (3) 13.92% of the total monthly compensation paid to
25 all active members during the preceding month after July 1,

1 1991."

2 **Section 5.** Section 19-9-801, MCA, is amended to read:

3 "19-9-801. **Eligibility for service retirement --**
4 **commencement of allowance.** Members are eligible for
5 retirement and shall retire as provided in this section:

6 (1) A member ~~who was~~ employed by an employer as a
7 police officer ~~on July 1, 1975,~~ is eligible to receive a
8 service retirement allowance when he has completed 20 years
9 or more in the aggregate as a probationary officer, a
10 regular officer, or a special officer, in any capacity or
11 rank, and has terminated covered employment.

12 (2) ~~A member who was or is first employed by an~~
13 ~~employer as a police officer after July 1, 1975, is eligible~~
14 ~~to receive a service retirement allowance when he has~~
15 ~~reached the age of 50, has completed 20 years or more in the~~
16 ~~aggregate as a probationary officer, a regular officer, or a~~
17 ~~special officer, in any capacity or rank, and has terminated~~
18 ~~covered employment.~~

19 ~~(3)~~ (a) Except as provided in subsection ~~(3)~~ ~~(b)~~ (2)(b),
20 the retirement allowance may commence on the first day of
21 the month following the member's last day of membership
22 service or, if requested by the terminated member in
23 writing, on the first day of the month following receipt of
24 the written application.

25 (b) The retirement allowance for an eligible terminated

1 member must commence no later than the first day of the
2 month following the member's 55th birthday."

3 **Section 6.** Section 19-9-802, MCA, is amended to read:

4 "19-9-802. Election to serve additional years. (1) A
5 police officer who is eligible for service retirement under
6 19-9-801(1) or (2) may retire as of the time he becomes
7 eligible or may elect to serve an additional 1 to 10 years
8 as an active police officer.

9 ~~(2) A police officer whose eligibility depends on
10 19-9-801(2) and who completes 20 years of service before
11 reaching the age of 50 is considered to have elected to
12 serve an additional year for each year between the
13 completion of his 20th year of service and his 50th birthday
14 and shall be paid the additional 1% as prescribed in
15 19-9-804(2) for each such year."~~

16 **Section 7.** Section 19-9-804, MCA, is amended to read:

17 "19-9-804. Amount of service retirement allowance --
18 continuation of allowance after death of member. (1) A
19 police officer who is eligible under subsection (1) or (2)
20 of 19-9-801 and does not elect to serve any additional years
21 as an active police officer shall receive a service
22 retirement allowance equal to one-half his final average
23 salary.

24 (2) A police officer who is eligible for service
25 retirement after 20 years of service and who elects to serve

1 additional years shall receive the allowance provided for in
2 subsection (1) plus an additional 1% of his final average
3 salary for each year of additional service, up to a maximum
4 of 60% of his final average salary.

5 (3) Upon the death of a police officer receiving a
6 service retirement allowance under this section, his
7 surviving spouse, if there is one, shall receive from the
8 fund a sum equal to one-half of the officer's final average
9 salary. If the officer leaves one or more dependent
10 children, then upon his death, if he leaves no surviving
11 spouse or upon the death of the surviving spouse, the
12 officer's surviving dependent child, or children
13 collectively if there are more than one, shall receive the
14 same monthly payments a surviving spouse would receive for
15 as long as the child or one of the children remains
16 dependent as defined in 19-9-104. The payments must be made
17 to the child's appointed guardian for the child's use. If
18 there is more than one dependent child, upon each child no
19 longer qualifying as dependent under 19-9-104, the pro rata
20 payments to that child must cease and be made to the
21 remaining children until all the children are no longer
22 dependent."

23 **Section 8.** Section 19-9-903, MCA, is amended to read:

24 "19-9-903. Amount of disability retirement allowance --
25 continuation of allowance after death of member. (1) A

1 police officer who is eligible under 19-9-902 before
2 completing 20 years of service shall receive a disability
3 retirement allowance equal to one-half his average final
4 salary.

5 (2) A police officer who is retired under 19-9-902 and
6 who, at the time of his injury or disability, was eligible
7 at his option to be retired under subsection (1) or (2) of
8 19-9-801 but had elected to serve additional years and was
9 then serving such additional years shall be paid for the
10 additional years at the rate prescribed in 19-9-804(2).

11 (3) Upon the death of a police officer receiving a
12 disability allowance under this section, his surviving
13 spouse or dependent child is eligible for benefits as
14 provided in 19-9-804(3)."

15 Section 9, Section 19-10-401, MCA, is amended to read:

16 "19-10-401. Eligibility for service retirement. The
17 following persons are eligible for the police retired list
18 of a city and shall retire as provided in this section:

19 (1) A person who is employed by any city as a police
20 officer on July 1, 1975, is eligible for the police retired
21 list when he has completed 20 years or more in the aggregate
22 as a probationary officer, a regular officer, or a special
23 officer of the police department, in any capacity or rank.

24 (2) A person who is first employed by a city as a
25 police officer after July 1, 1975, is eligible for the

1 police--retired--list--when--he--has--reached--the--age--of--50--and
2 has--completed--20--years--or--more--in--the--aggregate--as--a
3 probationary--officer,--a--regular--officer,--or--a--special
4 officer--of--the--police--department,--in--any--capacity--or--rank."

5 Section 10, Section 19-10-403, MCA, is amended to read:

6 "19-10-403. Option of officer to remain on active list.
7 (1) A police officer who is eligible for the retired list
8 under subsection (1) or (2) of 19-10-401 may transfer, as of
9 the time he becomes eligible, to the retired list or may
10 elect to serve an additional 1 to 10 years as an active
11 police officer.

12 (2) A police officer whose eligibility depends on
13 19-10-401(2) and who completes 20 years of service before
14 reaching the age of 50 is considered to have elected to
15 serve an additional year for each year between of service
16 after the completion of his 20th year of service and his
17 50th birthday, and he shall must be paid the additional 10
18 for each such additional year."

19 Section 11, Section 19-10-501, MCA, is amended to read:

20 "19-10-501. Service retirement allowance. When a police
21 officer is transferred from the active list to the retired
22 list of a city, he shall thereafter receive monthly payments
23 from the city's police retirement fund, as follows:

24 (1) A police officer who is eligible under 19-10-401(1)
25 or (2) and does not elect to serve any additional years as

1 an active police officer shall receive a sum equal to
 2 one-half the base salary, excluding overtime and payments in
 3 lieu of sick leave and annual leave, he was receiving as an
 4 active officer computed on the highest salary received in
 5 any one month during his last year of active service.

6 (2) A police officer who is eligible after 20 years of
 7 service and who elects to serve additional years shall
 8 receive the payment provided for in subsection (1) plus an
 9 additional 1% of such payment per year of additional
 10 service, up to a maximum of 60% of the base salary,
 11 excluding overtime and payments in lieu of sick leave and
 12 annual leave, he was receiving as an active officer computed
 13 on the highest salary received in any one month during his
 14 last year of active service."

15 Section 12. Section 19-10-502, MCA, is amended to read:
 16 "19-10-502. Disability retirement allowance. When a
 17 police officer is transferred from the active list to the
 18 retired list of a city, he shall thereafter receive monthly
 19 payments from the city's police retirement fund, as follows:

20 (1) A police officer who is eligible under 19-10-402
 21 before completing 20 years of service shall receive a sum
 22 equal to one-half the base salary, excluding overtime and
 23 payments in lieu of sick leave and annual leave, he was
 24 receiving as an active officer computed on the highest
 25 salary received in any one month during his last year of

1 active service.

2 (2) A police officer who is placed on the retired list
 3 under 19-10-402 and who, at the time of his injury or
 4 disability, was eligible at his option to be placed on the
 5 retired list under 19-10-401(1) or (2) but had elected to
 6 serve additional years and was then serving such additional
 7 years shall be paid for the additional years over his
 8 original eligibility at the rate prescribed in
 9 19-10-501(2)."

10 NEW SECTION. Section 13. Coordination instruction. If
 11 Bill No. 1345 is passed and approved, sections 1
 12 and 5 through 8 of this act are void.

13 NEW SECTION. Section 9. Effective date. [This act] is
 14 effective July 1, 1991.

-End-

1 HOUSE BILL NO. 595

2 INTRODUCED BY STRIZICH, HARPER, REAM

3
4 A BILL FOR AN ACT ENTITLED: "AN ACT ALLOWING EMPLOYEES
5 COVERED UNDER THE STATEWIDE ~~AND--LOCAL~~ POLICE OFFICERS'
6 RETIREMENT SYSTEMS SYSTEM TO RETIRE AFTER 20 YEARS OF
7 SERVICE; REMOVING THE REQUIREMENT THAT A POLICE OFFICER BE
8 50 YEARS OF AGE TO BE ELIGIBLE FOR RETIREMENT; AMENDING
9 SECTIONS 19-9-104, 19-9-601, 19-9-702, 19-9-703, 19-9-801,
10 19-9-802, 19-9-804, AND 19-9-903, ~~19-10-4017--19-10-4037~~
11 ~~19-10-5017-AND-19-10-5027~~ MCA; AND PROVIDING AN EFFECTIVE
12 DATE."
13

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

15 **Section 1.** Section 19-9-104, MCA, is amended to read:16 **"19-9-104. Definitions.** Unless the context requires
17 otherwise, the following definitions apply in this chapter:18 (1) "Administrator" means the public employees'
19 retirement division of the department of administration.20 (2) "Base salary" means the sum of the monthly
21 compensations for each month in a given calendar year.22 (3) "Board" means the retirement board described in
23 2-15-1009.24 (4) "Credited service" means the aggregate of a
25 member's prior service and membership service.1 (5) "Death benefit" means a monthly annuity paid to a
2 surviving spouse or dependent child or a lump-sum payment
3 made to a beneficiary on behalf of a member who dies before
4 retirement.5 (6) "Dependent child" means a child of a deceased
6 member:

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

8 (b) who is unmarried, under 24 years of age, and
9 attending an accredited postsecondary educational
10 institution as a full-time student in anticipation of
11 receiving a certificate or degree.12 (7) "Employer" means any city which participated in a
13 prior plan or which elects to join this plan under 19-9-107.14 (8) "Employer annuity" means monthly payments for life
15 derived from employer and state contributions.16 (9) "Final average salary" means the monthly
17 compensation of a member, averaged over the last 36 months
18 of his active service or, in the event he has not been a
19 member that long, over the period of his membership.20 (10) "Fund" means the pension trust fund in the treasury
21 system designated for the use of the plan.22 (11) "Member" means a person who is employed by an
23 employer as a police officer or who is entitled to a
24 retirement allowance by virtue of his service to an employer
25 as a police officer.

1 (12) "Member contributions" means the total of the
 2 deductions from the compensation of a member, either made
 3 during a period of active membership hereunder or made under
 4 a prior plan and transferred to this plan, standing to his
 5 credit, together with the interest thereon.

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

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

16 (15) "Minimum retirement date" or "normal retirement
 17 date" means the first day of the month coinciding with or
 18 immediately following~~7-if-none-coincides7~~ the date on which
 19 a member becomes~~--both-age-50-or-older-and~~ completes 20 or
 20 more years of credited service.

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

1 (17) Any reference to "municipality", "city", or "town"
 2 includes those jurisdictions which, prior to the effective
 3 date of a county-municipal consolidation, were incorporated
 4 municipalities, subsequent districts created for urban law
 5 enforcement services, or the entire county included in the
 6 county-municipal consolidation.

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

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

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

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

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

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

24 (24) "Surviving spouse" means the spouse married to a
 25 member at the time of the member's death.

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

6 **Section 2.** Section 19-9-601, MCA, is amended to read:

7 "19-9-601. Member contributions. (1) The normal
8 contribution of each active member is 5% of his monthly
9 compensation ~~or 7%.~~ In the case of a member first employed
10 by an employer as a police officer after June 30, 1975, the
11 contribution is 6-9% 7.2% of his monthly compensation. In
12 the case of a member first employed by an employer as a
13 police officer after June 30, 1979, 7-1/2% the contribution
14 is 8-4% 8.7% of his monthly compensation,---excluding,
15 Contributions---exclude COMPENSATION EXCLUDES overtime
16 payments, holiday payments, shift differential payments,
17 compensation time payments, and payments in lieu of sick
18 leave and annual leave, for his services as a police
19 officer.

20 (2) Each employer, pursuant to section 414(h)(2) of the
21 federal Internal Revenue Code of 1954, as amended and
22 applicable on July 1, 1985, shall pick up and pay the
23 contributions which would be payable by the member under
24 subsection (1) for service rendered after June 30, 1985.

25 (3) The member's contributions picked up by the

1 employer must be designated for all purposes of the
2 retirement system as the member's contributions, except for
3 the determination of a tax upon a distribution from the
4 retirement system. These contributions must become part of
5 the member's accumulated contributions but must be accounted
6 for separately from those previously accumulated.

7 (4) The member's contributions picked up by the
8 employer must be payable from the same source as is used to
9 pay compensation to the member and must be included in the
10 member's wages as defined in 19-1-102 and his monthly
11 compensation as defined in 19-9-104. The employer shall
12 deduct from the member's compensation an amount equal to the
13 amount of the member's contributions picked up by the
14 employer and remit the total of the contributions to the
15 board."

16 **Section 3.** Section 19-9-702, MCA, is amended to read:

17 "19-9-702. State contribution. The state of Montana
18 shall make its contributions through the state auditor out
19 of the premium tax on motor vehicle property and casualty
20 insurance policies, which premium tax is statutorily
21 appropriated, as provided in 17-7-502, for the
22 contributions. Such payments shall be made annually after
23 the end of each fiscal year but no later than September 1
24 from the gross premium tax after deduction for cancellations
25 and returned premiums. The administrator shall notify the

1 auditor by April 1 of each year of the annual compensation
 2 paid to all active members during the preceding year. Before
 3 ~~July 1, 1985, the~~ The state's contribution shall be is:

4 (1) 14.04% of such compensation and paid to members
 5 before July 1, 1985;

6 (2) 15.06% on and of compensation paid to members from
 7 July 1, 1985, through June 30, 1991; and

8 (3) ~~15.96%~~ 15.66% of compensation paid to members after
 9 July 1, 1985 1991."

10 **Section 4.** Section 19-9-703, MCA, is amended to read:

11 "19-9-703. **Employer contribution.** Each employer shall
 12 make its contribution on behalf of members through the city
 13 treasurer or other appropriate official out of moneys
 14 available to the city for such purpose. ~~Before July 1, 1985,~~
 15 the The employer's contribution shall be, which must be paid
 16 monthly to the administrator, is:

17 (1) 14.04% of the total monthly compensation paid to
 18 all active members during the preceding month, before July
 19 1, 1985;

20 (2) 13.02% on and after of the total monthly
 21 compensation paid to all active members during the preceding
 22 month from July 1, 1985, and shall be payable monthly to the
 23 administrator through June 30, 1991; and

24 (3) 13.92% of the total monthly compensation paid to
 25 all active members during the preceding month after July 1,

1 1991."

2 **Section 5.** Section 19-9-801, MCA, is amended to read:

3 "19-9-801. **Eligibility for service retirement --**
 4 **commencement of allowance.** Members are eligible for
 5 retirement and shall retire as provided in this section:

6 (1) A member ~~who was~~ employed by an employer as a
 7 police officer ~~on July 1, 1975,~~ is eligible to receive a
 8 service retirement allowance when he has completed 20 years
 9 or more in the aggregate as a probationary officer, a
 10 regular officer, or a special officer, in any capacity or
 11 rank, and has terminated covered employment.

12 (2) ~~A member who was or is first employed by an~~
 13 ~~employer as a police officer after July 1, 1975, is eligible~~
 14 ~~to receive a service retirement allowance when he has~~
 15 ~~reached the age of 50, has completed 20 years or more in the~~
 16 ~~aggregate as a probationary officer, a regular officer, or a~~
 17 ~~special officer, in any capacity or rank, and has terminated~~
 18 ~~covered employment.~~

19 ~~(3)~~ (a) Except as provided in subsection ~~(3)~~(b) (2)(b),
 20 the retirement allowance may commence on the first day of
 21 the month following the member's last day of membership
 22 service or, if requested by the terminated member in
 23 writing, on the first day of the month following receipt of
 24 the written application.

25 (b) The retirement allowance for an eligible terminated

1 member must commence no later than the first day of the
2 month following the member's 55th birthday."

3 **Section 6.** Section 19-9-802, MCA, is amended to read:

4 "19-9-802. Election to serve additional years. (1) A
5 police officer who is eligible for service retirement under
6 19-9-801(1) or (2) may retire as of the time he becomes
7 eligible or may elect to serve an additional 1 to 10 years
8 as an active police officer.

9 ~~(2) A police officer whose eligibility depends on
10 19-9-801(2) and who completes 20 years of service before
11 reaching the age of 50 is considered to have elected to
12 serve an additional year for each year between the
13 completion of his 20th year of service and his 50th birthday
14 and shall be paid the additional 1% as prescribed in
15 19-9-804(2), for each such year."~~

16 **Section 7.** Section 19-9-804, MCA, is amended to read:

17 "19-9-804. Amount of service retirement allowance --
18 continuation of allowance after death of member. (1) A
19 police officer who is eligible under subsection (1) or (2)
20 of 19-9-801 and does not elect to serve any additional years
21 as an active police officer shall receive a service
22 retirement allowance equal to one-half his final average
23 salary.

24 (2) A police officer who is eligible for service
25 retirement after 20 years of service and who elects to serve

1 additional years shall receive the allowance provided for in
2 subsection (1) plus an additional 1% of his final average
3 salary for each year of additional service, up to a maximum
4 of 60% of his final average salary.

5 (3) Upon the death of a police officer receiving a
6 service retirement allowance under this section, his
7 surviving spouse, if there is one, shall receive from the
8 fund a sum equal to one-half of the officer's final average
9 salary. If the officer leaves one or more dependent
10 children, then upon his death, if he leaves no surviving
11 spouse or upon the death of the surviving spouse, the
12 officer's surviving dependent child, or children
13 collectively if there are more than one, shall receive the
14 same monthly payments a surviving spouse would receive for
15 as long as the child or one of the children remains
16 dependent as defined in 19-9-104. The payments must be made
17 to the child's appointed guardian for the child's use. If
18 there is more than one dependent child, upon each child no
19 longer qualifying as dependent under 19-9-104, the pro rata
20 payments to that child must cease and be made to the
21 remaining children until all the children are no longer
22 dependent."

23 **Section 8.** Section 19-9-903, MCA, is amended to read:

24 "19-9-903. Amount of disability retirement allowance --
25 continuation of allowance after death of member. (1) A

1 police officer who is eligible under 19-9-902 before
 2 completing 20 years of service shall receive a disability
 3 retirement allowance equal to one-half his average final
 4 salary.

5 (2) A police officer who is retired under 19-9-902 and
 6 who, at the time of his injury or disability, was eligible
 7 at his option to be retired under subsection (1) or (2) of
 8 19-9-801 but had elected to serve additional years and was
 9 then serving such additional years shall be paid for the
 10 additional years at the rate prescribed in 19-9-804(2).

11 (3) Upon the death of a police officer receiving a
 12 disability allowance under this section, his surviving
 13 spouse or dependent child is eligible for benefits as
 14 provided in 19-9-804(3)."

15 Section 9. Section 19-10-401, MCA, is amended to read:

16 "19-10-401. Eligibility for service retirement. The
 17 following persons are eligible for the police retired list
 18 of a city and shall retire as provided in this section:

19 (1) A person who is employed by any city as a police
 20 officer on July 17, 1975, is eligible for the police retired
 21 list when he has completed 20 years or more in the aggregate
 22 as a probationary officer, a regular officer, or a special
 23 officer of the police department, in any capacity or rank;

24 (2) A person who is first employed by a city as a
 25 police officer after July 17, 1975, is eligible for the

1 police--retired--list--when--he--has--reached--the--age--of--50--and
 2 has--completed--20--years--or--more--in--the--aggregate--as--a
 3 probationary--officer,--a--regular--officer,--or--a--special
 4 officer--of--the--police--department,--in--any--capacity--or--rank."

5 Section 10. Section 19-10-403, MCA, is amended to read:

6 "19-10-403. Option of officer to remain on active list.
 7 (1) A police officer who is eligible for the retired list
 8 under subsection (1) or (2) of 19-10-401 may transfer, as of
 9 the time he becomes eligible, to the retired list or may
 10 elect to serve an additional 1 to 10 years as an active
 11 police officer;

12 (2) A police officer whose eligibility depends on
 13 19-10-401(2) and who completes 20 years of service before
 14 reaching the age of 50 is considered to have elected to
 15 serve an additional year for each year between of service
 16 after the completion of his 20th year of service and his
 17 50th birthday, and he shall must be paid the additional 10
 18 for each such additional year."

19 Section 11. Section 19-10-501, MCA, is amended to read:

20 "19-10-501. Service retirement allowance. When a police
 21 officer is transferred from the active list to the retired
 22 list of a city, he shall thereafter receive monthly payments
 23 from the city's police retirement fund, as follows:

24 (1) A police officer who is eligible under 19-10-401(1)
 25 or (2) and does not elect to serve any additional years as

1 an active police officer shall receive a sum equal to
2 one-half the base salary, excluding overtime and payments in
3 lieu of sick leave and annual leave, he was receiving as an
4 active officer computed on the highest salary received in
5 any one month during his last year of active service.

6 (2) A police officer who is eligible after 20 years of
7 service and who elects to serve additional years shall
8 receive the payment provided for in subsection (1) plus an
9 additional 1% of such payment per year of additional
10 service, up to a maximum of 60% of the base salary,
11 excluding overtime and payments in lieu of sick leave and
12 annual leave, he was receiving as an active officer computed
13 on the highest salary received in any one month during his
14 last year of active service."

15 Section 12, Section 19-10-502, MCA, is amended to read:

16 "19-10-502. Disability retirement allowance. When a
17 police officer is transferred from the active list to the
18 retired list of a city, he shall thereafter receive monthly
19 payments from the city's police retirement fund, as follows:

20 (1) A police officer who is eligible under 19-10-402
21 before completing 20 years of service shall receive a sum
22 equal to one-half the base salary, excluding overtime and
23 payments in lieu of sick leave and annual leave, he was
24 receiving as an active officer computed on the highest
25 salary received in any one month during his last year of

1 active service;

2 (2) A police officer who is placed on the retired list
3 under 19-10-402 and who, at the time of his injury or
4 disability, was eligible at his option to be placed on the
5 retired list under 19-10-401(1) or (2) but had elected to
6 serve additional years and was then serving such additional
7 years shall be paid for the additional years over his
8 original eligibility at the rate prescribed in
9 19-10-501(2)."

10 NEW SECTION. Section 13, Coordination instruction, if
11 Bill No. 1345 is passed and approved, sections 1
12 and 5 through 8 of this act are void.

13 NEW SECTION. Section 9. Effective date. [This act] is
14 effective July 1, 1991.

-End-