

HOUSE BILL NO. *599*

INTRODUCED BY *MICHAEL HARDING*

A BILL FOR AN ACT ENTITLED: "AN ACT REVISING THE CALCULATION OF PENSION BENEFITS PAID UNDER THE VOLUNTEER FIREFIGHTERS' COMPENSATION ACT; AMENDING SECTION 19-12-404, MCA; AND PROVIDING AN EFFECTIVE DATE."

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

NEW SECTION. **Section 1.** Report to the legislature. By January 10, 1993, the board shall provide to the 53rd legislature a report on the funding available in the volunteer firefighters' fund for benefits provided under the Volunteer Firefighters' Compensation Act. The legislature shall review the sufficiency of the fund to provide the current level of benefits and may eliminate, modify, or continue the benefit levels provided in 19-12-404.

Section 2. Section 19-12-404, MCA, is amended to read:

"19-12-404. Pension benefits. (1) Each person who meets the requirements set forth in 19-12-401 or, in the case of a beneficiary, 19-12-405(1) and who has completed and filed a claim as provided in 19-12-403 is entitled to participate in the volunteer firefighters' pension plan and to receive payments as provided in this section.

(2) The payments shall be computed each year in the

following manner:

(a) For fiscal years 1992 and 1993, the base benefit level is established at \$120 per month for each retiree qualifying for full participation under the provisions of 19-12-401(1)(a). Partial participation is calculated under the provisions of 19-12-401(1)(b).

(b) Whenever at the close of business on the last day of a fiscal year there is a balance in the volunteer firefighters' fund in excess of ~~\$1~~ \$6 million, the board shall set aside ~~the smaller of the amount in excess of \$1 million and an amount equal to 95% of the increase of the balance over the balance at the end of the preceding fiscal year for the payment by the board of pensions to qualified claimants during the immediately succeeding fiscal year. The~~ the amount to be paid to each qualifying claimant shall be determined by dividing the amount set aside by the number of claimants qualifying to participate in the pension plan at the beginning of such succeeding fiscal year.

(c) The total pension payable to a qualified claimant under this section may not exceed \$200 per month, and the amount to be set aside from the volunteer firefighters' fund may not exceed the amount necessary to pay the maximum of \$200 per month to each claimant qualified as of the beginning of the fiscal year during which the payments are to be made.



1 ~~(c)~~(d) For the purpose of computation and payment of
2 benefits under this section, if children of a volunteer
3 firefighter become eligible for benefits, all the children
4 of the volunteer firefighter shall be treated collectively
5 as one claimant.

6 (3) If the amount ~~set-aside-is-sufficient-to-pay-each~~
7 of the benefit for a qualified claimant is at least \$20 per
8 month throughout the succeeding fiscal year, the pension
9 shall be paid monthly on or before the last day of each
10 month. If the amount ~~set-aside-is-not-sufficient-to-pay-each~~
11 of the benefit for a qualified claimant at-least is less
12 than \$20 per month, each the qualified claimant's full
13 pension for that year shall be paid to him in one lump
14 payment on or before December 15 of that year."

15 NEW SECTION. Section 3. Codification instruction.
16 [Section 1] is intended to be codified as an integral part
17 of Title 19, chapter 12, part 2, and the provisions of Title
18 19, chapter 12, part 2, apply to [section 1].

19 NEW SECTION. Section 4. Effective date. [This act is
20 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 HB0599, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:


An act revising the calculation of pension benefits paid under the volunteer firefighters' compensation act; amending section 19-12-404, MCA; and providing an effective date.

ASSUMPTIONS:


1. The proposed legislation establishes base benefits at \$120/month for each retiree qualifying for full participation under the Volunteer Firefighters' Compensation Act (VFCA); partial participation benefits are prorated based upon years of service prior to retirement.
2. Under current law the amount paid each qualifying claimant varies relative to the amount of funds available at the end of a fiscal and the number of claimants qualifying to participate in the pension program at the beginning of a fiscal year. The number of volunteer firefighters can vary substantially from one year to the next year.
3. During FY91, full participation benefits are \$139/month. Currently 531 members draw an average monthly benefit of \$116/month from VFCA. Under current law, the Public Employees' Retirement Division projects full participation benefits will be \$64 per month to 560 recipients in FY92 and \$145 per month to 590 recipients in FY93.
3. Projected revenues from the Insurance Premium Tax Fund to the Volunteer Firefighters' Pension Fund for the next biennium assume a 3% increase over past years.
4. The proposed legislation will result in an increase in benefit payments in FY92 which will be reduce investment earnings.
5. The projected FY91 ending fund balance in Volunteer Firefighters' Pension Fund is approximately \$8,000,663.
6. Current law is represented by the projected payments from the Volunteer Firefighters' Pension Fund during the 1993 biennium. The Volunteer Firefighters' Pension Fund is administered by the Public Employees' Retirement Division of the Department of Administration.

FISCAL IMPACT:

see next page



ROD SUNDSTED, BUDGET DIRECTOR 2-11-91 DATE
Office of Budget and Program Planning



JOHN A. MERCER, PRIMARY SPONSOR 2-13-91 DATE
Fiscal Note for HB0599, as introduced. HB 599

Fiscal Note Request, HB0599, as introduced.

Form BD-15

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FISCAL IMPACT:

Volunteer Firefighters' Pension Fund:

<u>Expenditures:</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>
Operating Cost	18,265	18,265	0	14,657	14,657	0
Benefits and Claims	419,840	705,440	285,600	892,610	742,160	(150,450)
Total	438,105	723,705	285,600	907,267	756,817	(150,450)
<u>Funding:</u>						
Non-Exp Trust	438,105	723,705	285,600	907,267	756,817	(150,450)
<u>Revenues:</u>						
Insurance Premium Tax Fund	618,980	618,980	0	637,549	637,459	0
Investment Earnings	585,056	574,346	(10,710)	624,772	608,190	(16,582)
Total Revenue	1,204,036	1,193,326	(10,710)	1,262,321	1,245,739	(16,582)

LONG-RANGE EFFECTS OF PROPOSED LEGISLATION:

Since the bill limits fixed payments to the next biennium and provides for a report to the next legislature regarding the sufficiency of the Volunteer Firefighters' Pension Fund to pay benefits at a flat rate, the proposed changes may not be permanent. Under the proposed legislation, benefit payments will not fluctuate as under current law.

HB 599

APPROVED BY COMMITTEE
ON STATE ADMINISTRATION

House BILL NO. *599*

INTRODUCED BY *MICHAEL HARDING*

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Section 2. Section 19-12-404, MCA, is amended to read:

***19-12-404. Pension benefits.** (1) Each person who meets the requirements set forth in 19-12-401 or, in the case of a beneficiary, 19-12-405(1) and who has completed and filed a claim as provided in 19-12-403 is entitled to participate in the volunteer firefighters' pension plan and to receive payments as provided in this section.

(2) The payments shall be computed each year in the

following manner:

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(b)(c) The total pension payable to a qualified claimant under this section may not exceed \$200 per month, and the amount to be set aside from the volunteer firefighters' fund may not exceed the amount necessary to pay the maximum of \$200 per month to each claimant qualified as of the beginning of the fiscal year during which the payments are to be made.



LC 1741/01

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