

HOUSE BILL NO. 830  
INTRODUCED BY PHILLIPS

IN THE HOUSE

FEBRUARY 13, 1991           INTRODUCED AND REFERRED TO COMMITTEE  
                                  ON STATE ADMINISTRATION.

FEBRUARY 14, 1991           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.

MARCH 25, 1991             COMMITTEE RECOMMEND BILL  
                                  DO PASS. REPORT ADOPTED.

MARCH 26, 1991             PRINTING REPORT.

MARCH 27, 1991             SECOND READING, DO PASS.

MARCH 28, 1991             ENGROSSING REPORT.  
  
                                  THIRD READING, PASSED.  
                                  AYES, 93; NOES, 5.  
  
                                  TRANSMITTED TO SENATE.

IN THE SENATE

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

APRIL 8, 1991             COMMITTEE RECOMMEND BILL BE  
                                  CONCURRED IN. REPORT ADOPTED.

APRIL 13, 1991           SECOND READING, CONCURRED IN.

APRIL 15, 1991           THIRD READING, CONCURRED IN.  
                                  AYES, 48; NOES, 0.  
  
                                  RETURNED TO HOUSE.

APRIL 16, 1991

IN THE HOUSE

RECEIVED FROM SENATE.

SENT TO ENROLLING.

REPORTED CORRECTLY ENROLLED.

1 HOUSE BILL NO. 830  
2 INTRODUCED BY Phillips

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4 A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING THAT THE  
5 CALCULATION FOR A SUPPLEMENTAL BENEFIT FOR A PERSON RETIRED  
6 PRIOR TO JULY 1, 1975, UNDER THE STATEWIDE POLICE RETIREMENT  
7 SYSTEM BE DETERMINED BY THE BASE SALARY OF THE EMPLOYEE  
8 DURING THE CURRENT FISCAL YEAR, RATHER THAN THE PREVIOUS  
9 CALENDAR YEAR; AMENDING SECTION 19-9-1007, MCA; AND  
10 PROVIDING AN EFFECTIVE DATE."

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

13 **Section 1.** Section 19-9-1007, MCA, is amended to read:

14 "19-9-1007. Supplement to certain pensions. (1) The  
15 payment for each fiscal year to the police officers,  
16 surviving spouses, or dependent children described in  
17 subsections (2)(a) through (2)(c) may be not less than  
18 one-half of the base salary paid in the ~~previous--calendar~~  
19 current fiscal year in the appropriate city or town to newly  
20 confirmed police officers, except that for the fiscal year  
21 beginning July 1, 1979, all retirees and their beneficiaries  
22 who received a supplement to their retirement allowance on  
23 July 1, 1978, and are receiving an allowance on July 1,  
24 1979, shall receive a 3% increase in their retirement  
25 allowance in lieu of any other increase.

1 (2) On or before ~~April~~ August 1 of each year, the  
2 department of administration shall make a report including  
3 the following information:

4 (a) the names of all police officers who are receiving  
5 payments from the plan as of the date of the report and were  
6 receiving payments from a prior plan before July 1, 1975;

7 (b) the names of all surviving spouses or dependent  
8 children who are receiving payments from the plan because of  
9 the death of a police officer who was receiving payments  
10 from a prior plan before July 1, 1975;

11 (c) the names of all surviving spouses or dependent  
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14 1975, or in the case of dependent children, whose parent,  
15 the spouse of a police officer, was receiving payments from  
16 a prior plan before July 1, 1975;

17 (d) for the purpose of determining the base figure for  
18 the computations set forth in subsection (3), the following  
19 information relating to the base fiscal year commencing July  
20 1, 1976:

21 (i) the amount of the payments made in the base fiscal  
22 year to each police officer described in subsection (2)(a);

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24 year to each surviving spouse or dependent child (or  
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1 (iii) upon the death after April 18, 1977, of any police  
 2 officer on the retired list who was receiving payments from  
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 4 dependent children are entitled to receive payments from the  
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 6 surviving spouse of such police officer had that spouse been  
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8 (e) the base salary for the previous calendar current  
 9 fiscal year of a newly confirmed police officer of each city  
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 15 confirmed police officer of the appropriate city or town.  
 16 The difference shall be reported to and paid by the state  
 17 auditor out of the premium tax collected on insurance sold  
 18 in this state to insure against the risks enumerated in  
 19 19-11-512(3) to the administrator ~~after--the-end-of-each~~  
 20 ~~fiscal-year--but~~ no later than September 1. The premium tax  
 21 amount paid by the state auditor is statutorily  
 22 appropriated, as provided in 17-7-502. This payment is in  
 23 addition to the payment to be made by the state auditor  
 24 under 19-9-702. The administrator shall use the funds  
 25 received under this subsection to supplement the monthly

1 payments to persons described in subsections (2)(a) through  
 2 (2)(c) so that the requirements of subsection (1) are met.

3 (4) In addition to the payments made by the auditor as  
 4 provided in subsection (3), the auditor shall make annual  
 5 payments of \$100,000 after the end of each fiscal year but  
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 10 reimburse the retirement account for funds advanced to  
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12 (5) If more than one dependent child is entitled to  
 13 supplementary payments under this section by virtue of the  
 14 death of a common parent police officer, the minimum payment  
 15 to such dependent children under this section shall be  
 16 determined as if there were one such dependent child and the  
 17 supplementary payment shall be made to the dependent  
 18 children collectively."

19 NEW SECTION. **Section 2.** 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 HB0830, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

An act providing that the calculation for a supplemental benefit for a person retired prior to July 1, 1975, under the statewide police retirement system be determined by the base salary of a newly confirmed police officer during the current fiscal year, rather than the previous calendar year; amending section 19-9-1007, MCA; and providing an effective date.

ASSUMPTIONS:

1. Under current law, a retired police officer's pension may not be less than one-half of the base salary paid to new confirmed police officers in the previous calendar year. The proposed legislation would base the officer's pension on the current fiscal year.
2. The supplemental benefit, which is the difference between the base retirement benefit and the mandatory one-half the current base pay of a newly confirmed police officer, is funded with premium taxes in accordance to 19-11-513(3), MCA. The premium taxes are deposited into the general fund. The state auditor transfers to the Municipal Police Officers Retirement System (MPORS) an amount sufficient to pay the entitled supplemental benefits.
3. Insurance tax premium funds not appropriated for other purposes, including the payment of supplemental benefits, are reverted to the state general fund. Additional amounts used to provide additional benefits will reduce the amount available for transfer to the general fund. The state auditor projects premium taxes of approximately \$24 million in FY92 and \$25 million in FY93.
4. Public Employees' Retirement Division (PERD) of the Department of Administration estimates the proposed legislation will impact 205 pre-1975 retirees who will receive total supplemental benefits of nearly \$2.4 million in FY92 and \$2.5 million in FY93.
5. Current law for the Public Employees' Retirement Division is represented by the projected supplemental benefits to be paid pre-1975 retirees in the Municipal Police Officers Retirement System during the 1993 biennium.
6. Current law for the State Auditor is represented by the projected receipts and disbursement of premium taxes during the 1993 biennium.

FISCAL IMPACT:

see next page

 2-20-91

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

 Feb 21 1991

JOHN E. PHILLIPS, PRIMARY SPONSOR DATE

Fiscal Note for HB0830, as introduced

**HB 830**

Fiscal Note Request, HB0830, as introduced

Form BD-15

Page 2

FISCAL IMPACT:

PERD:

	<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>						
Supplemental Benefits	2,285,386	2,384,730	99,344	2,388,228	2,492,043	103,815
<u>Funding:</u>						
Non-Exp. Trust	2,285,386	2,384,730	99,344	2,388,228	2,492,043	103,815

	<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>State Auditor</u>						
<u>Expenditures:</u>						
Transfers to MPORS	6,429,117	6,528,461	99,344	6,494,832	6,598,647	103,815
Transfers to General Fund	17,848,120	17,748,776	(99,344)	18,580,676	18,476,861	(103,815)
Total	24,277,237	24,277,237	0	25,075,508	25,075,508	0

Net General Fund Impact: (99,344) (103,815)

LONG-RANGE EFFECTS OF PROPOSED LEGISLATION:

Proposed legislation will provide parity between the minimum benefit payable in MPORS between pre-1975 retirees and post-1975 retirees.

TECHNICAL NOTES:

1. Current law requires the Department of Administration to submit a report to the state auditor by April 1 of each year indicating the amounts necessary to fund the supplemental benefits for the forthcoming fiscal year. The proposed legislation changes the submittal date to August 1. However, since the effective date of the proposed bill is July 1, 1992, PERD will still be required to submit a report on the April 1. The proposed legislation should be amended to become effective upon passage and approval. In addition, the bill should be amended to provide retroactive applicability for reports required to be made by the department during calendar year 1991.
2. The proposed legislation amends 19-9-1007(3) to require PERD to submit a report to the state auditor by August 1 which certifies benefits due retirees as of September 1. Occasionally municipalities are still negotiating collective bargaining agreements. Current law avoided problems with unresolved negotiations by basing the supplemental benefits on actual wages and salaries from the prior calendar year. However, the proposed legislation may need to address retroactive wage and salary settlements and/or the revision of wages and salaries during a current fiscal year.

HA 820

APPROVED BY COMMITTEE  
ON STATE ADMINISTRATION

HOUSE BILL NO. 830

INTRODUCED BY PHILLIPS

A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING THAT THE CALCULATION FOR A SUPPLEMENTAL BENEFIT FOR A PERSON RETIRED PRIOR TO JULY 1, 1975, UNDER THE STATEWIDE POLICE RETIREMENT SYSTEM BE DETERMINED BY THE BASE SALARY OF THE EMPLOYEE DURING THE CURRENT FISCAL YEAR, RATHER THAN THE PREVIOUS CALENDAR YEAR; AMENDING SECTION 19-9-1007, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

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

**Section 1.** Section 19-9-1007, MCA, is amended to read:

"19-9-1007. Supplement to certain pensions. (1) The payment for each fiscal year to the police officers, surviving spouses, or dependent children described in subsections (2)(a) through (2)(c) may be not less than one-half of the base salary paid in the ~~previous--calendar~~ current fiscal year in the appropriate city or town to newly confirmed police officers, except that for the fiscal year beginning July 1, 1979, all retirees and their beneficiaries who received a supplement to their retirement allowance on July 1, 1978, and are receiving an allowance on July 1, 1979, shall receive a 3% increase in their retirement allowance in lieu of any other increase.

(2) On or before ~~April~~ August 1 of each year, the department of administration shall make a report including the following information:

(a) the names of all police officers who are receiving payments from the plan as of the date of the report and were receiving payments from a prior plan before July 1, 1975;

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(c) the names of all surviving spouses or dependent children who are receiving payments from the plan and who were receiving payments from a prior plan before July 1, 1975, or in the case of dependent children, whose parent, the spouse of a police officer, was receiving payments from a prior plan before July 1, 1975;

(d) for the purpose of determining the base figure for the computations set forth in subsection (3), the following information relating to the base fiscal year commencing July 1, 1976:

(i) the amount of the payments made in the base fiscal year to each police officer described in subsection (2)(a);

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1        NEW SECTION.    **Section 2.**    *Effective date.* [This act] is  
2    effective ~~July-17-1991~~ ON PASSAGE AND APPROVAL.

-End-

RE-REFERRED AND  
APPROVED BY COMMITTEE  
ON APPROPRIATIONS

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HB 0830/02

1        NEW SECTION.    **Section 2.**    Effective date. [This act] is  
2    effective ~~July-17-1991~~ ON PASSAGE AND APPROVAL.

-End-

HOUSE BILL NO. 830

INTRODUCED BY PHILLIPS

A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING THAT THE CALCULATION FOR A SUPPLEMENTAL BENEFIT FOR A PERSON RETIRED PRIOR TO JULY 1, 1975, UNDER THE STATEWIDE POLICE RETIREMENT SYSTEM BE DETERMINED BY THE BASE SALARY OF THE EMPLOYEE DURING THE CURRENT FISCAL YEAR, RATHER THAN THE PREVIOUS CALENDAR YEAR; AMENDING SECTION 19-9-1007, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

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

Section 1. Section 19-9-1007, MCA, is amended to read:

"19-9-1007. Supplement to certain pensions. (1) The payment for each fiscal year to the police officers, surviving spouses, or dependent children described in subsections (2)(a) through (2)(c) may be not less than one-half of the base salary paid in the previous--calendar current fiscal year in the appropriate city or town to newly confirmed police officers, except that for the fiscal year beginning July 1, 1979, all retirees and their beneficiaries who received a supplement to their retirement allowance on July 1, 1978, and are receiving an allowance on July 1, 1979, shall receive a 3% increase in their retirement allowance in lieu of any other increase.

(2) On or before April August 1 of each year, the department of administration shall make a report including the following information:

(a) the names of all police officers who are receiving payments from the plan as of the date of the report and were receiving payments from a prior plan before July 1, 1975;

(b) the names of all surviving spouses or dependent children who are receiving payments from the plan because of the death of a police officer who was receiving payments from a prior plan before July 1, 1975;

(c) the names of all surviving spouses or dependent children who are receiving payments from the plan and who were receiving payments from a prior plan before July 1, 1975, or in the case of dependent children, whose parent, the spouse of a police officer, was receiving payments from a prior plan before July 1, 1975;

(d) for the purpose of determining the base figure for the computations set forth in subsection (3), the following information relating to the base fiscal year commencing July 1, 1976:

(i) the amount of the payments made in the base fiscal year to each police officer described in subsection (2)(a);

(ii) the amount of the payments made in the base fiscal year to each surviving spouse or dependent child (or children) described in subsection (2)(b) or (2)(c);





1 (iii) upon the death after April 18, 1977, of any police  
 2 officer on the retired list who was receiving payments from  
 3 a prior plan before July 1, 1975, his surviving spouse or  
 4 dependent children are entitled to receive payments from the  
 5 plan, the amount which would have been paid to an eligible  
 6 surviving spouse of such police officer had that spouse been  
 7 receiving payments in the base fiscal year;

8 (e) the base salary for the previous calendar current  
 9 fiscal year of a newly confirmed police officer of each city  
 10 or town participating in the plan.

11 (3) The department of administration shall compute the  
 12 difference between each amount reported under subsections  
 13 (2)(d)(i) through (2)(d)(iii) and one-half the base salary  
 14 for the previous calendar current fiscal year of a newly  
 15 confirmed police officer of the appropriate city or town.  
 16 The difference shall be reported to and paid by the state  
 17 auditor out of the premium tax collected on insurance sold  
 18 in this state to insure against the risks enumerated in  
 19 19-11-512(3) to the administrator ~~after--the-end-of-each~~  
 20 fiscal year, but no later than September 1. IF THE BASE  
 21 SALARY OF A NEWLY CONFIRMED POLICE OFFICER HAS NOT BEEN SET  
 22 FOR THE CURRENT FISCAL YEAR IN TIME TO BE INCLUDED IN THE  
 23 AUGUST 1 REPORT TO THE STATE AUDITOR, THE DEPARTMENT SHALL  
 24 MAKE ANY RETROACTIVE ADJUSTMENTS NECESSARY TO INDIVIDUAL  
 25 SUPPLEMENTAL BENEFITS AFTER THE BASE SALARY HAS BEEN

1 DETERMINED AND SHALL INCLUDE THESE AMOUNTS IN THE NEXT  
 2 YEAR'S REPORT FOR REIMBURSEMENT AT THAT TIME. The premium  
 3 tax amount paid by the state auditor is statutorily  
 4 appropriated, as provided in 17-7-502. This payment is in  
 5 addition to the payment to be made by the state auditor  
 6 under 19-9-702. The administrator shall use the funds  
 7 received under this subsection to supplement the monthly  
 8 payments to persons described in subsections (2)(a) through  
 9 (2)(c) so that the requirements of subsection (1) are met.

10 (4) In addition to the payments made by the auditor as  
 11 provided in subsection (3), the auditor shall make annual  
 12 payments of \$100,000 after the end of each fiscal year but  
 13 no later than September 1, until the sum of \$500,000 has  
 14 been paid to the administrator for deposit in the retirement  
 15 account. These payments are statutorily appropriated as  
 16 provided in 17-7-502. These payments are to be made to  
 17 reimburse the retirement account for funds advanced to  
 18 implement this section.

19 (5) If more than one dependent child is entitled to  
 20 supplementary payments under this section by virtue of the  
 21 death of a common parent police officer, the minimum payment  
 22 to such dependent children under this section shall be  
 23 determined as if there were one such dependent child and the  
 24 supplementary payment shall be made to the dependent  
 25 children collectively."

HB 0830/02

1        NEW SECTION.    **Section 2.**    Effective date. (This act) is  
2    effective ~~July-17-1991~~ ON PASSAGE AND APPROVAL.

-End-