

1 HOUSE BILL NO. 170

2 INTRODUCED BY AHNER

3 BY REQUEST OF THE PUBLIC EMPLOYEES' RETIREMENT BOARD

4

5 A BILL FOR AN ACT ENTITLED: "AN ACT ESTABLISHING A GUARANTEED ANNUAL BENEFIT
6 ADJUSTMENT FOR CERTAIN BENEFIT RECIPIENTS IN THE STATEWIDE PUBLIC EMPLOYEE RETIREMENT
7 SYSTEMS UNDER THE PUBLIC EMPLOYEES' RETIREMENT BOARD; MAKING THE ANNUAL ADJUSTMENT
8 AN ALTERNATIVE TO CERTAIN EXISTING BENEFITS; INCREASING CONTRIBUTION RATES AND
9 MODIFYING CERTAIN BENEFITS TO FUND THE ADJUSTMENT; PROVIDING THAT CERTAIN COURT FEES
10 BE CREDITED TO THE GENERAL FUND; REQUIRING THAT MEMBERS OF THE PUBLIC EMPLOYEES' AND
11 HIGHWAY PATROL OFFICERS' RETIREMENT SYSTEMS PAY THE FULL ACTUARIAL COST OF
12 PURCHASING CERTAIN SERVICE; ALLOWING MEMBERS OF THE PUBLIC EMPLOYEES' RETIREMENT
13 SYSTEM WHO BECAME MEMBERS ON OR AFTER JULY 1, 1989, TO PURCHASE ADDITIONAL SERVICE
14 FOR CALCULATING BENEFITS; REDEFINING THE SALARY USED TO CALCULATE CERTAIN BENEFITS
15 UNDER THE JUDGES' AND FIREFIGHTERS' RETIREMENT SYSTEMS; ADJUSTING CERTAIN DEATH
16 BENEFITS PAID UNDER THE JUDGES' AND GAME WARDENS' RETIREMENT SYSTEMS; REPLACING
17 CURRENT POSTRETIREMENT ADJUSTMENTS AND MINIMUM BENEFITS UNDER EACH RETIREMENT
18 SYSTEM FOR CURRENT MEMBERS WHO ELECT THE ANNUAL ADJUSTMENT AND FOR ALL NEW
19 MEMBERS; AMENDING SECTIONS 3-2-404, 3-2-405, 19-3-315, 19-3-316, 19-3-503, 19-3-512, 19-3-513,
20 19-5-101, 19-5-404, 19-5-502, 19-5-601, 19-5-802, 19-6-402, 19-6-404, 19-6-707, 19-6-709, 19-6-801,
21 19-8-502, 19-8-504, 19-8-1002, 19-9-702, 19-9-710, 19-9-1007, 19-13-601, 19-13-604, 19-13-704,
22 19-13-803, 19-13-902, 19-13-1006, 19-13-1007, 19-13-1009, AND 25-1-201, MCA; REPEALING
23 SECTIONS 19-3-1601, 19-3-1602, 19-3-1603, 19-7-708, 19-7-709, 19-7-710, 19-8-1101, 19-8-1102,
24 AND 19-8-1103, MCA; AND PROVIDING AN EFFECTIVE DATE."

25
26 STATEMENT OF INTENT

27 A statement of intent is required for this bill because [sections 1 through 3] give the public
28 employees' retirement board authority to adopt rules to implement the provisions of the bill.

29 It is the intent of the legislature to guarantee a minimum level of annual benefit increases for retired
30 members and their contingent annuitants or survivors under each of the statewide public employee

1 retirement systems. The legislature also intends to fund this guaranteed annual benefit adjustment (GABA)
2 in the most cost-effective manner possible.

3 Because the GABA is intended to address the erosion of retirement benefits caused by inflation as
4 cost-effectively as possible, it is the intent of the legislature that the guaranteed annual 1.5% minimum
5 adjustment not begin until after the original benefit has been paid for at least 36 months.

6 Because it is most cost-effective to reduce current unfunded liabilities as well as to avoid future
7 unfunded liabilities and to fund new benefits as they accrue, the bill provides that the GABA be substituted
8 for other benefits in cases in which the GABA is as valuable or more valuable to members. The resulting
9 actuarial savings will reduce the additional funding required for the GABA.

10 In the public employees', sheriffs', and game wardens' retirement systems, all members will
11 automatically be covered by the GABA provided for in this bill instead of the current postretirement
12 adjustments based on investment earnings.

13 In the highway patrol officers', municipal police officers', firefighters' unified, and judges' retirement
14 systems, in which the substitution of the GABA in place of other benefits is not a clear benefit
15 enhancement for all current members, it is the intent of the legislature that the members be provided with
16 a thorough analysis of the benefits to be substituted so that members may individually and irrevocably elect
17 whether to be covered under the provisions of this bill. However, it is not the intent of the legislature that
18 the retirement board or its administrative staff be required to recommend a specific or best choice to
19 individual members.

20 It is the intent of the legislature that all future members of these systems be covered by the GABA
21 in place of certain other benefits.

22
23 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

24
25 **NEW SECTION.** **Section 1. Guaranteed annual benefit adjustment.** (1) Subject to subsection (2),
26 on January 1 of each year, the permanent monthly benefit payable during the preceding January to each
27 recipient who is eligible under subsection (3) must be increased by 1.5%.

28 (2) (a) If a recipient's benefit payable during the preceding January has been increased by one or
29 more adjustments not provided for in this section and the adjustments amount to less than a 1.5%
30 annualized increase, then the recipient's benefit must be adjusted by an amount that will provide a total

1 annualized increase of 1.5% in the benefit paid since the preceding January.

2 (b) If a recipient's benefit payable during the preceding January has been increased by one or more
3 adjustments not provided for in this section and the increases amount to more than a 1.5% annualized
4 increase, then the benefit increase provided under this section must be 0%.

5 (c) If a benefit recipient is a contingent annuitant receiving an optional benefit upon the death of
6 the original payee that occurred since the preceding January, the new recipient's monthly benefit must be
7 increased to 1.5% more than the amount that the contingent annuitant would have received had the
8 contingent annuitant received a benefit during the preceding January.

9 (3) Except as provided in subsection (2)(b), a benefit recipient is eligible for and must receive the
10 minimum annual benefit adjustment provided for in this section if:

11 (a) the benefit's initiation date is at least 36 months prior to January 1 of the year in which the
12 adjustment is to be made; and

13 (b) the benefit recipient is not an active member of a public retirement system covered by this title.

14 (4) The board shall adopt rules to administer the provisions of this section.

15
16 **NEW SECTION. Section 2. Guaranteed annual benefit adjustment.** (1) Subject to subsection (2),
17 on January 1 of each year, the permanent monthly benefit payable during the preceding January to each
18 recipient who is eligible under subsection (3) must be increased by 1.5%.

19 (2) (a) If a recipient's benefit payable during the preceding January has been increased by one or
20 more adjustments not provided for in this section and the adjustments amount to less than a 1.5%
21 annualized increase, then the recipient's benefit must be adjusted by an amount that will provide a total
22 annualized increase of 1.5% in the benefit paid since the preceding January.

23 (b) If a recipient's benefit payable during the preceding January has been increased by one or more
24 adjustments not provided for in this section and the increases amount to more than a 1.5% annualized
25 increase, then the benefit increase provided under this section must be 0%.

26 (c) If a benefit recipient is a contingent annuitant receiving an optional benefit upon the death of
27 the original payee that occurred since the preceding January, the new recipient's monthly benefit must be
28 increased to 1.5% more than the amount that the contingent annuitant would have received had the
29 contingent annuitant received a benefit during the preceding January.

30 (3) Except as provided in subsection (2)(b), a benefit recipient is eligible for and must receive the

1 minimum annual benefit adjustment provided for in this section if:

2 (a) the benefit's initiation date is at least 36 months prior to January 1 of the year in which the
3 adjustment is to be made;

4 (b) the benefit recipient is not an active member of a public retirement system covered by this title;
5 and

6 (c) the member or benefit recipient either:

7 (i) first became an active member on or after [the effective date of this act]; or

8 (ii) filed a voluntary, irrevocable election to be covered under this section. The election must be filed
9 with the board prior to January 1, 1998.

10 (4) The board shall adopt rules to administer the provisions of this section.

11
12 **NEW SECTION. Section 3. Guaranteed annual benefit adjustment.** (1) Subject to subsection (2),
13 on January 1 of each year, the permanent monthly benefit payable during the preceding January to each
14 recipient who is eligible under subsection (3) must be increased by 1.5%.

15 (2) (a) If a recipient's benefit payable during the preceding January has been increased by one or
16 more adjustments not provided for in this section and the adjustments amount to less than a 1.5%
17 annualized increase, then the recipient's benefit must be adjusted by an amount that will provide a total
18 annualized increase of 1.5% in the benefit paid since the preceding January.

19 (b) If a recipient's benefit payable during the preceding January has been increased by one or more
20 adjustments not provided for in this section and the increases amount to more than a 1.5% annualized
21 increase, then the benefit increase provided under this section must be 0%.

22 (3) Except as provided in subsection (2)(b), a benefit recipient is eligible for and must receive the
23 minimum annual benefit adjustment provided for in this section if:

24 (a) the benefit's initiation date is at least 36 months prior to January 1 of the year in which the
25 adjustment is to be made;

26 (b) the benefit recipient is not an active member of a public retirement system covered by this title;
27 and

28 (c) the member either:

29 (i) first became an active member on or after [the effective date of this act]; or

30 (ii) filed a voluntary, irrevocable election to be covered under this section. The election must be filed

1 with the board prior to January 1, 1998, and requires an active member to pay an increased contribution
2 rate from [the effective date of this act] forward. A retired member or the member's survivor who is
3 receiving a monthly benefit before [the effective date of this act] shall also file the voluntary, irrevocable
4 election no later than January 1, 1998, to be covered under this section.

5 (4) The board shall adopt rules to administer the provisions of this section.
6

7 **NEW SECTION. Section 4. State contributions for local government and school district employers.**

8 The state shall contribute monthly from the general fund to the pension trust fund a sum equal to 0.1 %
9 of the compensation of members employed by local government entities and school districts on and after
10 [the effective date of this act]. The division shall certify amounts due under this section on a monthly
11 basis, and the state treasurer shall transfer those amounts to the pension trust fund within 1 week.
12

13 **Section 5.** Section 3-2-404, MCA, is amended to read:

14 **"3-2-404. Disposition of fees.** Except as otherwise provided by law, ~~three-fourths of~~ all fees
15 collected by the clerk must be paid into the state treasury and ~~shall~~ must be credited to the general fund,
16 ~~and the remaining one-fourth of the fees shall be paid to the public employees' retirement division of the~~
17 ~~department of administration to be credited to the Montana judges' retirement system account."~~
18

19 **Section 6.** Section 3-2-405, MCA, is amended to read:

20 **"3-2-405. Settlements and accounts to state auditor.** (1) The clerk is responsible and ~~must~~ shall
21 account for and, in ~~his~~ the clerk's settlement with the state auditor, must be charged with the full amount
22 of all fees collected or chargeable and accruing in causes brought into the court for services rendered
23 ~~therein~~ up to the time of each settlement. The settlement must take place quarterly, and immediately
24 ~~thereafter~~ after settlement, the clerk ~~must~~ shall pay the amount found due into the treasury ~~or to the public~~
25 ~~employees' retirement division, as provided in 3-2-404.~~

26 (2) ~~He~~ The clerk ~~must~~ shall ~~also~~ at the end of each quarter render to the state auditor, in ~~such a~~
27 form ~~as~~ that ~~the officer~~ the state auditor prescribes, an account in detail and under oath of all fees chargeable
28 and accruing in causes brought into court and not included in ~~his~~ the clerk's previous accounts.

29 (3) ~~His~~ The clerk's salary may not be allowed or paid until all fees ~~so accruing~~ for which ~~he~~ the
30 clerk is chargeable have been accounted for and paid ~~over~~."

1 **Section 7.** Section 19-3-315, MCA, is amended to read:

2 **"19-3-315. Member's contribution to be deducted.** (1) On and after July 1, ~~1993~~ 1997, the
3 regular contribution of each member is ~~6.70%~~ 6.8% of the member's compensation. Each member's
4 contribution increases to 6.9% beginning July 1, 1999.

5 (2) Payment of salaries or wages less the contribution is full and complete discharge and
6 acquittance of all claims and demands for the service rendered by members during the period covered by
7 the payment, except their claims to the benefits to which they may be entitled under the provisions of this
8 chapter.

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

12 (4) The member's contributions picked up by the employer must be designated for all purposes of
13 the retirement system as the member's contributions, except for the determination of a tax upon a
14 distribution from the retirement system. These contributions must become part of the member's
15 accumulated contributions but must be accounted for separately from those previously accumulated.

16 (5) The member's contributions picked up by the employer must be payable from the same source
17 as is used to pay compensation to the member and must be included in the member's wages, as defined
18 in 19-1-102, and compensation. The employer shall deduct from the member's compensation an amount
19 equal to the amount of the member's contributions picked up by the employer and remit the total of the
20 contributions to the board."

21
22 **Section 8.** Section 19-3-316, MCA, is amended to read:

23 **"19-3-316. Employer contribution rates.** (1) Each employer shall contribute to the cost of benefits
24 under the system. ~~On and after July 1, 1993~~ Except as provided in subsection (2), the amount of the
25 employer contributions is 6.70% of each contribution as a percentage of the employer's covered payroll
26 is 6.8% beginning July 1, 1997, and increases to 6.9% beginning July 1, 1999.

27 (2) Local government and school district employer contributions must be the total employer
28 contribution rate provided in subsection (1) minus the state contribution rate applied to their monthly
29 covered payrolls under [section 4]."

1 **Section 9.** Section 19-3-503, MCA, is amended to read:

2 **"19-3-503. Election to qualify military service.** (1) (a) A Except as provided in subsection (2), a
3 member with 10 years or more of service credits may, at any time prior to retirement, make a written
4 election with the board to purchase service credits for all or any portion of the member's active service in
5 the armed forces of the United States, including the first special service force or the American merchant
6 marine in oceangoing service during the period of armed conflict, December 7, 1941, to August 15, 1945,
7 up to a maximum of 5 years, if the member is not otherwise eligible to receive service credit for this same
8 service pursuant to 19-2-705 or is ineligible under subsection (2)(a).

9 (b) To qualify this service, the member shall contribute to the pension trust fund the ~~amount~~
10 ~~determined by the board to be due based on the member's compensation and regular contribution rate as~~
11 ~~of the member's 11th year and as many succeeding years as are required to qualify this service, with~~
12 ~~regular interest from the date the member becomes eligible for this benefit to the date the member~~
13 ~~contributes. The member may not purchase more of this service credit than the member has service credits~~
14 ~~in excess of 10 years~~ actuarial cost of the service credit based on the most recent actuarial valuation of
15 the system.

16 (2) (a) If a member has retired from active duty in the armed forces of the United States, including
17 the first special service force or the American merchant marine in oceangoing service during the period of
18 armed conflict, December 7, 1941, to August 15, 1945, with a military service retirement benefit, the
19 member may not qualify the member's military service under subsection (1).

20 (b) However, a member who is serving or has served in the military reserves with the expectation
21 of receiving a military service pension may qualify the member's active military service under subsection
22 (1) if the member's active duty in the armed forces of the United States, including the first special service
23 force or the American merchant marine in oceangoing service during the armed conflict, December 7, 1941,
24 to August 15, 1945, is not more than 25% of the total sum of all years of military service including reserve
25 and active duty time."

26
27 **Section 10.** Section 19-3-512, MCA, is amended to read:

28 **"19-3-512. Qualification of service from other public retirement systems.** (1) A member with 5
29 or more years of membership service in the public employees' retirement system may qualify:

30 (a) public service employment covered under a public retirement system other than a system

provided for in Title 19 for which the member received a refund of the member's membership contribution;
and

(b) public service employment that occurred before the public employer adopted a public retirement system.

(2) A member may not qualify more than 5 years of service under this section. To qualify this service, a member shall:

(a) at any time before retirement make a written election with the board to qualify the service; and

(b) contribute to the pension trust fund the actuarial cost of granting the service in the public employees' retirement system, as determined by the board, based on:

~~(i) the member's compensation in the sixth year of service covered under the public employees' retirement system; and~~

~~(ii) the most recent actuarial valuation of the system.~~

(3) Contributions to qualify service under this section may be made in a lump-sum payment or by making additional contributions in installments as agreed upon by the member and the board.

(4) Service qualified under this section may not be:

(a) credited in any other retirement system under Title 19; or

(b) used to qualify a member to purchase military service under 19-3-503.

(5) Service qualified under this section may not be used in calculating a member's retirement benefit unless the member's last 5 years of service credit were earned under the public employees' retirement system. If a member's qualified service may not be used in calculating the member's retirement benefit, the member may choose to receive a refund of the accumulated contributions made to qualify the service."

Section 11. Section 19-3-513, MCA, is amended to read:

"19-3-513. Election to purchase additional service. (1) At any time before retirement, a person ~~who became a member of the retirement system before July 1, 1989, and~~ who has 5 years or more of membership service may make a written election with the board to purchase additional service credit for the purpose of calculating the member's retirement benefit. Except as provided in subsection (3), the member may purchase 1 year of additional service credit for each 5 years of membership service that the member has qualified under the retirement system, up to a maximum of 5 years of additional service.

(2) For each year of service credit purchased under this section, a member shall contribute to the pension trust fund ~~an amount equal to the member's compensation for the 12-month period immediately preceding the date the member elects to purchase the service multiplied by the combined employee and employer contribution rates contained in 19-3-315 and 19-3-316~~ the actuarial cost of the service credit based on the most recent actuarial valuation of the system. Contributions may be made in a lump-sum payment or by making additional contributions in installments as agreed upon by the member and the board.

(3) (a) Except as provided in subsection (3)(b), ~~after January 1, 1990,~~ a member may elect to qualify a combined total of 5 years of service under 19-3-503, 19-3-512, or this section.

(b) A member who has purchased service under 19-3-503 or 19-3-512 on or before January 1, 1990, and who elects to purchase service under this section shall receive credit for the full months of service purchased on or before January 1, 1990.

(4) Service purchased under this section is not membership service and may not be used to qualify a member for service retirement."

Section 12. Section 19-5-101, MCA, is amended to read:

"19-5-101. Definitions. Unless a different meaning is plainly implied by the context, the following definitions apply in this chapter:

(1) "Compensation" means remuneration as defined in 2-16-403, 3-5-211, and 3-7-222 paid to a member.

(2) "Current salary" means the current compensation for the office retired from.

(3) "Final average salary" means the average of the member's highest monthly compensation during any 36 consecutive months of membership service in the retirement system.

(4) "Involuntary retirement" means a retirement not for cause and before retirement age.

~~(4)(5)~~ "Retired judge" means any judge or justice in receipt of a retirement benefit under this chapter."

Section 13. Section 19-5-404, MCA, is amended to read:

"19-5-404. Contributions by state. (1) ~~The~~ Except as provided in subsection (2), the state of Montana shall contribute monthly to the pension trust fund a sum equal to ~~6%~~ 25.81% of the compensation of each member. ~~In addition, the clerk of each district court shall transmit 68% of certain~~

1 ~~filing fees as required under 25-1-201(2) and that portion of the fee for filing a petition for dissolution of~~
2 ~~marriage and a motion for substitution of a judge specified in 25-1-201(4) and (6) to the state, which shall~~
3 ~~first deposit in the pension trust fund an amount equal to 34.71% of the total compensation paid to district~~
4 ~~judges and supreme court justices who are covered by the judges' retirement system and then deposit the~~
5 ~~balance in the state general fund. The clerk of the supreme court shall pay one fourth of the fees collected~~
6 ~~under 3-2-403 to the division to be credited to the pension trust fund.~~

7 (2) The state of Montana shall contribute monthly from the renewable resource grant and loan
8 program account in the state special revenue fund to the judges' pension trust fund an amount equal to
9 ~~34.71%~~ 25.81% of the compensation paid to the chief water court judge."

10
11 **Section 14.** Section 19-5-502, MCA, is amended to read:

12 **"19-5-502. Service retirement benefit.** Upon retirement from service, ~~a member must receive a~~
13 ~~the service retirement benefit equal to~~ must be as follows:

14 (1) for members not covered under [section 2], 3 1/3% per year of the member's current salary
15 for the first 15 years of credited service and 1.785% per year for each year of credited service after 15
16 years; or

17 (2) for members covered under [section 2], the benefit provided under subsection (1) except that
18 the benefit must be calculated using final average salary."

19
20 **Section 15.** Section 19-5-601, MCA, is amended to read:

21 **"19-5-601. Disability retirement benefit.** In case of the disability of a member, a disability
22 retirement benefit must be granted the member in an amount actuarially equivalent to the service retirement
23 benefit standing to the member's credit at the time of the member's disability retirement. If the disability
24 is a direct result of any service to the Montana judiciary in the line of duty, ~~the member must receive a~~
25 ~~benefit equal to~~ member's disability retirement benefit must be no less than:

26 (1) one-half of the member's final current salary or the benefit provided in 19-5-502, whichever
27 is greater for a person not covered under [section 2]; or

28 (2) one-half of the member's final average salary for a person covered under [section 2]."

29
30 **Section 16.** Section 19-5-802, MCA, is amended to read:

1 **"19-5-802. Payments in case of death from other causes.** (1) If a retired member who ~~chose a~~
2 ~~regular~~ is not covered under [section 2] and who did not choose an option 2, 3, or 4 form of retirement
3 benefit payment under 19-5-701 dies before receiving payments equal to the present value of the member's
4 retirement benefit as it was at the time of the member's retirement, the balance must be paid to the
5 member's designated beneficiary in a lump sum. At the designated beneficiary's request, the lump sum may
6 be paid as an actuarially equivalent annuity that will not be subject to increases for any purpose.

7 (2) Upon the death of a retiree who did not choose an option 2, 3, or 4 form of retirement benefit
8 payment under 19-5-701 and who is covered under [section 2], the member's designated beneficiary must
9 be paid the unpaid balance of the retiree's benefit. The benefit must be calculated by subtracting the total
10 benefits paid to the member during the member's lifetime from the member's total amount of contributions
11 and interest on account as that amount was on the day that the member retired.

12 (3) If a member dies before reaching retirement age, the member's designated beneficiary is entitled
13 to a monthly survivorship benefit that is the actuarial equivalent of the involuntary retirement options as
14 provided in 19-5-503."

15
16 **Section 17.** Section 19-6-402, MCA, is amended to read:

17 **"19-6-402. Member's contribution.** (1) ~~Each~~ (a) A member not covered under [section 3] shall
18 contribute into the pension trust fund ~~a sum equal to 9% of the member's monthly compensation, which~~
19 ~~must be deposited to the member's credit in the pension trust fund.~~

20 (b) A member covered under [section 3] shall contribute to the pension trust fund 9.05% of the
21 member's monthly compensation.

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

25 (3) The member's contributions picked up by the employer must be designated for all purposes of
26 the retirement system as the member's contributions, except for the determination of a tax upon a
27 distribution from the retirement system. These contributions must become part of the member's
28 accumulated contributions but must be accounted for separately from those previously accumulated.

29 (4) The member's contributions picked up by the employer must be payable from the same source
30 as is used to pay compensation to the member and must be included in the member's wages as defined

1 in 19-1-102 and compensation as used to define the member's final average salary in 19-6-101. The
2 employer shall deduct from the member's compensation an amount equal to the amount of the member's
3 contributions picked up by the employer and remit the total of the contributions to the board."

4
5 **Section 18.** Section 19-6-404, MCA, is amended to read:

6 **"19-6-404. State's contribution.** The state of Montana shall annually contribute to the pension
7 trust fund an amount equal to ~~36.28%~~ 36.33% of the total compensation paid to the members from the
8 following sources:

9 (1) an amount equal to ~~26.10%~~ 26.15% of the total compensation of the members is payable from
10 the same source that is used to pay compensation to the members; and

11 (2) an amount equal to 10.18% of the total compensation of the members is payable from a portion
12 of the fees from driver's licenses and duplicate driver's licenses as provided in 61-5-121."

13
14 **Section 19.** Section 19-6-707, MCA, is amended to read:

15 **"19-6-707. Minimum monthly benefit.** (1) Subject to the limitations contained in subsection (2),
16 the following retired members, or and their survivors, who are not covered by [section 3] are eligible to
17 receive a monthly benefit of not less than 2% multiplied by the member's service credits multiplied by the
18 current base compensation received by a probationary highway patrol officer:

19 (a) a retired member who is 55 years of age or older, except as provided in subsection (3), or the
20 member's survivor, who is receiving a service retirement benefit;

21 (b) a retired member, or the member's survivor, who is receiving a disability retirement benefit; and

22 (c) a recipient of a survivorship benefit.

23 (2) (a) The maximum monthly benefit paid under subsection (1) may not exceed 60% of the current
24 base compensation of a probationary highway patrol officer.

25 (b) The annual increase in a monthly benefit under subsection (1) may not exceed 5% of the
26 current monthly benefit paid to a retired member or the member's survivor.

27 (3) A retired member otherwise qualified under subsection (1)(a) who is employed in a position
28 covered by a retirement system under Title 19 is ineligible to receive the minimum monthly benefit provided
29 for in this section until the member's service in the covered position is terminated."

1 **Section 20.** Section 19-6-709, MCA, is amended to read:

2 **"19-6-709. (Temporary) Supplemental benefits for certain retirees.** (1) In addition to any retirement
3 benefit payable under this chapter, a retired member or a survivor determined by the board to be eligible
4 under subsection (2) must receive an annual lump-sum benefit payment beginning in September 1991 and
5 each succeeding year as long as the member remains eligible.

6 (2) To be eligible for the benefits under this section, a person must be receiving a monthly benefit
7 before July 1, 1991, may not be covered by [section 3], and must be:

8 (a) a retired member who is 55 years of age or older and who has been receiving a service
9 retirement benefit for at least 5 years prior to the date of distribution;

10 (b) a survivor of a member who would have been eligible under subsection (2)(a); or

11 (c) a recipient of a disability or survivorship benefit under 19-6-601 or 19-6-901.

12 (3) A retired member otherwise qualified under this section who is employed in a position covered
13 by a retirement system under Title 19 is ineligible to receive any lump-sum benefit payments provided for
14 in this section until the member's service in the covered position is terminated. Upon termination of the
15 member's covered service, the retired member becomes eligible in the next fiscal year succeeding the
16 member's termination.

17 (4) (a) Twenty-five cents of each motor vehicle registration fee provided for in 61-3-321 must be
18 deposited in the pension trust fund at the end of each fiscal year. The fee is statutorily appropriated, as
19 provided in 17-7-502, for payment of benefits to eligible recipients. The total funds must be distributed by
20 the division in lump-sum payments to eligible recipients along with their normal retirement benefit payment.

21 (b) The lump-sum payment must be distributed proportionally to all eligible recipients based on
22 service credit at the time of retirement, subject to the following:

23 (i) a recipient under subsection (2)(c) is considered to have 20 years of service for the purposes
24 of the distributions;

25 (ii) any recipient of a service retirement benefit exceeding the maximum monthly benefit under
26 19-6-707(2)(a) must have the recipient's service credit reduced 25% for the purposes of the distributions;

27 (iii) the maximum annual increase in the amount of supplemental benefits paid to each individual
28 under this section ~~after August 31, 1993~~, is the percentage increase for the previous calendar year in the
29 annual average consumer price index for urban wage earners and workers, compiled by the bureau of labor
30 statistics of the United States department of labor or its successor agency.

(c) Any amount deposited in the pension trust fund under subsection (4)(a) for the payment of supplemental benefits under this section that exceeds the limitation of subsection (4)(b)(iii) must be used to amortize unfunded liabilities of the retirement system.

(5) Every 10 years following July 1, 1991, the division shall review the size of the additional fee collected under 61-3-321(5) and deposited in the account in accordance with subsection (4)(a) and recommend to each legislature following the division's review any legislation necessary to reduce the fee to the minimum amount necessary to provide the supplemental benefits provided by this section."

Section 21. Section 19-6-801, MCA, is amended to read:

"19-6-801. Election to qualify military service. (1) A member with 15 years or more of service credit with the Montana highway patrol may, at any time prior to retirement, make a written election with the division to qualify all or any portion of the member's active service in the armed forces of the United States for the purpose of calculating retirement benefits, up to a maximum of 5 years, if the member is not otherwise eligible to receive service credit for this same service pursuant to 19-2-705.

(2) To qualify this service ~~the~~:

(a) a member not covered by [section 3] shall contribute to the account the amount determined by the division to be due based on the member's compensation and regular contribution rate as of the member's 16th year and as many succeeding years as are required to qualify this service, with interest from the date the member becomes eligible for this benefit to the date the member contributes. The member may not qualify more of this service than the member has service with the Montana highway patrol in excess of 15 years.

(b) a member covered by [section 3] shall contribute the actuarial cost of the service credit based on the most recent actuarial valuation of the system."

Section 22. Section 19-8-502, MCA, is amended to read:

"19-8-502. Member's contribution. (1) ~~Every~~ Each member is required to contribute into the pension trust fund ~~a sum equal to 7.9%~~ 8.5% of the member's monthly compensation, which ~~sum~~ must be deposited to the member's credit in the pension trust fund.

(2) Each employer, pursuant to section 414(h)(2) of the federal Internal Revenue Code of 1954, as amended and applicable on July 1, 1985, shall pick up and pay the contributions that would be payable

1 by the member under subsection (1) for service rendered after June 30, 1985.

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

6 (4) The member's contributions picked up by the employer must be payable from the same source
7 as is used to pay compensation to the member and must be included in the member's wages as defined
8 in 19-1-102 and the member's compensation as used to define the member's final average salary in
9 19-8-101. The employer shall deduct from the member's compensation an amount equal to the amount of
10 the member's contributions picked up by the employer and remit the total of the contributions to the
11 board."

12
13 **Section 23.** Section 19-8-504, MCA, is amended to read:

14 **"19-8-504. State's contribution.** Each month, the state treasurer shall pay to the pension trust
15 fund out of the department of fish, wildlife, and parks funds, a sum equal to ~~8.15%~~ 9% of all members'
16 salaries."

17
18 **Section 24.** Section 19-8-1002, MCA, is amended to read:

19 **"19-8-1002. Postretirement death payments.** If a ~~retired~~ member who retires on or after [the
20 effective date of this act] and who has not chosen an ~~optional~~ option 2, 3, or 4 retirement benefit under
21 19-8-801 dies before receiving an amount equal to the ~~present value of the member's service retirement~~
22 ~~benefit under 19-8-603~~ member's total amount of contributions and interest on account as if that amount
23 was at the time of the member's retirement, the balance must be paid to the member's designated
24 beneficiary in a lump-sum payment. ~~At the option of the designated beneficiary, the lump-sum payment may~~
25 ~~be annuitized and paid over the beneficiary's lifetime; however, the payment is not a benefit subject to~~
26 ~~increases."~~

27
28 **Section 25.** Section 19-9-702, MCA, is amended to read:

29 **"19-9-702. State contribution.** The state of Montana shall make its contributions through the state
30 auditor out of the premium tax on motor vehicle property and casualty insurance policies. The payments

1 must be made annually after the end of each fiscal year but no later than November 1 from the gross
2 premium tax after deduction for cancellations and returned premiums. The division shall notify the auditor
3 by September 1 of each fiscal year of the annual compensation paid to all active members during the
4 preceding fiscal year. The state's contribution is ~~15.66%~~ 15.96% of compensation paid to members."

5
6 **Section 26.** Section 19-9-710, MCA, is amended to read:

7 **"19-9-710. Member's contribution.** (1) ~~The~~ Except as provided in subsection (2), the regular
8 contribution as a percentage of compensation of each active member first employed by an employer as a
9 police officer:

10 (a) on or before June 30, 1975, is 7.8% of the member's compensation;

11 (b) ~~In the case of a member first employed by an employer as a police officer after June 30, 1975,~~
12 ~~the contribution is 9% of the member's compensation;~~

13 (c) ~~In the case of a member first employed by an employer as a police officer after June 30, 1979,~~
14 ~~but before [the effective date of this act], the contribution is 10.5% of the member's compensation; and~~

15 (d) on and after [the effective date of this act], is 11%.

16 (2) A member covered under [section 3] shall pay a contribution rate equal to 11% of
17 compensation received on and after [the effective date of this act].

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

21 ~~(3)(4)~~ (4) The member's contributions picked up by the employer must be designated for all purposes
22 of the retirement system as the member's contributions, except for the determination of a tax upon a
23 distribution from the retirement system. These contributions must become part of the member's
24 accumulated contributions but must be accounted for separately from those previously accumulated.

25 ~~(4)(5)~~ (5) The member's contributions picked up by the employer must be payable from the same
26 source as is used to pay compensation to the member and must be included in the member's wages as
27 defined in 19-1-102 and in the member's compensation as defined in 19-9-104. The employer shall deduct
28 from the member's compensation an amount equal to the amount of the member's contributions picked up
29 by the employer and remit the total of the contributions to the board."

1 **Section 27.** Section 19-9-1007, MCA, is amended to read:

2 **"19-9-1007. Supplement to certain benefits.** (1) The benefits paid in each fiscal year to a retired
3 member or the member's survivors and that are not covered by [section 3] may not be less than one-half
4 of the compensation that will be paid in the current fiscal year in the appropriate city or town to newly
5 confirmed police officers.

6 (2) On or before October 1 of each year, the division shall make a report including the following
7 information:

8 (a) the names of all retired members who are receiving benefits from the retirement system as of
9 the date of the report;

10 (b) the names of all surviving spouses or dependent children who are receiving benefits from the
11 retirement system because of the death of an active or retired member of this or a prior plan;

12 (c) for the purpose of determining the base retirement, disability, or survivorship benefits for the
13 computations set forth in subsection (3), the following information relating to the base fiscal year
14 commencing July 1, 1976:

15 (i) the amount of the benefits paid in the base fiscal year to each retired member described in
16 subsection (2)(a);

17 (ii) the amount of the benefits paid in the base fiscal year to each surviving spouse or dependent
18 child described in subsection (2)(b);

19 (iii) upon the death after the base fiscal year of any retired member who was receiving benefits, the
20 amount of benefits that would have been paid to an eligible surviving spouse of the retired member if the
21 surviving spouse had been receiving benefits in the base fiscal year;

22 (d) the original amount of retirement, disability, or survivorship benefits paid to retired members
23 or their eligible survivors as of the original retirement dates after July 1, 1975;

24 (e) the compensation that will be paid during the current fiscal year to a newly confirmed police
25 officer of each city or town participating in the retirement system.

26 (3) The division shall compute the difference between each amount reported under subsections
27 (2)(c) through (2)(e) and one-half the compensation to be paid during the current fiscal year to a newly
28 confirmed police officer of the appropriate city or town. The difference must be reported to the state auditor
29 who shall pay the difference to the pension trust fund out of the premium tax collected on insurance sold
30 in this state to insure against the risks enumerated in 19-18-512(3) no later than November 1. If the

1 compensation of a newly confirmed police officer has not been set for the current fiscal year in time to be
2 included in the October 1 report to the state auditor, the division shall make any retroactive adjustments
3 necessary to individual supplemental benefits after the current compensation has been determined and shall
4 include these amounts in the next year's report for reimbursement at that time.

5 (4) The premium tax amount paid by the state auditor is statutorily appropriated, as provided in
6 17-7-502, for the payment of supplemental retirement benefits to eligible retired members and their
7 survivors. This payment is in addition to the payment to be made by the state auditor under 19-9-702.

8 (5) If more than one dependent child is entitled to supplementary benefits under this section by
9 virtue of the death of a common parent, the minimum benefit paid to the dependent children under this
10 section must be determined as if there were one dependent child and the supplementary benefits must be
11 paid to the dependent children collectively."

12
13 **Section 28.** Section 19-13-601, MCA, is amended to read:

14 **"19-13-601. Deduction remitted to firemen's association -- member's contribution.** (1) Each
15 employer shall retain from the compensation of each active member a sum equal to 1% of the member's
16 compensation for services as a firefighter and shall remit this amount on a monthly basis to the Montana
17 state firemen's association for the payment of premiums on a group life and accidental death and
18 dismemberment insurance policy for members and to defray expenses incurred by the association when
19 representing members of the retirement system.

20 (2) ~~The~~ Each member's contribution to the retirement system ~~is 7.8% as a percentage~~ of the
21 member's compensation must be:

22 (a) 7.8% for a member not covered under [section 3]; or

23 (b) 9% for a member covered under [section 3].

24 (3) If a member receives compensation under the provisions of the Workers' Compensation Act,
25 Title 39, chapter 71, the amount received must be included as part of the member's compensation for
26 purposes of determining contributions and service credits under the retirement system. Contributions made
27 under 19-13-604, 19-13-605, and this section must be based on the total compensation received by the
28 member from the employer and from workers' compensation during the period of disability.

29 (4) Each employer, pursuant to section 414(h)(2) of the federal Internal Revenue Code, as amended
30 and applicable on July 1, 1987, shall pick up and pay the contributions that would be payable by the

1 member under subsection (2) for service rendered after June 30, 1987.

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

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

11
12 **Section 29.** Section 19-13-604, MCA, is amended to read:

13 **"19-13-604. State contribution.** The state shall make its contributions through the state auditor
14 from the premium taxes on the insurance risks enumerated in 19-18-512. These payments must be made
15 annually to the pension trust fund after the end of each fiscal year but no later than November 1 from the
16 gross premium taxes after deduction for cancellations and returned premiums. The division shall notify the
17 auditor of the annual compensation, excluding overtime, holiday payments, shift differential payments,
18 compensatory time payments, and payments in lieu of sick leave, paid to all active members during the
19 preceding year. The state's contribution is ~~24.21%~~ 24.5% of this total compensation. As soon as
20 practicable after receipt of the state contribution, the division shall deposit it in the pension trust fund."

21
22 **Section 30.** Section 19-13-704, MCA, is amended to read:

23 **"19-13-704. Amount of service retirement benefit.** (1) Except as provided in subsection (3), the
24 following retirement benefits apply:

25 (a) A member ~~hired before July 1, 1981~~, who elects to retire after having reached 20 years of
26 membership service must receive a service retirement benefit equal to the sum of:

27 (i) 50% of the member's last monthly compensation for years of service credit up to and including
28 20 years; and

29 (ii) 2% of the member's last monthly compensation for each year of service credit after 20 years.

30 (b) A member ~~hired before July 1, 1981~~, who elects to retire after having reached at least 10 years

1 but less than 20 years of membership service as an active member must receive a service retirement benefit
2 equal to 2% of the member's last monthly compensation for each year of service credit. ~~Upon the retired~~
3 ~~member's death, the benefit must be made to the surviving spouse. If there is no surviving spouse or if the~~
4 ~~surviving spouse dies and if the member leaves one or more dependent children, the children are entitled~~
5 ~~to receive the allowance as long as they remain dependent children as defined in 19-13-104.~~

6 (2) A member hired on or after July 1, 1981, who retires with at least 10 years of membership
7 service must receive a service retirement benefit equal to 2% of the member's final average compensation
8 for each year of service credit.

9 (3) A member hired before July 1, 1981, and who is covered under [section 3] is entitled to the
10 same benefit provided under subsection (1) or (2), except that the benefit must be calculated using final
11 average compensation.

12 (4) Upon a retired member's death, the benefit must be made to the surviving spouse. If there is
13 no surviving spouse or if the surviving spouse dies and if the member leaves one or more dependent
14 children, the children are entitled to receive the allowance as long as they remain dependent children as
15 defined in 19-13-104."

16
17 **Section 31.** Section 19-13-803, MCA, is amended to read:

18 **"19-13-803. Amount of disability retirement benefit.** (1) A Except as provided in subsection (3),
19 the disability retirement benefit for a member hired before July 1, 1981, who becomes disabled:

20 (a) before completing 20 years of membership service must ~~receive a disability retirement benefit~~
21 ~~equal to~~ one-half the member's last monthly compensation;

22 (b) after completing 20 years or more of membership service must ~~receive equal~~ the disability
23 retirement benefit provided in subsection (1)(a) increased at a rate of 2% of the member's last monthly
24 compensation for each year of service credit in excess of 20.

25 (2) A Except as provided in subsection (3), the disability retirement benefit for a member hired on
26 or after July 1, 1981, who becomes disabled:

27 (a) before completing 25 years of membership service must ~~receive a disability retirement benefit~~
28 ~~equal to~~ one-half the member's last monthly compensation;

29 (b) after completing 25 years or more of membership service must ~~receive equal~~ the disability
30 retirement benefit provided in subsection (2)(a) increased at a rate of 2% of the member's last monthly

1 compensation for each year of service credit in excess of 25.

2 (3) A member covered under [section 3] is entitled to the same benefit as provided in subsection
3 (1) or (2) except that the benefit must be calculated using final average compensation.

4 (4) A member's disability retirement benefit must be paid first to the member during the member's
5 lifetime and, upon the member's death, to the member's surviving spouse. If upon a member's death the
6 member leaves no surviving spouse or upon the death of the surviving spouse, the member's benefit must
7 be paid to the member's dependent children as long as they remain dependent children as defined in
8 19-13-104."

9
10 **Section 32.** Section 19-13-902, MCA, is amended to read:

11 **"19-13-902. Survivorship benefit.** (1) ~~(a) Upon the death before retirement~~ Except as provided in
12 subsection (3), the survivorship benefits payable to the surviving spouse upon the death of an active
13 member hired before July 1, 1981, ~~the member's surviving spouse, if there is one, must receive a~~
14 ~~survivorship benefit equal to~~ must be as follows:

15 (a) one-half the last monthly compensation received by the member; ~~or, If the member leaves one~~
16 ~~or more dependent children, then, upon the member's death if the member leaves no surviving spouse or~~
17 ~~upon the death of the surviving spouse, the member's dependent children must collectively receive the~~
18 ~~same benefit that a surviving spouse would have received, as long as the children remain dependent~~
19 ~~children as defined in 19-13-104.~~

20 (b) ~~If~~ if the deceased member completed over 20 years of membership service, the survivorship
21 benefit provided in subsection (1)(a) ~~must be~~ increased at a rate of 2% of the last monthly compensation
22 for each year of service in excess of 20.

23 (2) Upon the death before retirement of a member hired on or after July 1, 1981, the member's
24 surviving spouse, if there is one, must receive a survivorship benefit equal to one-half of the member's final
25 average compensation.

26 (3) The benefit payable to the surviving spouse upon the death of an active member covered under
27 [section 3] must be the same as provided under subsection (1) or (2) except that the benefit must be
28 calculated using final average compensation.

29 (4) If the member leaves one or more dependent children, then, upon the member's death if the
30 member leaves no surviving spouse or upon the death of the surviving spouse, the member's dependent

1 children must collectively receive the same benefit that a surviving spouse would have received, as long
2 as the children remain dependent children as defined in 19-13-104."

3
4 **Section 33.** Section 19-13-1006, MCA, is amended to read:

5 **"19-13-1006. Supplement to retirement benefits for persons retiring before July 1, 1973.** (1) ~~The~~
6 Except for persons who elect to be covered under [section 3], the retirement system shall pay to each
7 member retired before July 1, 1973, or the member's surviving spouse or dependent children a monthly
8 retirement benefit of not less than one-half the regular monthly compensation paid to a confirmed active
9 firefighter of the city that last employed the member as a firefighter, as provided each year in the budget
10 of that city. If the city that last employed the member as a firefighter no longer employs a full-paid
11 firefighter, the member's or survivor's benefit may not be less than one-half the average regular monthly
12 compensation paid to all newly confirmed full-paid firefighters, as provided each year in the budgets of
13 those cities that participate in the retirement system and employ a full-paid firefighter. In the case of
14 volunteer firefighters, the retirement benefit may not exceed \$75 per month. Distribution of the money
15 provided for this purpose under 19-18-606(1) must be made according to subsection (2).

16 (2) (a) At the beginning of each fiscal year the division shall request and, except as provided in
17 subsection (2)(b), the state auditor shall issue from the state special revenue fund and deliver to the division
18 an amount certified to be equal to the total annual dollar difference between the total retirement benefits
19 paid to all retirees or their surviving spouses or dependent children in the previous fiscal year and the total
20 benefits payable on June 30, 1973. The division shall deposit this money into the pension trust fund.

21 (b) If insufficient money is contained in the state special revenue fund to pay the amount requested
22 in subsection (2)(a), the auditor shall pay to the division the balance contained in the state special revenue
23 fund. The division shall continue to request any portion of the amount requested under subsection (2)(a)
24 not paid in previous fiscal years plus sufficient interest to reimburse the pension trust fund, which amounts
25 must be paid to the division prior to determining whether sufficient cash remains in the special revenue fund
26 to make any payments into the account established in 19-13-615. The auditor shall pay the requests as
27 money in the state special revenue fund becomes available."

28
29 **Section 34.** Section 19-13-1007, MCA, is amended to read:

30 **"19-13-1007. Benefit Minimum benefit adjustment.** (1) ~~For~~ Except for persons who elect to be

1 covered under [section 3], a member retiring on or after July 1, 1973, who was hired before July 1, 1981,
2 or the member's surviving spouse or dependent children, the service retirement benefit provided in
3 19-13-704(1)(a), the disability retirement benefit provided in 19-13-803(1), and the survivorship benefit
4 provided in 19-13-902(1) may not be less than one-half the monthly compensation paid to a newly
5 confirmed, active firefighter of a city that last employed the member as a firefighter, as provided each year
6 in the budget of that city.

7 (2) For a member hired on or after July 1, 1981, or the member's surviving spouse or dependent
8 children, the disability retirement benefit provided in 19-13-803(2) and the survivorship benefit provided
9 in 19-13-902(2) may not be less than one-half the monthly compensation paid to a newly confirmed, active
10 firefighter of a city that last employed the member as a firefighter, as provided each year in the budget of
11 that city.

12 (3) If after a member retires, the city that last employed the member no longer employs a full-paid
13 firefighter, the member's or survivor's benefit under subsections (1) and (2) must be adjusted on the basis
14 of the average monthly compensation paid to all newly confirmed full-paid firefighters, as provided each
15 year in the budgets of those cities that participate in the retirement system and employ a full-paid
16 firefighter.

17 (4) ~~# Except for persons who elect to be covered under [section 3], if~~ the employment of a vested
18 member hired before July 1, 1981, is involuntarily discontinued because of the termination of employment
19 of all full-paid firefighters in the city that employed the member, the member's service retirement benefit
20 provided in 19-13-704(1)(b) and the member's spouse's or dependent child's survivorship benefit provided
21 in 19-13-902(1) may not be less than:

22 (a) if the member has earned 20 years or more of membership service, one-half the average
23 monthly compensation paid to all newly confirmed, full-paid firefighters, as provided each year in the
24 budgets of those cities that participate in the retirement system and employ a full-paid firefighter; or

25 (b) if the member has earned more than 10 but less than 20 years of membership service, 2% of
26 the average monthly compensation paid to all newly confirmed, full-paid firefighters, as provided each year
27 in the budgets of those cities that participate in the retirement system and employ a full-paid firefighter,
28 for each year of the member's service."

29
30 **Section 35.** Section 19-13-1009, MCA, is amended to read:

1 **"19-13-1009. Supplement to retirement benefits for persons hired on or after July 1, 1981. (1)**

2 ~~The~~ Except for persons who elect to be covered under [section 3], the division shall pay a supplemental
3 benefit from the account provided for in 19-13-615 to each member hired on or after July 1, 1981, who
4 has earned 20 years of membership service as an active firefighter or to the member's surviving spouse
5 or dependent children. Except as provided in subsection (2), the supplemental benefit, when added to the
6 service retirement benefit, must equal one-half the regular monthly compensation paid to a newly confirmed
7 full-paid active firefighter of the city that last employed the member as a firefighter as provided each year
8 in the budget of that city. If after a member retires, the city that last employed the member no longer
9 employs a full-paid firefighter, the member's supplemental benefit must be calculated on the basis of the
10 average monthly compensation paid to all newly confirmed full-paid firefighters, as provided each year in
11 the budgets of those cities that participate in the retirement system and employ a full-paid firefighter.

12 (2) If the amount available to the account is insufficient to fully fund the supplemental benefit
13 provided for in subsection (1), the supplemental benefit for each eligible member or survivor must be
14 reduced by an equal percentage so that the amount contained in the account is not exceeded."

15
16 **Section 36.** Section 25-1-201, MCA, is amended to read:

17 **"25-1-201. Fees of clerk of district court. (1)** The clerk of the district court shall collect the
18 following fees:

19 (a) at the commencement of each action or proceeding, except a petition for dissolution of
20 marriage, from the plaintiff or petitioner, \$80; for filing a complaint in intervention, from the intervenor,
21 \$80; for filing a petition for dissolution of marriage, a fee of \$120; and for filing a petition for legal
22 separation, a fee of \$120;

23 (b) from each defendant or respondent, on appearance, \$60;

24 (c) on the entry of judgment, from the prevailing party, \$45;

25 (d) for preparing copies of papers on file in the clerk's office, 50 cents ~~per~~ a page for the first five
26 pages of each file, ~~per~~ for each request, and 25 cents ~~per~~ for each additional page;

27 (e) for each certificate, with seal, \$2;

28 (f) for oath and jurat, with seal, \$1;

29 (g) for search of court records, 50 cents for each year searched, not to exceed a total of \$25;

30 (h) for filing and docketing a transcript of judgment or transcript of the docket from all other courts,

1 the fee for entry of judgment provided for in subsection (1)(c);

2 (i) for issuing an execution or order of sale on a foreclosure of a lien, \$5;

3 (j) for transmission of records or files or transfer of a case to another court, \$5;

4 (k) for filing and entering papers received by transfer from other courts, \$10;

5 (l) for issuing a marriage license, \$30;

6 (m) on the filing of an application for informal, formal, or supervised probate or for the appointment
7 of a personal representative or the filing of a petition for the appointment of a guardian or conservator, from
8 the applicant or petitioner, \$70, which includes the fee for filing a will for probate;

9 (n) on the filing of the items required in 72-4-303 by a domiciliary foreign personal representative
10 of the estate of a nonresident decedent, \$55;

11 (o) for filing a declaration of marriage without solemnization, \$30;

12 (p) for filing a motion for substitution of a judge, \$100.

13 (2) Except as provided in subsections (3) through (8), 32% of all fees collected by the clerk of the
14 district court must be deposited in and credited to the district court fund. If no district court fund exists,
15 that portion of the fees must be deposited in the general fund for district court operations. The remaining
16 portion of the fees must be remitted to the state ~~to be deposited as provided in 19-5-404~~ general fund.

17 (3) In the case of a fee collected for issuing a marriage license or filing a declaration of marriage
18 without solemnization, ~~\$14~~ \$23.60 must be deposited in and credited to the state general fund, and \$6.40
19 must be deposited in and credited to the county general fund, ~~and \$9.60 must be remitted to the state to~~
20 ~~be deposited as provided in 19-5-404~~.

21 (4) Of the fee for filing a petition for dissolution of marriage or legal separation, ~~\$40~~ \$75 must be
22 deposited in the state general fund, ~~\$35 must be remitted to the state to be deposited as provided in~~
23 ~~19-5-404~~, \$5 must be deposited in the children's trust fund account established by 41-3-702, and \$20
24 must be deposited in and credited to the district court fund. If no district court fund exists, the \$20 must
25 be deposited in the general fund for district court operations.

26 (5) (a) Before the percentages contained in subsection (2) are applied and the fees deposited in the
27 district court fund or the county general fund or remitted to the state, the clerk of the district court shall
28 deduct from the following fees the amounts indicated:

29 (i) at the commencement of each action or proceeding and for filing a complaint in intervention as
30 provided in subsection (1)(a), \$35;

1 (ii) from each defendant or respondent, on appearance, as provided in subsection (1)(b), \$25;
2 (iii) on the entry of judgment as provided in subsection (1)(c), \$15; and
3 (iv) from the applicant or petitioner, on the filing of an application for probate or for the appointment
4 of a personal representative or on the filing of a petition for appointment of a guardian or conservator, as
5 provided in subsection (1)(m), \$15.

6 (b) The clerk of the district court shall deposit the money deducted in subsection (5)(a) in the
7 county general fund for district court operations unless the county has a district court fund. If the county
8 has a district court fund, the money must be deposited in that fund.

9 (6) The fee for filing a motion for substitution of a judge as provided in subsection (1)(p) must be
10 remitted to the state ~~to be deposited as provided in 19-5-404 general fund.~~

11 (7) Fees collected under subsections (1)(d) through (1)(i) must be deposited in the district court
12 fund. If no district court fund exists, fees must be deposited in the general fund for district court operations.

13 (8) The clerk of the district court shall remit to the credit of the state general fund \$20 of each fee
14 collected under the provisions of subsections (1)(a) through (1)(c), (1)(m), and (1)(n) to fund a portion of
15 judicial salaries."

16
17 **NEW SECTION. Section 37. Repealer.** Sections 19-3-1601, 19-3-1602, 19-3-1603, 19-7-708,
18 19-7-709, 19-7-710, 19-8-1101, 19-8-1102, and 19-8-1103, MCA, are repealed.

19
20 **NEW SECTION. Section 38. Codification instruction.** (1) [Section 1] is intended to be codified as
21 an integral part of Title 19, chapters 3, 7, and 8, and the provisions of Title 19, chapters 3, 7, and 8, apply
22 to [section 1].

23 (2) [Section 2] is intended to be codified as an integral part of Title 19, chapter 5, and the
24 provisions of Title 19, chapter 5, apply to [section 2].

25 (3) [Section 3] is intended to be codified as an integral part of Title 19, chapters 2, 6, 9, and 13,
26 and the provisions of Title 19, chapters 2, 6, 9, and 13, apply to [section 3].

27 (4) [Section 4] is intended to be codified as an integral part of Title 19, chapter 3, and the
28 provisions of Title 19, chapter 3, apply to [section 4].

29
30 **NEW SECTION. Section 39. Effective date.** [This act] is effective July 1, 1997.

-END-

STATE OF MONTANA - FISCAL NOTE

Fiscal Note for HB0170, as introduced

DESCRIPTION OF PROPOSED LEGISLATION:

The bill establishes a 1.5 percent guaranteed annual benefit adjustment (GABA) for certain benefit recipients in the public employee retirement systems; makes the annual adjustment an alternative to certain existing benefits; increases contribution rates and modifies certain benefits to fund the adjustments; and requires that members of the public employees' and highway patrol officers' retirement systems pay the full actuarial cost of purchasing certain service.

ASSUMPTIONS:

PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS):

1. The total actuarial cost of funding the 1.5 percent GABA in PERS is annual contributions equal to 3.1 percent of total PERS payroll. The cost will be paid as follows: service purchase funding swap (0.31 percent); extend amortization period for funding the system's unfunded liabilities to 26 years (2.39 percent); increased employer contributions (0.2 percent phased in over three years); and increased employee contributions (0.2 percent phased in over three years).
2. The fiscal year 1996 payroll for covered employees totaled \$608,592,099. Payrolls are estimated to increase by 3.5 percent per year in the next biennium and beyond. Of the total covered member payroll, 44.5 percent is applicable to state employees; 8.7 percent is applicable to university system employees; and 46.8 percent is applicable to local government/school district employees.
3. The general fund is estimated to pay 40 percent of the state contributions to PERS for state payroll. Using this percentage for general fund, the other contributions for state agency payrolls are estimated to be funded 29 percent from federal funds, 28 percent from state special revenue, and 3 percent from other funds. The university system payroll is estimated to be funded from current unrestricted funds in the proportion of 60 percent general fund and 40 percent tuition and other funds.
4. State employer and employee contributions will increase by 0.1 percent (.001) during the next biennium. Local government employer contributions will not increase until fiscal year 2000 and then will be increased by 0.1 percent of covered payroll.

JUDGES' RETIREMENT SYSTEM (JRS):

5. The current statutory funding rate for the Judges' Retirement System totals 48.01 percent of covered member compensation (composed of 7 percent from employee members; 6 percent from the state; 34.71 percent from district court fees; and 0.3 percent from supreme court fees). Due to continuing shortfalls in revenues from district court fees, total contributions to the system have averaged only 34 percent of covered member compensation.
6. The total actuarial cost of funding the JRS with a 1.5 percent GABA and substitution of a refund of employee contributions and interest for the actuarial present value of the Option 1 retirement benefit will be 32.81 percent of covered member payroll.
7. The state general fund contributions for supreme court justices and district court judges will increase from 6 percent to 25.81 percent of covered member compensation. State employer contributions for the chief water court judge from the renewable resource grant and loan program account in the state special revenue fund will decrease from 34.71 percent to 25.81 percent of compensation.
8. District court fees and supreme court fees revenue approximately equal to \$575,000 each year will be deposited into the general fund.
9. The total covered payroll for the JRS during fiscal years 1998 and 1999 will be \$3,206,597 each year, of which \$72,042 will represent the salary for the chief water judge.

(Continued)

Dave Lewis 1-15-97

DAVE LEWIS, BUDGET DIRECTOR DATE
Office of Budget and Program Planning

Chris Ahner 1-16-97

CHRIS AHNER, PRIMARY SPONSOR DATE

Fiscal Note for HB0170, as introduced

HB 170

OTHER STATE AGENCIES:

21. The bill requires that members of the PERS and HWPORS pay the full actuarial cost of purchasing certain service. This will result in a higher cost per year of service than the current rate that is based upon the combined employer/employee contribution rates. The increase in the purchase price for service years is part of the funding mechanism for the PERS and HWPORS (service purchase funding swap). The Employee Protection Act (HB490) passed by the 1995 Legislature includes a retirement provision that provides, at state agency expense, additional service to certain employees who are involuntarily terminated and are members of PERS and HWPORS, as well as certain other systems. The involuntary termination may occur as a result of privatization, reorganization of an agency, and closure of or a reduction-in-force at an agency. The increased cost to state agencies of purchasing service under the higher actuarial cost is not subject to reasonable estimate.

FISCAL IMPACT:

Expenditures:

	<u>FY98</u>	<u>FY99</u>
	<u>Difference</u>	<u>Difference</u>
State contributions to PERS:		
General fund (01)	1,076,000	1,092,000
State special revenue (02)	202,100	212,100
Federal special revenue (03)	84,200	87,100
Other funds	<u>31,400</u>	<u>32,500</u>
Total state contributions	1,393,700	1,423,700

PERD Administrative Expenses:

Operating expenses	78,500	0
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Funding:

Non-expendable trust (09)	78,500	0
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Revenues:

General fund (01)	476,500	470,500
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Net Impact on Fund Balance: (Revenue minus expenses)

General fund (01)	(599,500)	(621,500)
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EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES: This bill may require local governments to spend additional sums for which no specific means of financing are provided. Section 1-2-114, MCA, provides that bills which have such an impact may not be introduced. Contribution rate increases (expenditures) for local government PERS employers will be partially offset by a 0.1 percent state general fund contribution on behalf of local government PERS-covered employees. The contribution rate increase for local governments is 0.1 percent effective July 1, 1999. The estimated cost to local governments is \$326,700 in fiscal year 2000 and is projected to increase at the estimated annual payroll increase rate of 3.5 percent per year.

LONG-RANGE EFFECTS OF PROPOSED LEGISLATION: The negative impacts of inflation on retirement benefits will be partially reduced for benefit recipients. Approximately 86 percent of the cost of providing the benefit increases will be covered through the use of system savings options such as extending the amortization period for unfunded liabilities and funding swaps. The net general fund cost is estimated to be \$839,000 in fiscal year 2000 and is estimated to increase annually based upon the estimated payroll increases in the PERS and JRS. There will be increases in general fund revenue from increased income tax collections that are not included in the net general fund cost estimates. Department of Revenue data from 1994 estimated the ratio of tax liability on PERS benefit payments to the total benefit payments to be 2.31 percent.

TECHNICAL NOTES: This bill will need to be coordinated with other legislation impacting these retirement systems (for example: HB 61, HB 169, HB 173, SB 124, LC 456, LC544, LC 607, LC826, LC 889, LC 939, LC 957, and LC 1076).

GAME WARDENS' RETIREMENT SYSTEM (GWRs):

10. The total actuarial cost of funding the 1.5 percent GABA in GWRs is annual contributions equal to 4.23 percent of total GWRs covered member payroll. The cost will be paid as follows: excess system funding (2.36 percent); extend the amortization period for funding unfunded liabilities to 2.8 years (0.42 percent); increased employer contributions (0.85 percent); and increased employee contributions (0.6 percent).
11. The covered member payroll in fiscal year 1996 totaled \$2,761,752. It is estimated that covered member payrolls will increase by 3.9 percent per year in future biennia.

SHERIFFS' RETIREMENT SYSTEM (SRS):

12. The total actuarial cost of funding the 1.5 percent GABA in SRS is annual contributions equal to 3.4 percent of total covered member SRS payroll. The cost will be paid as follows: excess system funding (3.26 percent); and extend the amortization period to fund unfunded liabilities to 1.35 years (0.14 percent).
13. The covered member payroll in fiscal year 1996 totaled \$17,889,806. Covered member payrolls are estimated to increase by 6.9 percent per year in future biennia.

HIGHWAY PATROL OFFICERS' RETIREMENT SYSTEM (HPORS):

14. The total actuarial cost of funding the 1.5 percent GABA in HPORS is annual contributions equal to 0.6 percent of total HPORS covered member payroll. The cost will be paid as follows: service purchase funding swap (0.12 percent); extend the amortization period for funding unfunded liabilities to 20.6 years (0.38 percent); increased employer contributions (0.05 percent); and increased employee contributions (0.05 percent).
15. The covered member payroll for fiscal year 1996 totaled \$6,241,716. It is estimated that covered member payrolls will increase by 4.5 percent per year in future biennia.

MUNICIPAL POLICE OFFICERS' RETIREMENT SYSTEM (MPORS):

16. The total actuarial cost of funding the 1.5 percent GABA in MPORS is annual contributions equal to 2.75 percent of total MPORS covered member payroll. The cost will be paid as follows: extend the amortization period for funding unfunded liabilities to 17.7 years (1.95 percent); increased contributions from insurance premium tax fund (0.3 percent); increased employee contributions (0.5 percent).
17. The covered member payroll for fiscal year 1996 totaled \$15,827,596. It is estimated that covered member payrolls will increase by 6.8 percent per year in future biennia.

FIREFIGHTERS' UNIFIED RETIREMENT SYSTEM (FURS):

18. The total actuarial cost of funding the 1.5 percent GABA in FURS is annual contributions equal to 2.87 percent of total FURS covered member payroll. The cost will be paid as follows: substituting final average salary for benefit calculations (0.88 percent); actuarially funding minimum benefit adjustments for persons not electing GABA (0.5 percent); increased contributions from insurance premium tax fund (0.29 percent); increased employee contributions (1.2 percent).
19. The covered member payroll for fiscal year 1996 totaled \$13,782,660. It is estimated that covered member payrolls will increase by 5.3 percent per year in the future biennia.

PUBLIC EMPLOYEES' RETIREMENT DIVISION (PERD):

20. Implementing the proposal will require programming changes to both the "active" and "retired" computerized accounting systems. Additional data processing and programming costs of \$75,000 are estimated for fiscal year 1998. In addition, mailings to 27,000 active members of the systems will be required to inform them of their rights and options for purchasing service at the higher actuarial cost and opting to be covered under the GABA. It is anticipated that additional printing costs of \$1,500 and additional postage of \$2,000 will be required in fiscal year 1998.

STATE OF MONTANA - FISCAL NOTE

Fiscal Note for HB0170, as introduced

DESCRIPTION OF PROPOSED LEGISLATION:

The bill establishes a 1.5 percent guaranteed annual benefit adjustment (GABA) for certain benefit recipients in the public employee retirement systems; makes the annual adjustment an alternative to certain existing benefits; increases contribution rates and modifies certain benefits to fund the adjustments; and requires that members of the public employees' and highway patrol officers' retirement systems pay the full actuarial cost of purchasing certain service.

ASSUMPTIONS:

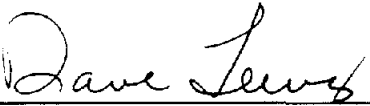
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3. The general fund is estimated to pay 40 percent of the state contributions to PERS for state payroll. Using this percentage for general fund, the other contributions for state agency payrolls are estimated to be funded 29 percent from federal funds, 28 percent from state special revenue, and 3 percent from other funds. The university system payroll is estimated to be funded from current unrestricted funds in the proportion of 60 percent general fund and 40 percent tuition and other funds.
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(Continued)

 1-15-97
DAVE LEWIS, BUDGET DIRECTOR DATE
Office of Budget and Program Planning

 1-16-97
CHRIS AHNER, PRIMARY SPONSOR DATE

Fiscal Note for HB0170, as introduced

Corrected - HB 170

GAME WARDENS' RETIREMENT SYSTEM (GWRS):

10. The total actuarial cost of funding the 1.5 percent GABA in GWRS is annual contributions equal to 4.23 percent of total GWRS covered member payroll. The cost will be paid as follows: excess system funding (2.36 percent); extend the amortization period for funding unfunded liabilities to 2.8 years (0.42 percent); increased employer contributions (0.85 percent); and increased employee contributions (0.6 percent).
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12. The total actuarial cost of funding the 1.5 percent GABA in SRS is annual contributions equal to 3.4 percent of total covered member SRS payroll. The cost will be paid as follows: excess system funding (3.26 percent); and extend the amortization period to fund unfunded liabilities to 1.35 years (0.14 percent).
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MUNICIPAL POLICE OFFICERS' RETIREMENT SYSTEM (MPORS):

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18. The total actuarial cost of funding the 1.5 percent GABA in FURS is annual contributions equal to 2.87 percent of total FURS covered member payroll. The cost will be paid as follows: substituting final average salary for benefit calculations (0.88 percent); actuarially funding minimum benefit adjustments for persons not electing GABA (0.5 percent); increased contributions from insurance premium tax fund (0.29 percent); increased employee contributions (1.2 percent).
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PUBLIC EMPLOYEES' RETIREMENT DIVISION (PERD):

20. Implementing the proposal will require programming changes to both the "active" and "retired" computerized accounting systems. Additional data processing and programming costs of \$75,000 are estimated for fiscal year 1998. In addition, mailings to 27,000 active members of the systems will be required to inform them of their rights and options for purchasing service at the higher actuarial cost and opting to be covered under the GABA. It is anticipated that additional printing costs of \$1,500 and additional postage of \$2,000 will be required in fiscal year 1998.

OTHER STATE AGENCIES:

21. The bill requires that members of the PERS and HWPORS pay the full actuarial cost of purchasing certain service. This will result in a higher cost per year of service than the current rate that is based upon the combined employer/employee contribution rates. The increase in the purchase price for service years is part of the funding mechanism for the PERS and HWPORS (service purchase funding swap). The Employee Protection Act (HB490) passed by the 1995 Legislature includes a retirement provision that provides, at state agency expense, additional service to certain employees who are involuntarily terminated and are members of PERS and HWPORS, as well as certain other systems. The involuntary termination may occur as a result of privatization, reorganization of an agency, and closure of or a reduction-in-force at an agency. The increased cost to state agencies of purchasing service under the higher actuarial cost is not subject to reasonable estimate.

FISCAL IMPACT:

Expenditures:

	<u>FY98</u>	<u>FY99</u>
	<u>Difference</u>	<u>Difference</u>
State contributions to PERS:		
General fund (01)	1,076,000	1,092,000
State special revenue (02)	202,100	212,100
Federal special revenue (03)	84,200	87,100
Other funds	<u>31,400</u>	<u>32,500</u>
Total state contributions	1,393,700	1,423,700

PERD Administrative Expenses:

Operating expenses	78,500	0
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Funding:

Non-expendable trust (09)	78,500	0
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Revenues:

General fund (01)	476,500	470,500
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Net Impact on Fund Balance: (Revenue minus expenses)

General fund (01)	(599,500)	(621,500)
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EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES: This bill may require local governments to spend additional sums for which no specific means of financing are provided. Section 1-2-114, MCA, provides that bills which have such an impact may not be introduced. Contribution rate increases (expenditures) for local government PERS employers will be partially offset by a 0.1 percent state general fund contribution on behalf of local government PERS-covered employees. The contribution rate increase for local governments is 0.1 percent effective July 1, 1999. The estimated cost to local governments is \$326,700 in fiscal year 2000 and is projected to increase at the estimated annual payroll increase rate of 3.5 percent per year.

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TECHNICAL NOTES: This bill will need to be coordinated with other legislation impacting these retirement systems (for example: HB 61, HB 169, HB 173, SB 124, LC 456, LC544, LC 607, LC826, LC 889, LC 939, LC 957, and LC 1076).

STATE OF MONTANA - FISCAL NOTE

Revised Fiscal Note for HB0170, as introduced

DESCRIPTION OF PROPOSED LEGISLATION:

The bill establishes a 1.5 percent guaranteed annual benefit adjustment (GABA) for certain benefit recipients in the public employee retirement systems; makes the annual adjustment an alternative to certain existing benefits; increases contribution rates and modifies certain benefits to fund the adjustments; and requires that members of the public employees' and highway patrol officers' retirement systems pay the full actuarial cost of purchasing certain service.

ASSUMPTIONS:

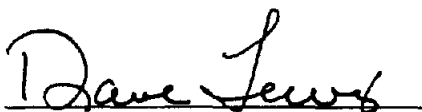
PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS):

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9. The total covered payroll for the JRS during fiscal years 1998 and 1999 will be \$3,206,597 each year, of which \$72,042 will represent the salary for the chief water judge.

(Continued)


DAVE LEWIS, BUDGET DIRECTOR DATE
Office of Budget and Program Planning


CHRIS AHNER, PRIMARY SPONSOR DATE

Rev. Fiscal Note for HB0170, as introduced

Rev. HB 170 #2

GAME WARDENS' RETIREMENT SYSTEM (GWRs):

10. The total actuarial cost of funding the 1.5 percent GABA in GWRs is annual contributions equal to 4.23 percent of total GWRs covered member payroll. The cost will be paid as follows: excess system funding (2.36 percent); extend the amortization period for funding unfunded liabilities to 2.8 years (0.42 percent); increased employer contributions (0.85 percent); and increased employee contributions (0.6 percent).
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16. The total actuarial cost of funding the 1.5 percent GABA in MPORS is annual contributions equal to 2.75 percent of total MPORS covered member payroll. The cost will be paid as follows: extend the amortization period for funding unfunded liabilities to 17.7 years (1.95 percent); increased contributions from insurance premium tax fund (0.3 percent); increased employee contributions (0.5 percent).
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20. Implementing the proposal will require programming changes to both the "active" and "retired" computerized accounting systems. Additional data processing and programming costs of \$75,000 are estimated for fiscal year 1998. In addition, mailings to 27,000 active members of the systems will be required to inform them of their rights and options for purchasing service at the higher actuarial cost and opting to be covered under the GABA. It is anticipated that additional printing costs of \$1,500 and additional postage of \$2,000 will be required in fiscal year 1998.

OTHER STATE AGENCIES:

21. The bill requires that members of the PERS pay the full actuarial cost of purchasing certain service. This will result in a higher cost per year of service than the current rate that is based upon the combined employer/employee contribution rates. The increase in the purchase price for service years is part of the funding mechanism for the PERS (service purchase funding swap). The Employee Protection Act (HB490) passed by the 1995 Legislature included a retirement provision that provided, at state agency expense, additional service to certain employees who are involuntarily terminated and are members of PERS. The involuntary termination may occur as a result of privatization, reorganization of an agency, and closure of or a reduction-in-force at an agency. This provision has a sunset date of July 1, 1997. If this provision were in effect during the 1999 biennium, there would be an increased cost to state agencies of purchasing service under the higher actuarial cost.

FISCAL IMPACT:Expenditures:

	<u>FY98</u>	<u>FY99</u>
	<u>Difference</u>	<u>Difference</u>
State contributions to PERS:		
General fund (01)	1,076,000	1,092,000
State special revenue (02)	71,900	96,100
Federal special revenue (03)	84,200	87,100
Other funds	<u>31,400</u>	<u>32,500</u>
Total state contributions	1,263,500	1,307,700

PERD Administrative Expenses:

Operating expenses	78,500	0
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Funding:

Non-expendable trust (09)	78,500	0
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Revenues:

General fund (01)	606,700	586,500
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Net Impact on Fund Balance: (Revenue minus expenses)

General fund (01)	(469,300)	(505,500)
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EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES: Contribution rate increases (expenditures) for local government PERS employers will be partially offset by a 0.1 percent state general fund contribution on behalf of local government PERS-covered employees. The contribution rate increase for local governments is 0.1 percent effective July 1, 1999. The estimated cost to local governments is \$326,700 in fiscal year 2000 and is projected to increase at the estimated annual payroll increase rate of 3.5 percent per year. The estimated distribution of the cost to local governments in fiscal year 2000 is projected to be \$119,800 to counties, \$124,200 to school districts, \$62,300 to cities and towns, and \$20,500 to other taxing districts.

LONG-RANGE EFFECTS OF PROPOSED LEGISLATION: The negative impacts of inflation on retirement benefits will be partially reduced for benefit recipients. Approximately 86 percent of the cost of providing the benefit increases will be covered through the use of system savings options such as extending the amortization period for unfunded liabilities and funding swaps. The net general fund cost is estimated to be \$839,000 in fiscal year 2000 and is estimated to increase annually based upon the estimated payroll increases in the PERS and JRS. There will be increases in general fund revenue from increased income tax collections that are not included in the net general fund cost estimates. Department of Revenue data from 1994 estimated the ratio of tax liability on PERS benefit payments to the total benefit payments to be 2.31 percent.

TECHNICAL NOTES: This bill will need to be coordinated with other legislation impacting these retirement systems (for example: HB 61, HB 169, HB 173, SB 124, LC 456, LC544, LC 607, LC826, LC 889, LC 939, LC 957, and LC 1076).

APPROVED BY COM ON
STATE ADMINISTRATION

HOUSE BILL NO. 170

INTRODUCED BY AHNER

BY REQUEST OF THE PUBLIC EMPLOYEES' RETIREMENT BOARD

A BILL FOR AN ACT ENTITLED: "AN ACT ESTABLISHING A GUARANTEED ANNUAL BENEFIT ADJUSTMENT FOR CERTAIN BENEFIT RECIPIENTS IN THE STATEWIDE PUBLIC EMPLOYEE RETIREMENT SYSTEMS UNDER THE PUBLIC EMPLOYEES' RETIREMENT BOARD; DEFINING "ACTUARIALLY SOUND BASIS"; MAKING THE ANNUAL ADJUSTMENT AN ALTERNATIVE TO CERTAIN EXISTING BENEFITS; INCREASING CONTRIBUTION RATES AND MODIFYING CERTAIN BENEFITS TO FUND THE ADJUSTMENT; PROVIDING THAT CERTAIN COURT FEES BE CREDITED TO THE GENERAL FUND; REQUIRING THAT MEMBERS OF THE PUBLIC EMPLOYEES' AND HIGHWAY PATROLOFFICERS' RETIREMENT SYSTEMS PAY THE FULL ACTUARIAL COST OF PURCHASING CERTAIN SERVICE; ALLOWING MEMBERS OF THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM WHO BECAME MEMBERS ON OR AFTER JULY 1, 1989, TO PURCHASE ADDITIONAL SERVICE FOR CALCULATING BENEFITS; REDEFINING THE SALARY USED TO CALCULATE CERTAIN BENEFITS UNDER THE JUDGES' AND FIREFIGHTERS' RETIREMENT SYSTEMS; ADJUSTING CERTAIN DEATH BENEFITS PAID UNDER THE JUDGES' AND GAME WARDENS' RETIREMENT SYSTEMS; REPLACING CURRENT POSTRETIREMENT ADJUSTMENTS AND MINIMUM BENEFITS UNDER EACH RETIREMENT SYSTEM FOR CURRENT MEMBERS WHO ELECT THE ANNUAL ADJUSTMENT AND FOR ALL NEW MEMBERS; AMENDING SECTIONS 3-2-404, 3-2-405, 19-3-315, 19-3-316, 19-3-503, 19-3-512, 19-3-513, 19-5-101, 19-5-404, 19-5-502, 19-5-601, 19-5-802, 19-6-402, 19-6-404, 19-6-707, 19-6-709, 19-6-801, 19-8-502, 19-8-504, 19-8-1002, 19-9-702, 19-9-710, 19-9-1007, 19-13-601, 19-13-604, 19-13-704, 19-13-803, 19-13-902, 19-13-1006, 19-13-1007, 19-13-1009, AND 25-1-201, MCA; REPEALING SECTIONS 19-3-1601, 19-3-1602, 19-3-1603, 19-7-708, 19-7-709, 19-7-710, 19-8-1101, 19-8-1102, AND 19-8-1103, MCA; AND PROVIDING AN EFFECTIVE DATE."

STATEMENT OF INTENT

A statement of intent is required for this bill because [sections 1 through 3] give the public employees' retirement board authority to adopt rules to implement the provisions of the bill.

It is the intent of the legislature to guarantee a minimum level of annual benefit increases for retired members and their contingent annuitants or survivors under each of the statewide public employee

1 retirement systems. The legislature also intends to fund this guaranteed annual benefit adjustment (GABA)
2 in the most cost-effective manner possible.

3 Because the GABA is intended to address the erosion of retirement benefits caused by inflation as
4 cost-effectively as possible, it is the intent of the legislature that the guaranteed annual 1.5% minimum
5 adjustment not begin until after the original benefit has been paid for at least 36 months.

6 Because it is most cost-effective to reduce current unfunded liabilities as well as to avoid future
7 unfunded liabilities and to fund new benefits as they accrue, the bill provides that the GABA be substituted
8 for other benefits in cases in which the GABA is as valuable or more valuable to members. The resulting
9 actuarial savings will reduce the additional funding required for the GABA.

10 In the public employees', sheriffs', and game wardens' retirement systems, all members will
11 automatically be covered by the GABA provided for in this bill instead of the current postretirement
12 adjustments based on investment earnings.

13 In the highway patrol officers', municipal police officers', firefighters' unified, and judges' retirement
14 systems, in which the substitution of the GABA in place of other benefits is not a clear benefit
15 enhancement for all current members, it is the intent of the legislature that the members be provided with
16 a thorough analysis of the benefits to be substituted so that members may individually and irrevocably elect
17 whether to be covered under the provisions of this bill. However, it is not the intent of the legislature that
18 the retirement board or its administrative staff be required to recommend a specific or best choice to
19 individual members.

20 It is the intent of the legislature that all future members of these systems be covered by the GABA
21 in place of certain other benefits.

22

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

24

25 NEW SECTION. **Section 1. Guaranteed annual benefit adjustment.** (1) Subject to subsection (2),
26 on January 1 of each year, the permanent monthly benefit payable during the preceding January to each
27 recipient who is eligible under subsection (3) must be increased by 1.5%.

28 (2) (a) If a recipient's benefit payable during the preceding January has been increased by one or
29 more adjustments not provided for in this section and the adjustments amount to less than a 1.5%
30 annualized increase, then the recipient's benefit must be adjusted by an amount that will provide a total

1 annualized increase of 1.5% in the benefit paid since the preceding January.

2 (b) If a recipient's benefit payable during the preceding January has been increased by one or more
3 adjustments not provided for in this section and the increases amount to more than a 1.5% annualized
4 increase, then the benefit increase provided under this section must be 0%.

5 (c) If a benefit recipient is a contingent annuitant receiving an optional benefit upon the death of
6 the original payee that occurred since the preceding January, the new recipient's monthly benefit must be
7 increased to 1.5% more than the amount that the contingent annuitant would have received had the
8 contingent annuitant received a benefit during the preceding January.

9 (3) Except as provided in subsection (2)(b), a benefit recipient is eligible for and must receive the
10 minimum annual benefit adjustment provided for in this section if:

11 (a) the benefit's initiation date is at least 36 months prior to January 1 of the year in which the
12 adjustment is to be made; and

13 (b) the benefit recipient is not an active member of a public retirement system covered by this title.

14 (4) The board shall adopt rules to administer the provisions of this section.

15
16 **NEW SECTION. Section 2. Guaranteed annual benefit adjustment.** (1) Subject to subsection (2),
17 on January 1 of each year, the permanent monthly benefit payable during the preceding January to each
18 recipient who is eligible under subsection (3) must be increased by 1.5%.

19 (2) (a) If a recipient's benefit payable during the preceding January has been increased by one or
20 more adjustments not provided for in this section and the adjustments amount to less than a 1.5%
21 annualized increase, then the recipient's benefit must be adjusted by an amount that will provide a total
22 annualized increase of 1.5% in the benefit paid since the preceding January.

23 (b) If a recipient's benefit payable during the preceding January has been increased by one or more
24 adjustments not provided for in this section and the increases amount to more than a 1.5% annualized
25 increase, then the benefit increase provided under this section must be 0%.

26 (c) If a benefit recipient is a contingent annuitant receiving an optional benefit upon the death of
27 the original payee that occurred since the preceding January, the new recipient's monthly benefit must be
28 increased to 1.5% more than the amount that the contingent annuitant would have received had the
29 contingent annuitant received a benefit during the preceding January.

30 (3) Except as provided in subsection (2)(b), a benefit recipient is eligible for and must receive the

1 minimum annual benefit adjustment provided for in this section if:

2 (a) the benefit's initiation date is at least 36 months prior to January 1 of the year in which the
3 adjustment is to be made;

4 (b) the benefit recipient is not an active member of a public retirement system covered by this title;
5 and

6 (c) the member or benefit recipient either:

7 (i) first became an active member on or after [the effective date of this act]; or

8 (ii) filed a voluntary, irrevocable election to be covered under this section. The election must be filed
9 with the board prior to January 1, 1998.

10 (4) The board shall adopt rules to administer the provisions of this section.

11

12 **NEW SECTION. Section 3. Guaranteed annual benefit adjustment.** (1) Subject to subsection (2),
13 on January 1 of each year, the permanent monthly benefit payable during the preceding January to each
14 recipient who is eligible under subsection (3) must be increased by 1.5%.

15 (2) (a) If a recipient's benefit payable during the preceding January has been increased by one or
16 more adjustments not provided for in this section and the adjustments amount to less than a 1.5%
17 annualized increase, then the recipient's benefit must be adjusted by an amount that will provide a total
18 annualized increase of 1.5% in the benefit paid since the preceding January.

19 (b) If a recipient's benefit payable during the preceding January has been increased by one or more
20 adjustments not provided for in this section and the increases amount to more than a 1.5% annualized
21 increase, then the benefit increase provided under this section must be 0%.

22 (3) Except as provided in subsection (2)(b), a benefit recipient is eligible for and must receive the
23 minimum annual benefit adjustment provided for in this section if:

24 (a) the benefit's initiation date is at least 36 months prior to January 1 of the year in which the
25 adjustment is to be made;

26 (b) the benefit recipient is not an active member of a public retirement system covered by this title;
27 and

28 (c) the member either:

29 (i) first became an active member on or after [the effective date of this act]; or

30 (ii) filed a voluntary, irrevocable election to be covered under this section. The election must be filed

1 with the board prior to January 1, 1998, and requires an active member to pay an increased contribution
2 rate from [the effective date of this act] forward. A retired member or the member's survivor who is
3 receiving a monthly benefit before [the effective date of this act] shall also file the voluntary, irrevocable
4 election no later than January 1, 1998, to be covered under this section.

5 (4) The board shall adopt rules to administer the provisions of this section.
6

7 **NEW SECTION. Section 4. State contributions for local government and school district employers.**

8 The state shall contribute monthly from the general fund to the pension trust fund a sum equal to 0.1%
9 of the compensation of members employed by local government entities and school districts on and after
10 [the effective date of this act]. The division shall certify amounts due under this section on a monthly
11 basis, and the state treasurer shall transfer those amounts to the pension trust fund within 1 week.
12

13 **NEW SECTION. SECTION 5. SYSTEMS TO BE FUNDED ON ACTUARIALLY SOUND BASIS --**

14 **DEFINITION. AS REQUIRED BY ARTICLE VIII, SECTION 15, OF THE MONTANA CONSTITUTION, EACH**
15 **SYSTEM MUST BE FUNDED ON AN ACTUARIALLY SOUND BASIS. FOR PURPOSES OF THIS SECTION,**
16 **"ACTUARIALLY SOUND BASIS" MEANS THAT CONTRIBUTIONS TO EACH SYSTEM MUST BE SUFFICIENT**
17 **TO PAY THE FULL ACTUARIAL COST OF THE SYSTEM. THE FULL ACTUARIAL COST INCLUDES BOTH**
18 **THE NORMAL COST OF PROVIDING BENEFITS AS THEY ACCRUE IN THE FUTURE AND THE COST OF**
19 **AMORTIZING UNFUNDED LIABILITIES OVER A SCHEDULED PERIOD OF NO MORE THAN 30 YEARS.**
20

21 **Section 6.** Section 3-2-404, MCA, is amended to read:

22 **"3-2-404. Disposition of fees.** Except as otherwise provided by law, ~~three-fourths of~~ all fees
23 collected by the clerk must be paid into the state treasury and ~~shall~~ must be credited to the general fund,
24 ~~and the remaining one-fourth of the fees shall be paid to the public employees' retirement division of the~~
25 ~~department of administration to be credited to the Montana judges' retirement system account."~~
26

27 **Section 7.** Section 3-2-405, MCA, is amended to read:

28 **"3-2-405. Settlements and accounts to state auditor.** (1) The clerk is responsible and ~~must~~ shall
29 account for and, in ~~his~~ the clerk's settlement with the state auditor, must be charged with the full amount
30 of all fees collected or chargeable and accruing in causes brought into the court for services rendered

1 ~~therein~~ up to the time of each settlement. The settlement must take place quarterly, and immediately
2 ~~thereafter~~ after settlement, the clerk ~~must~~ shall pay the amount found due into the treasury ~~or to the public~~
3 ~~employees' retirement division, as provided in 3-2-404.~~

4 (2) ~~He~~ The clerk must shall ~~also~~ at the end of each quarter render to the state auditor, in ~~such a~~
5 form ~~as that the officer state auditor~~ prescribes, an account in detail and under oath of all fees chargeable
6 and accruing in causes brought into court and not included in ~~his~~ the clerk's previous accounts.

7 (3) ~~His~~ The clerk's salary may not be allowed or paid until all fees ~~so accruing~~ for which ~~he~~ the
8 clerk is chargeable have been accounted for and paid ~~over~~."

9
10 **Section 8.** Section 19-3-315, MCA, is amended to read:

11 **"19-3-315. Member's contribution to be deducted.** (1) On and after July 1, ~~1993~~ 1997, the
12 regular contribution of each member is ~~6.70%~~ 6.8% of the member's compensation. Each member's
13 contribution increases to 6.9% beginning July 1, 1999.

14 (2) Payment of salaries or wages less the contribution is full and complete discharge and
15 acquittance of all claims and demands for the service rendered by members during the period covered by
16 the payment, except their claims to the benefits to which they may be entitled under the provisions of this
17 chapter.

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

21 (4) The member's contributions picked up by the employer must be designated for all purposes of
22 the retirement system as the member's contributions, except for the determination of a tax upon a
23 distribution from the retirement system. These contributions must become part of the member's
24 accumulated contributions but must be accounted for separately from those previously accumulated.

25 (5) The member's contributions picked up by the employer must be payable from the same source
26 as is used to pay compensation to the member and must be included in the member's wages, as defined
27 in 19-1-102, and compensation. The employer shall deduct from the member's compensation an amount
28 equal to the amount of the member's contributions picked up by the employer and remit the total of the
29 contributions to the board."

1 **Section 9.** Section 19-3-316, MCA, is amended to read:

2 **"19-3-316. Employer contribution rates.** (1) Each employer shall contribute to the cost of benefits
3 under the system. ~~On and after July 1, 1993~~ Except as provided in subsection (2), the amount of the
4 ~~employer contributions is 6.70% of each contribution as a percentage of the employer's covered payroll~~
5 is 6.8% beginning July 1, 1997, and increases to 6.9% beginning July 1, 1999.

6 (2) Local government and school district employer contributions must be the total employer
7 contribution rate provided in subsection (1) minus the state contribution rate applied to their monthly
8 covered payrolls under [section 4]."

9
10 **Section 10.** Section 19-3-503, MCA, is amended to read:

11 **"19-3-503. Election to qualify military service.** (1) (a) ~~A~~ Except as provided in subsection (2), a
12 member with 10 years or more of service credits may, at any time prior to retirement, make a written
13 election with the board to purchase service credits for all or any portion of the member's active service in
14 the armed forces of the United States, including the first special service force or the American merchant
15 marine in oceangoing service during the period of armed conflict, December 7, 1941, to August 15, 1945,
16 up to a maximum of 5 years, if the member is not otherwise eligible to receive service credit for this same
17 service pursuant to 19-2-705 or is ineligible under subsection (2)(a).

18 (b) To qualify this service, the member shall contribute to the pension trust fund the ~~amount~~
19 ~~determined by the board to be due based on the member's compensation and regular contribution rate as~~
20 ~~of the member's 11th year and as many succeeding years as are required to qualify this service, with~~
21 ~~regular interest from the date the member becomes eligible for this benefit to the date the member~~
22 ~~contributes. The member may not purchase more of this service credit than the member has service credits~~
23 in excess of 10 years actuarial cost of the service credit based on the most recent actuarial valuation of
24 the system.

25 (2) (a) If a member has retired from active duty in the armed forces of the United States, including
26 the first special service force or the American merchant marine in oceangoing service during the period of
27 armed conflict, December 7, 1941, to August 15, 1945, with a military service retirement benefit, the
28 member may not qualify the member's military service under subsection (1).

29 (b) However, a member who is serving or has served in the military reserves with the expectation
30 of receiving a military service pension may qualify the member's active military service under subsection

(1) if the member's active duty in the armed forces of the United States, including the first special service force or the American merchant marine in oceangoing service during the armed conflict, December 7, 1941, to August 15, 1945, is not more than 25% of the total sum of all years of military service including reserve and active duty time."

Section 11. Section 19-3-512, MCA, is amended to read:

"19-3-512. Qualification of service from other public retirement systems. (1) A member with 5 or more years of membership service in the public employees' retirement system may qualify:

(a) public service employment covered under a public retirement system other than a system provided for in Title 19 for which the member received a refund of the member's membership contribution; and

(b) public service employment that occurred before the public employer adopted a public retirement system.

(2) A member may not qualify more than 5 years of service under this section. To qualify this service, a member shall:

(a) at any time before retirement make a written election with the board to qualify the service; and

(b) contribute to the pension trust fund the actuarial cost of granting the service in the public employees' retirement system, as determined by the board, based on:

~~(i) the member's compensation in the sixth year of service covered under the public employees' retirement system; and~~

~~(iii) the most recent actuarial valuation of the system.~~

(3) Contributions to qualify service under this section may be made in a lump-sum payment or by making additional contributions in installments as agreed upon by the member and the board.

(4) Service qualified under this section may not be:

(a) credited in any other retirement system under Title 19; or

(b) used to qualify a member to purchase military service under 19-3-503.

(5) Service qualified under this section may not be used in calculating a member's retirement benefit unless the member's last 5 years of service credit were earned under the public employees' retirement system. If a member's qualified service may not be used in calculating the member's retirement benefit, the member may choose to receive a refund of the accumulated contributions made to qualify the

1 service."

2
3 **Section 12.** Section 19-3-513, MCA, is amended to read:

4 **"19-3-513. Election to purchase additional service.** (1) At any time before retirement, a person
5 ~~who became a member of the retirement system before July 1, 1989, and~~ who has 5 years or more of
6 membership service may make a written election with the board to purchase additional service credit for
7 the purpose of calculating the member's retirement benefit. Except as provided in subsection (3), the
8 member may purchase 1 year of additional service credit for each 5 years of membership service that the
9 member has qualified under the retirement system, up to a maximum of 5 years of additional service.

10 (2) For each year of service credit purchased under this section, a member shall contribute to the
11 pension trust fund ~~an amount equal to the member's compensation for the 12-month period immediately~~
12 ~~preceding the date the member elects to purchase the service multiplied by the combined employee and~~
13 ~~employer contribution rates contained in 19-3-315 and 19-3-316~~ the actuarial cost of the service credit
14 based on the most recent actuarial valuation of the system. Contributions may be made in a lump-sum
15 payment or by making additional contributions in installments as agreed upon by the member and the board.

16 (3) (a) Except as provided in subsection (3)(b), ~~after January 1, 1990,~~ a member may elect to
17 qualify a combined total of 5 years of service under 19-3-503, 19-3-512, or this section.

18 (b) A member who has purchased service under 19-3-503 or 19-3-512 on or before January 1,
19 1990, and who elects to purchase service under this section shall receive credit for the full months of
20 service purchased on or before January 1, 1990.

21 (4) Service purchased under this section is not membership service and may not be used to qualify
22 a member for service retirement."

23
24 **Section 13.** Section 19-5-101, MCA, is amended to read:

25 **"19-5-101. Definitions.** Unless a different meaning is plainly implied by the context, the following
26 definitions apply in this chapter:

27 (1) "Compensation" means remuneration as defined in 2-16-403, 3-5-211, and 3-7-222 paid to
28 a member.

29 (2) "Current salary" means the current compensation for the office retired from.

30 (3) "Final average salary" means the average of the member's highest monthly compensation

1 during any 36 consecutive months of membership service in the retirement system.

2 (4) "Involuntary retirement" means a retirement not for cause and before retirement age.

3 (4)(5) "Retired judge" means any judge or justice in receipt of a retirement benefit under this
4 chapter."

5

6 **Section 14.** Section 19-5-404, MCA, is amended to read:

7 **"19-5-404. Contributions by state.** (1) ~~The~~ Except as provided in subsection (2), the state of
8 Montana shall contribute monthly to the pension trust fund a sum equal to ~~6%~~ 25.81% of the
9 compensation of each member. ~~In addition, the clerk of each district court shall transmit 68% of certain~~
10 ~~filing fees as required under 25-1-201(2) and that portion of the fee for filing a petition for dissolution of~~
11 ~~marriage and a motion for substitution of a judge specified in 25-1-201(4) and (6) to the state, which shall~~
12 ~~first deposit in the pension trust fund an amount equal to 34.71% of the total compensation paid to district~~
13 ~~judges and supreme court justices who are covered by the judges' retirement system and then deposit the~~
14 ~~balance in the state general fund. The clerk of the supreme court shall pay one-fourth of the fees collected~~
15 ~~under 3-2-403 to the division to be credited to the pension trust fund.~~

16 (2) The state of Montana shall contribute monthly from the renewable resource grant and loan
17 program account in the state special revenue fund to the judges' pension trust fund an amount equal to
18 ~~34.71%~~ 25.81% of the compensation paid to the chief water court judge."

19

20 **Section 15.** Section 19-5-502, MCA, is amended to read:

21 **"19-5-502. Service retirement benefit.** Upon retirement from service, ~~a member must receive a~~
22 ~~the service retirement benefit equal to~~ must be as follows:

23 (1) for members not covered under [section 2], 3 1/3% per year of the member's current salary
24 for the first 15 years of credited service and 1.785% per year for each year of credited service after 15
25 years; or

26 (2) for members covered under [section 2], the benefit provided under subsection (1) except that
27 the benefit must be calculated using final average salary."

28

29 **Section 16.** Section 19-5-601, MCA, is amended to read:

30 **"19-5-601. Disability retirement benefit.** In case of the disability of a member, a disability

1 retirement benefit must be granted the member in an amount actuarially equivalent to the service retirement
2 benefit standing to the member's credit at the time of the member's disability retirement. If the disability
3 is a direct result of any service to the Montana judiciary in the line of duty, the ~~member must receive a~~
4 ~~benefit equal to member's disability retirement benefit~~ must be no less than:

5 (1) one-half of the member's final current salary or the benefit provided in 19-5-502, whichever
6 is greater for a person not covered under [section 2]; or

7 (2) one-half of the member's final average salary for a person covered under [section 2]."
8

9 **Section 17.** Section 19-5-802, MCA, is amended to read:

10 **"19-5-802. Payments in case of death from other causes.** (1) If a retired member who ~~chose a~~
11 ~~regular~~ is not covered under [section 2] and who did not choose an option 2, 3, or 4 form of retirement
12 benefit payment under 19-5-701 dies before receiving payments equal to the present value of the member's
13 retirement benefit as it was at the time of the member's retirement, the balance must be paid to the
14 member's designated beneficiary in a lump sum. At the designated beneficiary's request, the lump sum may
15 be paid as an actuarially equivalent annuity that will not be subject to increases for any purpose.

16 (2) Upon the death of a retiree who did not choose an option 2, 3, or 4 form of retirement benefit
17 payment under 19-5-701 and who is covered under [section 2], the member's designated beneficiary must
18 be paid the unpaid balance of the retiree's benefit. The benefit must be calculated by subtracting the total
19 benefits paid to the member during the member's lifetime from the member's total amount of contributions
20 and interest on account as that amount was on the day that the member retired.

21 (3) If a member dies before reaching retirement age, the member's designated beneficiary is entitled
22 to a monthly survivorship benefit that is the actuarial equivalent of the involuntary retirement options as
23 provided in 19-5-503."
24

25 **Section 18.** Section 19-6-402, MCA, is amended to read:

26 **"19-6-402. Member's contribution.** (1) ~~Each~~ (a) A member not covered under [section 3] shall
27 contribute into the pension trust fund ~~a sum equal to 9% of the member's monthly compensation, which~~
28 ~~must be deposited to the member's credit in the pension trust fund.~~

29 (b) A member covered under [section 3] shall contribute to the pension trust fund 9.05% of the
30 member's monthly compensation.

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

(3) The member's contributions picked up by the employer must be designated for all purposes of the retirement system as the member's contributions, except for the determination of a tax upon a distribution from the retirement system. These contributions must become part of the member's accumulated contributions but must be accounted for separately from those previously accumulated.

(4) The member's contributions picked up by the employer must be payable from the same source as is used to pay compensation to the member and must be included in the member's wages as defined in 19-1-102 and compensation as used to define the member's final average salary in 19-6-101. The employer shall deduct from the member's compensation an amount equal to the amount of the member's contributions picked up by the employer and remit the total of the contributions to the board."

Section 19. Section 19-6-404, MCA, is amended to read:

"19-6-404. State's contribution. The state of Montana shall annually contribute to the pension trust fund an amount equal to ~~36.28%~~ 36.33% of the total compensation paid to the members from the following sources:

(1) an amount equal to ~~26.10%~~ 26.15% of the total compensation of the members is payable from the same source that is used to pay compensation to the members; and

(2) an amount equal to 10.18% of the total compensation of the members is payable from a portion of the fees from driver's licenses and duplicate driver's licenses as provided in 61-5-121."

Section 20. Section 19-6-707, MCA, is amended to read:

"19-6-707. Minimum monthly benefit. (1) Subject to the limitations contained in subsection (2), the following retired members, or and their survivors, who are not covered by [section 3] are eligible to receive a monthly benefit of not less than 2% multiplied by the member's service credits multiplied by the current base compensation received by a probationary highway patrol officer:

(a) a retired member who is 55 years of age or older, except as provided in subsection (3), or the member's survivor, who is receiving a service retirement benefit;

(b) a retired member, or the member's survivor, who is receiving a disability retirement benefit; and

(c) a recipient of a survivorship benefit.

(2) (a) The maximum monthly benefit paid under subsection (1) may not exceed 60% of the current base compensation of a probationary highway patrol officer.

(b) The annual increase in a monthly benefit under subsection (1) may not exceed 5% of the current monthly benefit paid to a retired member or the member's survivor.

(3) A retired member otherwise qualified under subsection (1)(a) who is employed in a position covered by a retirement system under Title 19 is ineligible to receive the minimum monthly benefit provided for in this section until the member's service in the covered position is terminated."

Section 21. Section 19-6-709, MCA, is amended to read:

"19-6-709. (Temporary) Supplemental benefits for certain retirees. (1) In addition to any retirement benefit payable under this chapter, a retired member or a survivor determined by the board to be eligible under subsection (2) must receive an annual lump-sum benefit payment beginning in September 1991 and each succeeding year as long as the member remains eligible.

(2) To be eligible for the benefits under this section, a person must be receiving a monthly benefit before July 1, 1991, may not be covered by [section 3], and must be:

(a) a retired member who is 55 years of age or older and who has been receiving a service retirement benefit for at least 5 years prior to the date of distribution;

(b) a survivor of a member who would have been eligible under subsection (2)(a); or

(c) a recipient of a disability or survivorship benefit under 19-6-601 or 19-6-901.

(3) A retired member otherwise qualified under this section who is employed in a position covered by a retirement system under Title 19 is ineligible to receive any lump-sum benefit payments provided for in this section until the member's service in the covered position is terminated. Upon termination of the member's covered service, the retired member becomes eligible in the next fiscal year succeeding the member's termination.

(4) (a) Twenty-five cents of each motor vehicle registration fee provided for in 61-3-321 must be deposited in the pension trust fund at the end of each fiscal year. The fee is statutorily appropriated, as provided in 17-7-502, for payment of benefits to eligible recipients. The total funds must be distributed by the division in lump-sum payments to eligible recipients along with their normal retirement benefit payment.

(b) The lump-sum payment must be distributed proportionally to all eligible recipients based on

1 service credit at the time of retirement, subject to the following:

2 (i) a recipient under subsection (2)(c) is considered to have 20 years of service for the purposes
3 of the distributions;

4 (ii) any recipient of a service retirement benefit exceeding the maximum monthly benefit under
5 19-6-707(2)(a) must have the recipient's service credit reduced 25% for the purposes of the distributions;

6 (iii) the maximum annual increase in the amount of supplemental benefits paid to each individual
7 under this section ~~after August 31, 1993,~~ is the percentage increase for the previous calendar year in the
8 annual average consumer price index for urban wage earners and workers, compiled by the bureau of labor
9 statistics of the United States department of labor or its successor agency.

10 (c) Any amount deposited in the pension trust fund under subsection (4)(a) for the payment of
11 supplemental benefits under this section that exceeds the limitation of subsection (4)(b)(iii) must be used
12 to amortize unfunded liabilities of the retirement system.

13 (5) Every 10 years following July 1, 1991, the division shall review the size of the additional fee
14 collected under 61-3-321(5) and deposited in the account in accordance with subsection (4)(a) and
15 recommend to each legislature following the division's review any legislation necessary to reduce the fee
16 to the minimum amount necessary to provide the supplemental benefits provided by this section."

17

18 **Section 22.** Section 19-6-801, MCA, is amended to read:

19 **"19-6-801. Election to qualify military service.** (1) A member with 15 years or more of service
20 credit with the Montana highway patrol may, at any time prior to retirement, make a written election with
21 the division to qualify all or any portion of the member's active service in the armed forces of the United
22 States for the purpose of calculating retirement benefits, up to a maximum of 5 years, if the member is not
23 otherwise eligible to receive service credit for this same service pursuant to 19-2-705.

24 (2) To qualify this service ~~the~~:

25 (a) a member not covered by [section 3] shall contribute to the account the amount determined
26 by the division to be due based on the member's compensation and regular contribution rate as of the
27 member's 16th year and as many succeeding years as are required to qualify this service, with interest from
28 the date the member becomes eligible for this benefit to the date the member contributes. The member may
29 not qualify more of this service than the member has service with the Montana highway patrol in excess
30 of 15 years.

1 **(b) a member covered by [section 3] shall contribute the actuarial cost of the service credit based**
2 **on the most recent actuarial valuation of the system.**"

3
4 **Section 23.** Section 19-8-502, MCA, is amended to read:

5 **"19-8-502. Member's contribution.** (1) ~~Every~~ Each member is required to contribute into the
6 pension trust fund ~~a sum equal to 7.9%~~ 8.5% of the member's monthly compensation, which ~~sum~~ must
7 be deposited to the member's credit in the pension trust fund.

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

11 (3) The member's contributions picked up by the employer must be designated for all purposes of
12 the retirement system as the member's contributions, except for the determination of a tax upon a
13 distribution from the retirement system. These contributions must become part of the member's
14 accumulated contributions but must be accounted for separately from those previously accumulated.

15 (4) The member's contributions picked up by the employer must be payable from the same source
16 as is used to pay compensation to the member and must be included in the member's wages as defined
17 in 19-1-102 and the member's compensation as used to define the member's final average salary in
18 19-8-101. The employer shall deduct from the member's compensation an amount equal to the amount of
19 the member's contributions picked up by the employer and remit the total of the contributions to the
20 board."

21
22 **Section 24.** Section 19-8-504, MCA, is amended to read:

23 **"19-8-504. State's contribution.** Each month, the state treasurer shall pay to the pension trust
24 fund out of the department of fish, wildlife, and parks funds, a sum equal to ~~8.15%~~ 9% of all members'
25 salaries."

26
27 **Section 25.** Section 19-8-1002, MCA, is amended to read:

28 **"19-8-1002. Postretirement death payments.** If a ~~retired~~ member who retires on or after [the
29 effective date of this act] and who has not chosen an ~~optional~~ option 2, 3, or 4 retirement benefit under
30 19-8-801 dies before receiving an amount equal to the ~~present value of the member's service retirement~~

1 ~~benefit under 19-8-603~~ member's total amount of contributions and interest on account as if that amount
2 was at the time of the member's retirement, the balance must be paid to the member's designated
3 beneficiary in a lump-sum payment. At the option of the designated beneficiary, the lump-sum payment may
4 be annuitized and paid over the beneficiary's lifetime; however, the payment is not a benefit subject to
5 increases."

6
7 **Section 26.** Section 19-9-702, MCA, is amended to read:

8 **"19-9-702. State contribution.** The state of Montana shall make its contributions through the state
9 auditor out of the premium tax on motor vehicle property and casualty insurance policies. The payments
10 must be made annually after the end of each fiscal year but no later than November 1 from the gross
11 premium tax after deduction for cancellations and returned premiums. The division shall notify the auditor
12 by September 1 of each fiscal year of the annual compensation paid to all active members during the
13 preceding fiscal year. The state's contribution is ~~15.66%~~ 15.96% of compensation paid to members."

14
15 **Section 27.** Section 19-9-710, MCA, is amended to read:

16 **"19-9-710. Member's contribution.** (1) ~~The~~ Except as provided in subsection (2), the regular
17 contribution as a percentage of compensation of each active member first employed by an employer as a
18 police officer:

19 (a) on or before June 30, 1975, is 7.8% of the member's compensation;

20 (b) In the case of a member first employed by an employer as a police officer after June 30, 1975,
21 the contribution is 9% of the member's compensation;

22 (c) In the case of a member first employed by an employer as a police officer after June 30, 1979,
23 but before [the effective date of this act], the contribution is 10.5% of the member's compensation; and

24 (d) on and after [the effective date of this act], is 11%.

25 (2) A member covered under [section 3] shall pay a contribution rate equal to 11% of
26 compensation received on and after [the effective date of this act].

27 (3) Each employer, pursuant to section 414(h)(2) of the federal Internal Revenue Code of 1954,
28 as amended and applicable on July 1, 1985, shall pick up and pay the contributions that would be payable
29 by the member under subsections (1) and (2) for service rendered after June 30, 1985.

30 ~~(3)(4)~~ The member's contributions picked up by the employer must be designated for all purposes

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

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

9
10 **Section 28.** Section 19-9-1007, MCA, is amended to read:

11 **"19-9-1007. Supplement to certain benefits.** (1) The benefits paid in each fiscal year to a retired
12 member or the member's survivors and that are not covered by [section 3] may not be less than one-half
13 of the compensation that will be paid in the current fiscal year in the appropriate city or town to newly
14 confirmed police officers.

15 (2) On or before October 1 of each year, the division shall make a report including the following
16 information:

17 (a) the names of all retired members who are receiving benefits from the retirement system as of
18 the date of the report;

19 (b) the names of all surviving spouses or dependent children who are receiving benefits from the
20 retirement system because of the death of an active or retired member of this or a prior plan;

21 (c) for the purpose of determining the base retirement, disability, or survivorship benefits for the
22 computations set forth in subsection (3), the following information relating to the base fiscal year
23 commencing July 1, 1976:

24 (i) the amount of the benefits paid in the base fiscal year to each retired member described in
25 subsection (2)(a);

26 (ii) the amount of the benefits paid in the base fiscal year to each surviving spouse or dependent
27 child described in subsection (2)(b);

28 (iii) upon the death after the base fiscal year of any retired member who was receiving benefits, the
29 amount of benefits that would have been paid to an eligible surviving spouse of the retired member if the
30 surviving spouse had been receiving benefits in the base fiscal year;

(d) the original amount of retirement, disability, or survivorship benefits paid to retired members or their eligible survivors as of the original retirement dates after July 1, 1975;

(e) the compensation that will be paid during the current fiscal year to a newly confirmed police officer of each city or town participating in the retirement system.

(3) The division shall compute the difference between each amount reported under subsections (2)(c) through (2)(e) and one-half the compensation to be paid during the current fiscal year to a newly confirmed police officer of the appropriate city or town. The difference must be reported to the state auditor who shall pay the difference to the pension trust fund out of the premium tax collected on insurance sold in this state to insure against the risks enumerated in 19-18-512(3) no later than November 1. If the compensation of a newly confirmed police officer has not been set for the current fiscal year in time to be included in the October 1 report to the state auditor, the division shall make any retroactive adjustments necessary to individual supplemental benefits after the current compensation has been determined and shall include these amounts in the next year's report for reimbursement at that time.

(4) The premium tax amount paid by the state auditor is statutorily appropriated, as provided in 17-7-502, for the payment of supplemental retirement benefits to eligible retired members and their survivors. This payment is in addition to the payment to be made by the state auditor under 19-9-702.

(5) If more than one dependent child is entitled to supplementary benefits under this section by virtue of the death of a common parent, the minimum benefit paid to the dependent children under this section must be determined as if there were one dependent child and the supplementary benefits must be paid to the dependent children collectively."

Section 29. Section 19-13-601, MCA, is amended to read:

"19-13-601. Deduction remitted to firemen's association -- member's contribution. (1) Each employer shall retain from the compensation of each active member a sum equal to 1% of the member's compensation for services as a firefighter and shall remit this amount on a monthly basis to the Montana state firemen's association for the payment of premiums on a group life and accidental death and dismemberment insurance policy for members and to defray expenses incurred by the association when representing members of the retirement system.

(2) ~~The Each~~ member's contribution to the retirement system ~~is 7.8% as a percentage~~ of the member's compensation must be:

1 (a) 7.8% for a member not covered under [section 3]; or

2 (b) 9% for a member covered under [section 3].

3 (3) If a member receives compensation under the provisions of the Workers' Compensation Act,
4 Title 39, chapter 71, the amount received must be included as part of the member's compensation for
5 purposes of determining contributions and service credits under the retirement system. Contributions made
6 under 19-13-604, 19-13-605, and this section must be based on the total compensation received by the
7 member from the employer and from workers' compensation during the period of disability.

8 (4) Each employer, pursuant to section 414(h)(2) of the federal Internal Revenue Code, as amended
9 and applicable on July 1, 1987, shall pick up and pay the contributions that would be payable by the
10 member under subsection (2) for service rendered after June 30, 1987.

11 (5) The member's contributions picked up by the employer must be designated for all purposes of
12 the retirement system as the member's contributions, except for the determination of a tax upon a
13 distribution from the retirement system. These contributions must become part of the member's
14 accumulated contributions but must be accounted for separately from those previously accumulated.

15 (6) The member's contributions picked up by the employer must be payable from the same source
16 as is used to pay compensation to the member and must be included in the member's compensation as
17 defined in 19-13-104. The employer shall deduct from the member's compensation an amount equal to the
18 amount of the member's contributions picked up by the employer and remit the total of the contributions
19 to the board."
20

21 **Section 30.** Section 19-13-604, MCA, is amended to read:

22 **"19-13-604. State contribution.** The state shall make its contributions through the state auditor
23 from the premium taxes on the insurance risks enumerated in 19-18-512. These payments must be made
24 annually to the pension trust fund after the end of each fiscal year but no later than November 1 from the
25 gross premium taxes after deduction for cancellations and returned premiums. The division shall notify the
26 auditor of the annual compensation, excluding overtime, holiday payments, shift differential payments,
27 compensatory time payments, and payments in lieu of sick leave, paid to all active members during the
28 preceding year. The state's contribution is ~~24.21%~~ 24.5% of this total compensation. As soon as
29 practicable after receipt of the state contribution, the division shall deposit it in the pension trust fund."
30

1 **Section 31.** Section 19-13-704, MCA, is amended to read:

2 **"19-13-704. Amount of service retirement benefit.** (1) Except as provided in subsection (3), the
3 following retirement benefits apply:

4 (a) A member ~~hired before July 1, 1981~~, who elects to retire after having reached 20 years of
5 membership service must receive a service retirement benefit equal to the sum of:

6 (i) 50% of the member's last monthly compensation for years of service credit up to and including
7 20 years; and

8 (ii) 2% of the member's last monthly compensation for each year of service credit after 20 years.

9 (b) A member ~~hired before July 1, 1981~~, who elects to retire after having reached at least 10 years
10 but less than 20 years of membership service as an active member must receive a service retirement benefit
11 equal to 2% of the member's last monthly compensation for each year of service credit. ~~Upon the retired~~
12 ~~member's death, the benefit must be made to the surviving spouse. If there is no surviving spouse or if the~~
13 ~~surviving spouse dies and if the member leaves one or more dependent children, the children are entitled~~
14 ~~to receive the allowance as long as they remain dependent children as defined in 19-13-104.~~

15 (2) A member hired on or after July 1, 1981, who retires with at least 10 years of membership
16 service must receive a service retirement benefit equal to 2% of the member's final average compensation
17 for each year of service credit.

18 (3) A member hired before July 1, 1981, and who is covered under [section 3] is entitled to the
19 same benefit provided under subsection (1) or (2), except that the benefit must be calculated using final
20 average compensation.

21 (4) Upon a retired member's death, the benefit must be made to the surviving spouse. If there is
22 no surviving spouse or if the surviving spouse dies and if the member leaves one or more dependent
23 children, the children are entitled to receive the allowance as long as they remain dependent children as
24 defined in 19-13-104."

25

26 **Section 32.** Section 19-13-803, MCA, is amended to read:

27 **"19-13-803. Amount of disability retirement benefit.** (1) A Except as provided in subsection (3),
28 the disability retirement benefit for a member hired before July 1, 1981, who becomes disabled:

29 (a) before completing 20 years of membership service must ~~receive a disability retirement benefit~~
30 equal ~~to~~ one-half the member's last monthly compensation;

(b) after completing 20 years or more of membership service must ~~receive~~ equal the disability retirement benefit provided in subsection (1)(a) increased at a rate of 2% of the member's last monthly compensation for each year of service credit in excess of 20.

(2) A Except as provided in subsection (3), the disability retirement benefit for a member hired on or after July 1, 1981, who becomes disabled:

(a) before completing 25 years of membership service must ~~receive a disability retirement benefit~~ equal to one-half the member's last monthly compensation;

(b) after completing 25 years or more of membership service must ~~receive~~ equal the disability retirement benefit provided in subsection (2)(a) increased at a rate of 2% of the member's last monthly compensation for each year of service credit in excess of 25.

(3) A member covered under [section 3] is entitled to the same benefit as provided in subsection (1) or (2) except that the benefit must be calculated using final average compensation.

(4) A member's disability retirement benefit must be paid first to the member during the member's lifetime and, upon the member's death, to the member's surviving spouse. If upon a member's death the member leaves no surviving spouse or upon the death of the surviving spouse, the member's benefit must be paid to the member's dependent children as long as they remain dependent children as defined in 19-13-104."

Section 33. Section 19-13-902, MCA, is amended to read:

"19-13-902. Survivorship benefit. (1) ~~(a) Upon the death before retirement~~ Except as provided in subsection (3), the survivorship benefits payable to the surviving spouse upon the death of an active member hired before July 1, 1981, ~~the member's surviving spouse, if there is one, must receive a survivorship benefit equal to~~ must be as follows:

(a) one-half the last monthly compensation received by the member; or, If the member leaves one or more dependent children, then, upon the member's death if the member leaves no surviving spouse or upon the death of the surviving spouse, the member's dependent children must collectively receive the same benefit that a surviving spouse would have received, as long as the children remain dependent children as defined in 19-13-104.

(b) ~~If~~ if the deceased member completed over 20 years of membership service, the survivorship benefit provided in subsection (1)(a) ~~must be~~ increased at a rate of 2% of the last monthly compensation

1 for each year of service in excess of 20.

2 (2) Upon the death before retirement of a member hired on or after July 1, 1981, the member's
3 surviving spouse, if there is one, must receive a survivorship benefit equal to one-half of the member's final
4 average compensation.

5 (3) The benefit payable to the surviving spouse upon the death of an active member covered under
6 [section 3] must be the same as provided under subsection (1) or (2) except that the benefit must be
7 calculated using final average compensation.

8 (4) If the member leaves one or more dependent children, then, upon the member's death if the
9 member leaves no surviving spouse or upon the death of the surviving spouse, the member's dependent
10 children must collectively receive the same benefit that a surviving spouse would have received, as long
11 as the children remain dependent children as defined in 19-13-104."

12

13 **Section 34.** Section 19-13-1006, MCA, is amended to read:

14 **"19-13-1006. Supplement to retirement benefits for persons retiring before July 1, 1973.** (1) ~~The~~
15 Except for persons who elect to be covered under [section 3], the retirement system shall pay to each
16 member retired before July 1, 1973, or the member's surviving spouse or dependent children a monthly
17 retirement benefit of not less than one-half the regular monthly compensation paid to a confirmed active
18 firefighter of the city that last employed the member as a firefighter, as provided each year in the budget
19 of that city. If the city that last employed the member as a firefighter no longer employs a full-paid
20 firefighter, the member's or survivor's benefit may not be less than one-half the average regular monthly
21 compensation paid to all newly confirmed full-paid firefighters, as provided each year in the budgets of
22 those cities that participate in the retirement system and employ a full-paid firefighter. In the case of
23 volunteer firefighters, the retirement benefit may not exceed \$75 per month. Distribution of the money
24 provided for this purpose under 19-18-606(1) must be made according to subsection (2).

25 (2) (a) At the beginning of each fiscal year the division shall request and, except as provided in
26 subsection (2)(b), the state auditor shall issue from the state special revenue fund and deliver to the division
27 an amount certified to be equal to the total annual dollar difference between the total retirement benefits
28 paid to all retirees or their surviving spouses or dependent children in the previous fiscal year and the total
29 benefits payable on June 30, 1973. The division shall deposit this money into the pension trust fund.

30 (b) If insufficient money is contained in the state special revenue fund to pay the amount requested

1 in subsection (2)(a), the auditor shall pay to the division the balance contained in the state special revenue
2 fund. The division shall continue to request any portion of the amount requested under subsection (2)(a)
3 not paid in previous fiscal years plus sufficient interest to reimburse the pension trust fund, which amounts
4 must be paid to the division prior to determining whether sufficient cash remains in the special revenue fund
5 to make any payments into the account established in 19-13-615. The auditor shall pay the requests as
6 money in the state special revenue fund becomes available."

7
8 **Section 35.** Section 19-13-1007, MCA, is amended to read:

9 **"19-13-1007. ~~Benefit~~ Minimum benefit adjustment.** (1) ~~For~~ Except for persons who elect to be
10 covered under [section 3], a member retiring on or after July 1, 1973, who was hired before July 1, 1981,
11 or the member's surviving spouse or dependent children, the service retirement benefit provided in
12 19-13-704(1)(a), the disability retirement benefit provided in 19-13-803(1), and the survivorship benefit
13 provided in 19-13-902(1) may not be less than one-half the monthly compensation paid to a newly
14 confirmed, active firefighter of a city that last employed the member as a firefighter, as provided each year
15 in the budget of that city.

16 (2) For a member hired on or after July 1, 1981, or the member's surviving spouse or dependent
17 children, the disability retirement benefit provided in 19-13-803(2) and the survivorship benefit provided
18 in 19-13-902(2) may not be less than one-half the monthly compensation paid to a newly confirmed, active
19 firefighter of a city that last employed the member as a firefighter, as provided each year in the budget of
20 that city.

21 (3) If after a member retires, the city that last employed the member no longer employs a full-paid
22 firefighter, the member's or survivor's benefit under subsections (1) and (2) must be adjusted on the basis
23 of the average monthly compensation paid to all newly confirmed full-paid firefighters, as provided each
24 year in the budgets of those cities that participate in the retirement system and employ a full-paid
25 firefighter.

26 (4) ~~If~~ Except for persons who elect to be covered under [section 3], if the employment of a vested
27 member hired before July 1, 1981, is involuntarily discontinued because of the termination of employment
28 of all full-paid firefighters in the city that employed the member, the member's service retirement benefit
29 provided in 19-13-704(1)(b) and the member's spouse's or dependent child's survivorship benefit provided
30 in 19-13-902(1) may not be less than:

1 (a) if the member has earned 20 years or more of membership service, one-half the average
2 monthly compensation paid to all newly confirmed, full-paid firefighters, as provided each year in the
3 budgets of those cities that participate in the retirement system and employ a full-paid firefighter; or

4 (b) if the member has earned more than 10 but less than 20 years of membership service, 2% of
5 the average monthly compensation paid to all newly confirmed, full-paid firefighters, as provided each year
6 in the budgets of those cities that participate in the retirement system and employ a full-paid firefighter,
7 for each year of the member's service."

8

9 **Section 36.** Section 19-13-1009, MCA, is amended to read:

10 **"19-13-1009. Supplement to retirement benefits for persons hired on or after July 1, 1981. (1)**

11 ~~The~~ Except for persons who elect to be covered under [section 3], the division shall pay a supplemental
12 benefit from the account provided for in 19-13-615 to each member hired on or after July 1, 1981, who
13 has earned 20 years of membership service as an active firefighter or to the member's surviving spouse
14 or dependent children. Except as provided in subsection (2), the supplemental benefit, when added to the
15 service retirement benefit, must equal one-half the regular monthly compensation paid to a newly confirmed
16 full-paid active firefighter of the city that last employed the member as a firefighter as provided each year
17 in the budget of that city. If after a member retires, the city that last employed the member no longer
18 employs a full-paid firefighter, the member's supplemental benefit must be calculated on the basis of the
19 average monthly compensation paid to all newly confirmed full-paid firefighters, as provided each year in
20 the budgets of those cities that participate in the retirement system and employ a full-paid firefighter.

21 (2) If the amount available to the account is insufficient to fully fund the supplemental benefit
22 provided for in subsection (1), the supplemental benefit for each eligible member or survivor must be
23 reduced by an equal percentage so that the amount contained in the account is not exceeded."

24

25 **Section 37.** Section 25-1-201, MCA, is amended to read:

26 **"25-1-201. Fees of clerk of district court. (1)** The clerk of the district court shall collect the
27 following fees:

28 (a) at the commencement of each action or proceeding, except a petition for dissolution of
29 marriage, from the plaintiff or petitioner, \$80; for filing a complaint in intervention, from the intervenor,
30 \$80; for filing a petition for dissolution of marriage, a fee of \$120; and for filing a petition for legal

1 separation, a fee of \$120;

2 (b) from each defendant or respondent, on appearance, \$60;

3 (c) on the entry of judgment, from the prevailing party, \$45;

4 (d) for preparing copies of papers on file in the clerk's office, 50 cents ~~per~~ a page for the first five
5 pages of each file, ~~per~~ for each request, and 25 cents ~~per~~ for each additional page;

6 (e) for each certificate, with seal, \$2;

7 (f) for oath and jurat, with seal, \$1;

8 (g) for search of court records, 50 cents for each year searched, not to exceed a total of \$25;

9 (h) for filing and docketing a transcript of judgment or transcript of the docket from all other courts,
10 the fee for entry of judgment provided for in subsection (1)(c);

11 (i) for issuing an execution or order of sale on a foreclosure of a lien, \$5;

12 (j) for transmission of records or files or transfer of a case to another court, \$5;

13 (k) for filing and entering papers received by transfer from other courts, \$10;

14 (l) for issuing a marriage license, \$30;

15 (m) on the filing of an application for informal, formal, or supervised probate or for the appointment
16 of a personal representative or the filing of a petition for the appointment of a guardian or conservator, from
17 the applicant or petitioner, \$70, which includes the fee for filing a will for probate;

18 (n) on the filing of the items required in 72-4-303 by a domiciliary foreign personal representative
19 of the estate of a nonresident decedent, \$55;

20 (o) for filing a declaration of marriage without solemnization, \$30;

21 (p) for filing a motion for substitution of a judge, \$100.

22 (2) Except as provided in subsections (3) through (8), 32% of all fees collected by the clerk of the
23 district court must be deposited in and credited to the district court fund. If no district court fund exists,
24 that portion of the fees must be deposited in the general fund for district court operations. The remaining
25 portion of the fees must be remitted to the state ~~to be deposited as provided in 19-5-404 general fund.~~

26 (3) In the case of a fee collected for issuing a marriage license or filing a declaration of marriage
27 without solemnization, ~~\$14~~ \$23.60 must be deposited in and credited to the state general fund, and \$6.40
28 must be deposited in and credited to the county general fund, ~~and \$9.60 must be remitted to the state to~~
29 ~~be deposited as provided in 19-5-404.~~

30 (4) Of the fee for filing a petition for dissolution of marriage or legal separation, ~~\$40~~ \$75 must be

1 deposited in the state general fund, ~~\$35 must be remitted to the state to be deposited as provided in~~
2 ~~19-5-404~~, \$5 must be deposited in the children's trust fund account established by 41-3-702, and \$20
3 must be deposited in and credited to the district court fund. If no district court fund exists, the \$20 must
4 be deposited in the general fund for district court operations.

5 (5) (a) Before the percentages contained in subsection (2) are applied and the fees deposited in the
6 district court fund or the county general fund or remitted to the state, the clerk of the district court shall
7 deduct from the following fees the amounts indicated:

8 (i) at the commencement of each action or proceeding and for filing a complaint in intervention as
9 provided in subsection (1)(a), \$35;

10 (ii) from each defendant or respondent, on appearance, as provided in subsection (1)(b), \$25;

11 (iii) on the entry of judgment as provided in subsection (1)(c), \$15; and

12 (iv) from the applicant or petitioner, on the filing of an application for probate or for the appointment
13 of a personal representative or on the filing of a petition for appointment of a guardian or conservator, as
14 provided in subsection (1)(m), \$15.

15 (b) The clerk of the district court shall deposit the money deducted in subsection (5)(a) in the
16 county general fund for district court operations unless the county has a district court fund. If the county
17 has a district court fund, the money must be deposited in that fund.

18 (6) The fee for filing a motion for substitution of a judge as provided in subsection (1)(p) must be
19 remitted to the state ~~to be deposited as provided in 19-5-404~~ general fund.

20 (7) Fees collected under subsections (1)(d) through (1)(i) must be deposited in the district court
21 fund. If no district court fund exists, fees must be deposited in the general fund for district court operations.

22 (8) The clerk of the district court shall remit to the credit of the state general fund \$20 of each fee
23 collected under the provisions of subsections (1)(a) through (1)(c), (1)(m), and (1)(n) to fund a portion of
24 judicial salaries."

25
26 **NEW SECTION. Section 38. Repealer.** Sections 19-3-1601, 19-3-1602, 19-3-1603, 19-7-708;
27 19-7-709, 19-7-710, 19-8-1101, 19-8-1102, and 19-8-1103, MCA, are repealed.

28
29 **NEW SECTION. Section 39. Codification instruction.** (1) [Section 1] is intended to be codified as
30 an integral part of Title 19, chapters 3, 7, and 8, and the provisions of Title 19, chapters 3, 7, and 8, apply

1 to [section 1].

2 (2) [Section 2] is intended to be codified as an integral part of Title 19, chapter 5, and the
3 provisions of Title 19, chapter 5, apply to [section 2].

4 (3) [Section 3] is intended to be codified as an integral part of Title 19, chapters 2, 6, 9, and 13,
5 and the provisions of Title 19, chapters 2, 6, 9, and 13, apply to [section 3].

6 (4) [Section 4] is intended to be codified as an integral part of Title 19, chapter 3, and the
7 provisions of Title 19, chapter 3, apply to [section 4].

8 (5) [SECTION 5] IS INTENDED TO BE CODIFIED AS AN INTEGRAL PART OF TITLE 19, CHAPTER
9 2, AND THE PROVISIONS OF TITLE 19, CHAPTER 2, APPLY TO [SECTION 5].

10
11 NEW SECTION. Section 40. Effective date. [This act] is effective July 1, 1997.

12 -END-

1 HOUSE BILL NO. 170

2 INTRODUCED BY AHNER

3 BY REQUEST OF THE PUBLIC EMPLOYEES' RETIREMENT BOARD

4
5 A BILL FOR AN ACT ENTITLED: "AN ACT ESTABLISHING A GUARANTEED ANNUAL BENEFIT
6 ADJUSTMENT FOR CERTAIN BENEFIT RECIPIENTS IN THE STATEWIDE PUBLIC EMPLOYEE RETIREMENT
7 SYSTEMS UNDER THE PUBLIC EMPLOYEES' RETIREMENT BOARD; DEFINING "ACTUARIALLY SOUND
8 BASIS"; MAKING THE ANNUAL ADJUSTMENT AN ALTERNATIVE TO CERTAIN EXISTING BENEFITS;
9 INCREASING CONTRIBUTION RATES AND MODIFYING CERTAIN BENEFITS TO FUND THE ADJUSTMENT;
10 PROVIDING THAT CERTAIN COURT FEES BE CREDITED TO THE GENERAL FUND; REQUIRING THAT
11 MEMBERS OF THE PUBLIC EMPLOYEES' AND HIGHWAY PATROL OFFICERS' RETIREMENT SYSTEMS PAY
12 THE FULL ACTUARIAL COST OF PURCHASING CERTAIN SERVICE; ALLOWING MEMBERS OF THE PUBLIC
13 EMPLOYEES' RETIREMENT SYSTEM WHO BECAME MEMBERS ON OR AFTER JULY 1, 1989, TO
14 PURCHASE ADDITIONAL SERVICE FOR CALCULATING BENEFITS; REDEFINING THE SALARY USED TO
15 CALCULATE CERTAIN BENEFITS UNDER THE JUDGES' AND FIREFIGHTERS' RETIREMENT SYSTEMS;
16 ADJUSTING CERTAIN DEATH BENEFITS PAID UNDER THE JUDGES' AND GAME WARDENS' RETIREMENT
17 SYSTEMS; REPLACING CURRENT POSTRETIREMENT ADJUSTMENTS AND MINIMUM BENEFITS UNDER

**THERE ARE NO CHANGES IN THIS BILL AND IT WILL NOT BE
REPRINTED. PLEASE REFER TO SECOND READING COPY
(YELLOW) FOR COMPLETE TEXT.**

APPROVED BY COM ON
STATE ADMINISTRATION

HOUSE BILL NO. 170

INTRODUCED BY AHNER

BY REQUEST OF THE PUBLIC EMPLOYEES' RETIREMENT BOARD

1
2
3
4
5 A BILL FOR AN ACT ENTITLED: "AN ACT ESTABLISHING A GUARANTEED ANNUAL BENEFIT
6 ADJUSTMENT FOR CERTAIN BENEFIT RECIPIENTS IN THE STATEWIDE PUBLIC EMPLOYEE RETIREMENT
7 SYSTEMS UNDER THE PUBLIC EMPLOYEES' RETIREMENT BOARD; DEFINING "ACTUARIALLY SOUND
8 BASIS"; MAKING THE ANNUAL ADJUSTMENT AN ALTERNATIVE TO CERTAIN EXISTING BENEFITS;
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12 THE FULL ACTUARIAL COST OF PURCHASING CERTAIN SERVICE; ALLOWING MEMBERS OF THE PUBLIC
13 EMPLOYEES' RETIREMENT SYSTEM WHO BECAME MEMBERS ON OR AFTER JULY 1, 1989, TO
14 PURCHASE ADDITIONAL SERVICE FOR CALCULATING BENEFITS; REDEFINING THE SALARY USED TO
15 CALCULATE CERTAIN BENEFITS UNDER THE JUDGES' AND FIREFIGHTERS' RETIREMENT SYSTEMS;
16 ADJUSTING CERTAIN DEATH BENEFITS PAID UNDER THE JUDGES' AND GAME WARDENS' RETIREMENT
17 SYSTEMS; REPLACING CURRENT POSTRETIREMENT ADJUSTMENTS AND MINIMUM BENEFITS UNDER
18 EACH RETIREMENT SYSTEM FOR CURRENT MEMBERS WHO ELECT THE ANNUAL ADJUSTMENT AND
19 FOR ALL NEW MEMBERS; AMENDING SECTIONS 3-2-404, 3-2-405, 19-3-315, 19-3-316, 19-3-503,

**THERE ARE NO CHANGES IN THIS BILL AND IT WILL NOT BE
REPRINTED. PLEASE REFER TO SECOND READING COPY
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HOUSE BILL NO. 170

INTRODUCED BY AHNER

BY REQUEST OF THE PUBLIC EMPLOYEES' RETIREMENT BOARD

A BILL FOR AN ACT ENTITLED: "AN ACT ESTABLISHING A GUARANTEED ANNUAL BENEFIT ADJUSTMENT FOR CERTAIN BENEFIT RECIPIENTS IN THE STATEWIDE PUBLIC EMPLOYEE RETIREMENT SYSTEMS UNDER THE PUBLIC EMPLOYEES' RETIREMENT BOARD; DEFINING "ACTUARIALLY SOUND BASIS"; MAKING THE ANNUAL ADJUSTMENT AN ALTERNATIVE TO CERTAIN EXISTING BENEFITS; INCREASING CONTRIBUTION RATES AND MODIFYING CERTAIN BENEFITS TO FUND THE ADJUSTMENT; PROVIDING THAT CERTAIN COURT FEES BE CREDITED TO THE GENERAL FUND; REQUIRING THAT MEMBERS OF THE PUBLIC EMPLOYEES' AND HIGHWAY PATROL OFFICERS' RETIREMENT SYSTEMS PAY THE FULL ACTUARIAL COST OF PURCHASING CERTAIN SERVICE; ALLOWING MEMBERS OF THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM WHO BECAME MEMBERS ON OR AFTER JULY 1, 1989, TO PURCHASE ADDITIONAL SERVICE FOR CALCULATING BENEFITS; REDEFINING THE SALARY USED TO CALCULATE CERTAIN BENEFITS UNDER THE JUDGES' AND FIREFIGHTERS' RETIREMENT SYSTEMS; ADJUSTING CERTAIN DEATH BENEFITS PAID UNDER THE JUDGES' AND GAME WARDENS' RETIREMENT SYSTEMS; REPLACING CURRENT POSTRETIREMENT ADJUSTMENTS AND MINIMUM BENEFITS UNDER EACH RETIREMENT SYSTEM FOR CURRENT MEMBERS WHO ELECT THE ANNUAL ADJUSTMENT AND FOR ALL NEW MEMBERS; AMENDING SECTIONS 3-2-404, 3-2-405, 19-3-315, 19-3-316, 19-3-503, 19-3-512, 19-3-513, 19-5-101, 19-5-404, 19-5-502, 19-5-601, 19-5-802, 19-6-402, 19-6-404, 19-6-707, 19-6-709, 19-6-801, 19-8-502, 19-8-504, 19-8-1002, 19-9-702, 19-9-710, 19-9-1007, 19-13-601, 19-13-604, 19-13-704, 19-13-803, 19-13-902, 19-13-1006, 19-13-1007, 19-13-1009, AND 25-1-201, MCA; REPEALING SECTIONS 19-3-1601, 19-3-1602, 19-3-1603, 19-7-708, 19-7-709, 19-7-710, 19-8-1101, 19-8-1102, AND 19-8-1103, MCA; AND PROVIDING AN EFFECTIVE DATE."

STATEMENT OF INTENT

A statement of intent is required for this bill because [sections 1 through 3] give the public employees' retirement board authority to adopt rules to implement the provisions of the bill.

It is the intent of the legislature to guarantee a minimum level of annual benefit increases for retired members and their contingent annuitants or survivors under each of the statewide public employee

1 retirement systems. The legislature also intends to fund this guaranteed annual benefit adjustment (GABA)
2 in the most cost-effective manner possible.

3 Because the GABA is intended to address the erosion of retirement benefits caused by inflation as
4 cost-effectively as possible, it is the intent of the legislature that the guaranteed annual 1.5% minimum
5 adjustment not begin until after the original benefit has been paid for at least 36 months.

6 Because it is most cost-effective to reduce current unfunded liabilities as well as to avoid future
7 unfunded liabilities and to fund new benefits as they accrue, the bill provides that the GABA be substituted
8 for other benefits in cases in which the GABA is as valuable or more valuable to members. The resulting
9 actuarial savings will reduce the additional funding required for the GABA.

10 In the public employees', sheriffs', and game wardens' retirement systems, all members will
11 automatically be covered by the GABA provided for in this bill instead of the current postretirement
12 adjustments based on investment earnings.

13 In the highway patrol officers', municipal police officers', firefighters' unified, and judges' retirement
14 systems, in which the substitution of the GABA in place of other benefits is not a clear benefit
15 enhancement for all current members, it is the intent of the legislature that the members be provided with
16 a thorough analysis of the benefits to be substituted so that members may individually and irrevocably elect
17 whether to be covered under the provisions of this bill. However, it is not the intent of the legislature that
18 the retirement board or its administrative staff be required to recommend a specific or best choice to
19 individual members.

20 It is the intent of the legislature that all future members of these systems be covered by the GABA
21 in place of certain other benefits.

22
23 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

24
25 **NEW SECTION.** **Section 1. Guaranteed annual benefit adjustment.** (1) Subject to subsection (2),
26 on January 1 of each year, the permanent monthly benefit payable during the preceding January to each
27 recipient who is eligible under subsection (3) must be increased by 1.5%.

28 (2) (a) If a recipient's benefit payable during the preceding January has been increased by one or
29 more adjustments not provided for in this section and the adjustments amount to less than a 1.5%
30 annualized increase, then the recipient's benefit must be adjusted by an amount that will provide a total

1 annualized increase of 1.5% in the benefit paid since the preceding January.

2 (b) If a recipient's benefit payable during the preceding January has been increased by one or more
3 adjustments not provided for in this section and the increases amount to more than a 1.5% annualized
4 increase, then the benefit increase provided under this section must be 0%.

5 (c) If a benefit recipient is a contingent annuitant receiving an optional benefit upon the death of
6 the original payee that occurred since the preceding January, the new recipient's monthly benefit must be
7 increased to 1.5% more than the amount that the contingent annuitant would have received had the
8 contingent annuitant received a benefit during the preceding January.

9 (3) Except as provided in subsection (2)(b), a benefit recipient is eligible for and must receive the
10 minimum annual benefit adjustment provided for in this section if:

11 (a) the benefit's initiation date is at least 36 months prior to January 1 of the year in which the
12 adjustment is to be made; and

13 (b) the benefit recipient is not an active member of a public retirement system covered by this title.

14 (4) The board shall adopt rules to administer the provisions of this section.

15
16 **NEW SECTION. Section 2. Guaranteed annual benefit adjustment.** (1) Subject to subsection (2),
17 on January 1 of each year, the permanent monthly benefit payable during the preceding January to each
18 recipient who is eligible under subsection (3) must be increased by 1.5%.

19 (2) (a) If a recipient's benefit payable during the preceding January has been increased by one or
20 more adjustments not provided for in this section and the adjustments amount to less than a 1.5%
21 annualized increase, then the recipient's benefit must be adjusted by an amount that will provide a total
22 annualized increase of 1.5% in the benefit paid since the preceding January.

23 (b) If a recipient's benefit payable during the preceding January has been increased by one or more
24 adjustments not provided for in this section and the increases amount to more than a 1.5% annualized
25 increase, then the benefit increase provided under this section must be 0%.

26 (c) If a benefit recipient is a contingent annuitant receiving an optional benefit upon the death of
27 the original payee that occurred since the preceding January, the new recipient's monthly benefit must be
28 increased to 1.5% more than the amount that the contingent annuitant would have received had the
29 contingent annuitant received a benefit during the preceding January.

30 (3) Except as provided in subsection (2)(b), a benefit recipient is eligible for and must receive the

1 minimum annual benefit adjustment provided for in this section if:

2 (a) the benefit's initiation date is at least 36 months prior to January 1 of the year in which the
3 adjustment is to be made;

4 (b) the benefit recipient is not an active member of a public retirement system covered by this title;
5 and

6 (c) the member or benefit recipient either:

7 (i) first became an active member on or after [the effective date of this act]; or

8 (ii) filed a voluntary, irrevocable election to be covered under this section. The election must be filed
9 with the board prior to January 1, 1998.

10 (4) The board shall adopt rules to administer the provisions of this section.

11
12 **NEW SECTION. Section 3. Guaranteed annual benefit adjustment.** (1) Subject to subsection (2),
13 on January 1 of each year, the permanent monthly benefit payable during the preceding January to each
14 recipient who is eligible under subsection (3) must be increased by 1.5%.

15 (2) (a) If a recipient's benefit payable during the preceding January has been increased by one or
16 more adjustments not provided for in this section and the adjustments amount to less than a 1.5%
17 annualized increase, then the recipient's benefit must be adjusted by an amount that will provide a total
18 annualized increase of 1.5% in the benefit paid since the preceding January.

19 (b) If a recipient's benefit payable during the preceding January has been increased by one or more
20 adjustments not provided for in this section and the increases amount to more than a 1.5% annualized
21 increase, then the benefit increase provided under this section must be 0%.

22 (3) Except as provided in subsection (2)(b), a benefit recipient is eligible for and must receive the
23 minimum annual benefit adjustment provided for in this section if:

24 (a) the benefit's initiation date is at least 36 months prior to January 1 of the year in which the
25 adjustment is to be made;

26 (b) the benefit recipient is not an active member of a public retirement system covered by this title;
27 and

28 (c) the member either:

29 (i) first became an active member on or after [the effective date of this act]; or

30 (ii) filed a voluntary, irrevocable election to be covered under this section. The election must be filed

1 with the board prior to January 1, 1998, and requires an active member to pay an increased contribution
2 rate from [the effective date of this act] forward. A retired member or the member's survivor who is
3 receiving a monthly benefit before [the effective date of this act] shall also file the voluntary, irrevocable
4 election no later than January 1, 1998, to be covered under this section.

5 (4) The board shall adopt rules to administer the provisions of this section.
6

7 **NEW SECTION. Section 4. State contributions for local government and school district employers.**

8 The state shall contribute monthly from the general fund to the pension trust fund a sum equal to 0.1%
9 of the compensation of members employed by local government entities and school districts on and after
10 [the effective date of this act]. The division shall certify amounts due under this section on a monthly
11 basis, and the state treasurer shall transfer those amounts to the pension trust fund within 1 week.
12

13 **NEW SECTION. SECTION 5. SYSTEMS TO BE FUNDED ON ACTUARIALLY SOUND BASIS --**

14 **DEFINITION. AS REQUIRED BY ARTICLE VIII, SECTION 15, OF THE MONTANA CONSTITUTION, EACH**
15 **SYSTEM MUST BE FUNDED ON AN ACTUARIALLY SOUND BASIS. FOR PURPOSES OF THIS SECTION,**
16 **"ACTUARIALLY SOUND BASIS" MEANS THAT CONTRIBUTIONS TO EACH SYSTEM MUST BE SUFFICIENT**
17 **TO PAY THE FULL ACTUARIAL COST OF THE SYSTEM. THE FULL ACTUARIAL COST INCLUDES BOTH**
18 **THE NORMAL COST OF PROVIDING BENEFITS AS THEY ACCRUE IN THE FUTURE AND THE COST OF**
19 **AMORTIZING UNFUNDED LIABILITIES OVER A SCHEDULED PERIOD OF NO MORE THAN 30 YEARS.**
20

21 **Section 6.** Section 3-2-404, MCA, is amended to read:

22 **"3-2-404. Disposition of fees.** Except as otherwise provided by law, ~~three-fourths of all fees~~
23 ~~collected by the clerk must be paid into the state treasury and shall must be credited to the general fund,~~
24 ~~and the remaining one-fourth of the fees shall be paid to the public employees' retirement division of the~~
25 ~~department of administration to be credited to the Montana judges' retirement system account."~~
26

27 **Section 7.** Section 3-2-405, MCA, is amended to read:

28 **"3-2-405. Settlements and accounts to state auditor.** (1) The clerk is responsible and ~~must shall~~
29 ~~account for and, in his the clerk's~~ settlement with the state auditor, must be charged with the full amount
30 of all fees collected or chargeable and accruing in causes brought into the court for services rendered

1 ~~therein~~ up to the time of each settlement. The settlement must take place quarterly, and immediately
2 ~~thereafter after settlement,~~ the clerk ~~must shall~~ pay the amount found due into the treasury ~~or to the public~~
3 ~~employees' retirement division, as provided in 3-2-404.~~

4 (2) ~~He~~ The clerk ~~must shall~~ also at the end of each quarter render to the state auditor, in ~~such a~~
5 form ~~as~~ that ~~the officer~~ state auditor prescribes, an account in detail and under oath of all fees chargeable
6 and accruing in causes brought into court and not included in ~~his~~ the clerk's previous accounts.

7 (3) ~~His~~ The clerk's salary may not be allowed or paid until all fees ~~so accruing~~ for which ~~he the~~
8 clerk is chargeable have been accounted for and paid ~~over~~."

9

10 **Section 8.** Section 19-3-315, MCA, is amended to read:

11 "19-3-315. **Member's contribution to be deducted.** (1) On and after July 1, ~~1993~~ 1997, the
12 regular contribution of each member is ~~6.70%~~ 6.8% of the member's compensation. Each member's
13 contribution increases to 6.9% beginning July 1, 1999.

14 (2) Payment of salaries or wages less the contribution is full and complete discharge and
15 acquittance of all claims and demands for the service rendered by members during the period covered by
16 the payment, except their claims to the benefits to which they may be entitled under the provisions of this
17 chapter.

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

21 (4) The member's contributions picked up by the employer must be designated for all purposes of
22 the retirement system as the member's contributions, except for the determination of a tax upon a
23 distribution from the retirement system. These contributions must become part of the member's
24 accumulated contributions but must be accounted for separately from those previously accumulated.

25 (5) The member's contributions picked up by the employer must be payable from the same source
26 as is used to pay compensation to the member and must be included in the member's wages, as defined
27 in 19-1-102, and compensation. The employer shall deduct from the member's compensation an amount
28 equal to the amount of the member's contributions picked up by the employer and remit the total of the
29 contributions to the board."

30

1 **Section 9.** Section 19-3-316, MCA, is amended to read:

2 **"19-3-316. Employer contribution rates.** (1) Each employer shall contribute to the cost of benefits
3 under the system. ~~On and after July 1, 1993~~ Except as provided in subsection (2), the amount of the
4 employer contributions is 6.70% of each contribution as a percentage of the employer's covered payroll
5 is 6.8% beginning July 1, 1997, and increases to 6.9% beginning July 1, 1999.

6 (2) Local government and school district employer contributions must be the total employer
7 contribution rate provided in subsection (1) minus the state contribution rate applied to their monthly
8 covered payrolls under [section 4]."

9
10 **Section 10.** Section 19-3-503, MCA, is amended to read:

11 **"19-3-503. Election to qualify military service.** (1) (a) A Except as provided in subsection (2), a
12 member with 10 years or more of service credits may, at any time prior to retirement, make a written
13 election with the board to purchase service credits for all or any portion of the member's active service in
14 the armed forces of the United States, including the first special service force or the American merchant
15 marine in oceangoing service during the period of armed conflict, December 7, 1941, to August 15, 1945,
16 up to a maximum of 5 years, if the member is not otherwise eligible to receive service credit for this same
17 service pursuant to 19-2-705 or is ineligible under subsection (2)(a).

18 (b) To qualify this service, the member shall contribute to the pension trust fund the amount
19 determined by the board to be due based on the member's compensation and regular contribution rate as
20 of the member's 11th year and as many succeeding years as are required to qualify this service, with
21 regular interest from the date the member becomes eligible for this benefit to the date the member
22 contributes. The member may not purchase more of this service credit than the member has service credits
23 in excess of 10 years actuarial cost of the service credit based on the most recent actuarial valuation of
24 the system.

25 (2) (a) If a member has retired from active duty in the armed forces of the United States, including
26 the first special service force or the American merchant marine in oceangoing service during the period of
27 armed conflict, December 7, 1941, to August 15, 1945, with a military service retirement benefit, the
28 member may not qualify the member's military service under subsection (1).

29 (b) However, a member who is serving or has served in the military reserves with the expectation
30 of receiving a military service pension may qualify the member's active military service under subsection

(1) if the member's active duty in the armed forces of the United States, including the first special service force or the American merchant marine in oceangoing service during the armed conflict, December 7, 1941, to August 15, 1945, is not more than 25% of the total sum of all years of military service including reserve and active duty time."

Section 11. Section 19-3-512, MCA, is amended to read:

"19-3-512. Qualification of service from other public retirement systems. (1) A member with 5 or more years of membership service in the public employees' retirement system may qualify:

(a) public service employment covered under a public retirement system other than a system provided for in Title 19 for which the member received a refund of the member's membership contribution; and

(b) public service employment that occurred before the public employer adopted a public retirement system.

(2) A member may not qualify more than 5 years of service under this section. To qualify this service, a member shall:

(a) at any time before retirement make a written election with the board to qualify the service; and

(b) contribute to the pension trust fund the actuarial cost of granting the service in the public employees' retirement system, as determined by the board, based on:

~~(i) the member's compensation in the sixth year of service covered under the public employees' retirement system; and~~

~~(iii) the most recent actuarial valuation of the system.~~

(3) Contributions to qualify service under this section may be made in a lump-sum payment or by making additional contributions in installments as agreed upon by the member and the board.

(4) Service qualified under this section may not be:

(a) credited in any other retirement system under Title 19; or

(b) used to qualify a member to purchase military service under 19-3-503.

(5) Service qualified under this section may not be used in calculating a member's retirement benefit unless the member's last 5 years of service credit were earned under the public employees' retirement system. If a member's qualified service may not be used in calculating the member's retirement benefit, the member may choose to receive a refund of the accumulated contributions made to qualify the

1 service."

2
3 **Section 12.** Section 19-3-513, MCA, is amended to read:

4 **"19-3-513. Election to purchase additional service.** (1) At any time before retirement, a person
5 ~~who became a member of the retirement system before July 1, 1989, and~~ who has 5 years or more of
6 membership service may make a written election with the board to purchase additional service credit for
7 the purpose of calculating the member's retirement benefit. Except as provided in subsection (3), the
8 member may purchase 1 year of additional service credit for each 5 years of membership service that the
9 member has qualified under the retirement system, up to a maximum of 5 years of additional service.

10 (2) For each year of service credit purchased under this section, a member shall contribute to the
11 pension trust fund ~~an amount equal to the member's compensation for the 12-month period immediately~~
12 ~~preceding the date the member elects to purchase the service multiplied by the combined employee and~~
13 ~~employer contribution rates contained in 19-3-315 and 19-3-316~~ the actuarial cost of the service credit
14 based on the most recent actuarial valuation of the system. Contributions may be made in a lump-sum
15 payment or by making additional contributions in installments as agreed upon by the member and the board.

16 (3) (a) Except as provided in subsection (3)(b), ~~after January 1, 1990,~~ a member may elect to
17 qualify a combined total of 5 years of service under 19-3-503, 19-3-512, or this section.

18 (b) A member who has purchased service under 19-3-503 or 19-3-512 on or before January 1,
19 1990, and who elects to purchase service under this section shall receive credit for the full months of
20 service purchased on or before January 1, 1990.

21 (4) Service purchased under this section is not membership service and may not be used to qualify
22 a member for service retirement."
23

24 **Section 13.** Section 19-5-101, MCA, is amended to read:

25 **"19-5-101. Definitions.** Unless a different meaning is plainly implied by the context, the following
26 definitions apply in this chapter:

27 (1) "Compensation" means remuneration as defined in 2-16-403, 3-5-211, and 3-7-222 paid to
28 a member.

29 (2) "Current salary" means the current compensation for the office retired from.

30 (3) "Final average salary" means the average of the member's highest monthly compensation

1 during any 36 consecutive months of membership service in the retirement system.

2 (4) "Involuntary retirement" means a retirement not for cause and before retirement age.

3 ~~(4)(5)~~ "Retired judge" means any judge or justice in receipt of a retirement benefit under this
4 chapter."

5

6 **Section 14.** Section 19-5-404, MCA, is amended to read:

7 "19-5-404. **Contributions by state.** (1) ~~The~~ Except as provided in subsection (2), the state of
8 Montana shall contribute monthly to the pension trust fund a sum equal to ~~6%~~ 25.81% of the
9 compensation of each member. ~~In addition, the clerk of each district court shall transmit 68% of certain~~
10 ~~filing fees as required under 25-1-201(2) and that portion of the fee for filing a petition for dissolution of~~
11 ~~marriage and a motion for substitution of a judge specified in 25-1-201(4) and (6) to the state, which shall~~
12 ~~first deposit in the pension trust fund an amount equal to 34.71% of the total compensation paid to district~~
13 ~~judges and supreme court justices who are covered by the judges' retirement system and then deposit the~~
14 ~~balance in the state general fund. The clerk of the supreme court shall pay one fourth of the fees collected~~
15 ~~under 3-2-403 to the division to be credited to the pension trust fund.~~

16 (2) The state of Montana shall contribute monthly from the renewable resource grant and loan
17 program account in the state special revenue fund to the judges' pension trust fund an amount equal to
18 ~~34.71%~~ 25.81% of the compensation paid to the chief water court judge."

19

20 **Section 15.** Section 19-5-502, MCA, is amended to read:

21 "19-5-502. **Service retirement benefit.** Upon retirement from service, ~~a member must receive a~~
22 the service retirement benefit equal to must be as follows:

23 (1) for members not covered under [section 2], 3 1/3% per year of the member's current salary
24 for the first 15 years of credited service and 1.785% per year for each year of credited service after 15
25 years; or

26 (2) for members covered under [section 2], the benefit provided under subsection (1) except that
27 the benefit must be calculated using final average salary."

28

29 **Section 16.** Section 19-5-601, MCA, is amended to read:

30 "19-5-601. **Disability retirement benefit.** In case of the disability of a member, a disability

1 retirement benefit must be granted the member in an amount actuarially equivalent to the service retirement
2 benefit standing to the member's credit at the time of the member's disability retirement. If the disability
3 is a direct result of any service to the Montana judiciary in the line of duty, the ~~member must receive a~~
4 ~~benefit equal to member's disability retirement benefit must be no less than:~~

5 (1) one-half of the member's final current salary ~~or the benefit provided in 19-5-502, whichever~~
6 ~~is greater for a person not covered under [section 2]; or~~

7 (2) one-half of the member's final average salary for a person covered under [section 2]."

8
9 **Section 17.** Section 19-5-802, MCA, is amended to read:

10 **"19-5-802. Payments in case of death from other causes.** (1) If a retired member who ~~chose a~~
11 ~~regular~~ is not covered under [section 2] and who did not choose an option 2, 3, or 4 form of retirement
12 benefit payment under 19-5-701 dies before receiving payments equal to the present value of the member's
13 retirement benefit as it was at the time of the member's retirement, the balance must be paid to the
14 member's designated beneficiary in a lump sum. At the designated beneficiary's request, the lump sum may
15 be paid as an actuarially equivalent annuity that will not be subject to increases for any purpose.

16 (2) Upon the death of a retiree who did not choose an option 2, 3, or 4 form of retirement benefit
17 payment under 19-5-701 and who is covered under [section 2], the member's designated beneficiary must
18 be paid the unpaid balance of the retiree's benefit. The benefit must be calculated by subtracting the total
19 benefits paid to the member during the member's lifetime from the member's total amount of contributions
20 and interest on account as that amount was on the day that the member retired.

21 (3) If a member dies before reaching retirement age, the member's designated beneficiary is entitled
22 to a monthly survivorship benefit that is the actuarial equivalent of the involuntary retirement options ~~as~~
23 provided in 19-5-503."

24
25 **Section 18.** Section 19-6-402, MCA, is amended to read:

26 **"19-6-402. Member's contribution.** (1) ~~Each~~ (a) A member not covered under [section 3] shall
27 contribute into the pension trust fund ~~a sum equal to 9% of the member's monthly compensation, which~~
28 ~~must be deposited to the member's credit in the pension trust fund.~~

29 (b) A member covered under [section 3] shall contribute to the pension trust fund 9.05% of the
30 member's monthly compensation.

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

(3) The member's contributions picked up by the employer must be designated for all purposes of the retirement system as the member's contributions, except for the determination of a tax upon a distribution from the retirement system. These contributions must become part of the member's accumulated contributions but must be accounted for separately from those previously accumulated.

(4) The member's contributions picked up by the employer must be payable from the same source as is used to pay compensation to the member and must be included in the member's wages as defined in 19-1-102 and compensation as used to define the member's final average salary in 19-6-101. The employer shall deduct from the member's compensation an amount equal to the amount of the member's contributions picked up by the employer and remit the total of the contributions to the board."

Section 19. Section 19-6-404, MCA, is amended to read:

"19-6-404. State's contribution. The state of Montana shall annually contribute to the pension trust fund an amount equal to ~~36.28%~~ 36.33% of the total compensation paid to the members from the following sources:

(1) an amount equal to ~~26.10%~~ 26.15% of the total compensation of the members is payable from the same source that is used to pay compensation to the members; and

(2) an amount equal to 10.18% of the total compensation of the members is payable from a portion of the fees from driver's licenses and duplicate driver's licenses as provided in 61-5-121."

Section 20. Section 19-6-707, MCA, is amended to read:

"19-6-707. Minimum monthly benefit. (1) Subject to the limitations contained in subsection (2), the following retired members, or and their survivors, who are not covered by [section 3] are eligible to receive a monthly benefit of not less than 2% multiplied by the member's service credits multiplied by the current base compensation received by a probationary highway patrol officer:

(a) a retired member who is 55 years of age or older, except as provided in subsection (3), or the member's survivor, who is receiving a service retirement benefit;

(b) a retired member, or the member's survivor, who is receiving a disability retirement benefit; and

1 (c) a recipient of a survivorship benefit.

2 (2) (a) The maximum monthly benefit paid under subsection (1) may not exceed 60% of the current
3 base compensation of a probationary highway patrol officer.

4 (b) The annual increase in a monthly benefit under subsection (1) may not exceed 5% of the
5 current monthly benefit paid to a retired member or the member's survivor.

6 (3) A retired member otherwise qualified under subsection (1)(a) who is employed in a position
7 covered by a retirement system under Title 19 is ineligible to receive the minimum monthly benefit provided
8 for in this section until the member's service in the covered position is terminated."

9
10 **Section 21.** Section 19-6-709, MCA, is amended to read:

11 **"19-6-709. (Temporary) Supplemental benefits for certain retirees.** (1) In addition to any retirement
12 benefit payable under this chapter, a retired member or a survivor determined by the board to be eligible
13 under subsection (2) must receive an annual lump-sum benefit payment beginning in September 1991 and
14 each succeeding year as long as the member remains eligible.

15 (2) To be eligible for the benefits under this section, a person must be receiving a monthly benefit
16 before July 1, 1991, may not be covered by [section 3], and must be:

17 (a) a retired member who is 55 years of age or older and who has been receiving a service
18 retirement benefit for at least 5 years prior to the date of distribution;

19 (b) a survivor of a member who would have been eligible under subsection (2)(a); or

20 (c) a recipient of a disability or survivorship benefit under 19-6-601 or 19-6-901.

21 (3) A retired member otherwise qualified under this section who is employed in a position covered
22 by a retirement system under Title 19 is ineligible to receive any lump-sum benefit payments provided for
23 in this section until the member's service in the covered position is terminated. Upon termination of the
24 member's covered service, the retired member becomes eligible in the next fiscal year succeeding the
25 member's termination.

26 (4) (a) Twenty-five cents of each motor vehicle registration fee provided for in 61-3-321 must be
27 deposited in the pension trust fund at the end of each fiscal year. The fee is statutorily appropriated, as
28 provided in 17-7-502, for payment of benefits to eligible recipients. The total funds must be distributed by
29 the division in lump-sum payments to eligible recipients along with their normal retirement benefit payment.

30 (b) The lump-sum payment must be distributed proportionally to all eligible recipients based on

1 service credit at the time of retirement, subject to the following:

2 (i) a recipient under subsection (2)(c) is considered to have 20 years of service for the purposes
3 of the distributions;

4 (ii) any recipient of a service retirement benefit exceeding the maximum monthly benefit under
5 19-6-707(2)(a) must have the recipient's service credit reduced 25% for the purposes of the distributions;

6 (iii) the maximum annual increase in the amount of supplemental benefits paid to each individual
7 under this section ~~after August 31, 1993~~, is the percentage increase for the previous calendar year in the
8 annual average consumer price index for urban wage earners and workers, compiled by the bureau of labor
9 statistics of the United States department of labor or its successor agency.

10 (c) Any amount deposited in the pension trust fund under subsection (4)(a) for the payment of
11 supplemental benefits under this section that exceeds the limitation of subsection (4)(b)(iii) must be used
12 to amortize unfunded liabilities of the retirement system.

13 (5) Every 10 years following July 1, 1991, the division shall review the size of the additional fee
14 collected under 61-3-321(5) and deposited in the account in accordance with subsection (4)(a) and
15 recommend to each legislature following the division's review any legislation necessary to reduce the fee
16 to the minimum amount necessary to provide the supplemental benefits provided by this section."
17

18 **Section 22.** Section 19-6-801, MCA, is amended to read:

19 **"19-6-801. Election to qualify military service.** (1) A member with 15 years or more of service
20 credit with the Montana highway patrol may, at any time prior to retirement, make a written election with
21 the division to qualify all or any portion of the member's active service in the armed forces of the United
22 States for the purpose of calculating retirement benefits, up to a maximum of 5 years, if the member is not
23 otherwise eligible to receive service credit for this same service pursuant to 19-2-705.

24 (2) To qualify this service ~~the~~;

25 (a) a member not covered by [section 3] shall contribute to the account the amount determined
26 by the division to be due based on the member's compensation and regular contribution rate as of the
27 member's 16th year and as many succeeding years as are required to qualify this service, with interest from
28 the date the member becomes eligible for this benefit to the date the member contributes. The member may
29 not qualify more of this service than the member has service with the Montana highway patrol in excess
30 of 15 years.

1 (b) a member covered by [section 3] shall contribute the actuarial cost of the service credit based
2 on the most recent actuarial valuation of the system."

3
4 **Section 23.** Section 19-8-502, MCA, is amended to read:

5 "19-8-502. **Member's contribution.** (1) ~~Every~~ Each member is required to contribute into the
6 pension trust fund ~~a sum equal to 7.9%~~ 8.5% of the member's monthly compensation, which ~~sum~~ must
7 be deposited to the member's credit in the pension trust fund.

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

11 (3) The member's contributions picked up by the employer must be designated for all purposes of
12 the retirement system as the member's contributions, except for the determination of a tax upon a
13 distribution from the retirement system. These contributions must become part of the member's
14 accumulated contributions but must be accounted for separately from those previously accumulated.

15 (4) The member's contributions picked up by the employer must be payable from the same source
16 as is used to pay compensation to the member and must be included in the member's wages as defined
17 in 19-1-102 and the member's compensation as used to define the member's final average salary in
18 19-8-101. The employer shall deduct from the member's compensation an amount equal to the amount of
19 the member's contributions picked up by the employer and remit the total of the contributions to the
20 board."

21
22 **Section 24.** Section 19-8-504, MCA, is amended to read:

23 "19-8-504. **State's contribution.** Each month, the state treasurer shall pay to the pension trust
24 fund out of the department of fish, wildlife, and parks funds, a sum equal to ~~8.15%~~ 9% of all members'
25 salaries."

26
27 **Section 25.** Section 19-8-1002, MCA, is amended to read:

28 "19-8-1002. **Postretirement death payments.** If a ~~retired~~ member who retires on or after [the
29 effective date of this act] and who has not chosen an ~~optional~~ option 2, 3, or 4 retirement benefit under
30 19-8-801 dies before receiving an amount equal to the ~~present value of the member's service retirement~~

1 ~~benefit under 19-9-603~~ member's total amount of contributions and interest on account as ~~it~~ that amount
2 was at the time of the member's retirement, the balance must be paid to the member's designated
3 beneficiary in a lump-sum payment. ~~At the option of the designated beneficiary, the lump-sum payment may~~
4 ~~be annuitized and paid over the beneficiary's lifetime; however, the payment is not a benefit subject to~~
5 ~~increases."~~

6
7 **Section 26.** Section 19-9-702, MCA, is amended to read:

8 **"19-9-702. State contribution.** The state of Montana shall make its contributions through the state
9 auditor out of the premium tax on motor vehicle property and casualty insurance policies. The payments
10 must be made annually after the end of each fiscal year but no later than November 1 from the gross
11 premium tax after deduction for cancellations and returned premiums. The division shall notify the auditor
12 by September 1 of each fiscal year of the annual compensation paid to all active members during the
13 preceding fiscal year. The state's contribution is ~~15.66%~~ 15.96% of compensation paid to members."
14

15 **Section 27.** Section 19-9-710, MCA, is amended to read:

16 **"19-9-710. Member's contribution.** (1) ~~The~~ Except as provided in subsection (2), the regular
17 contribution as a percentage of compensation of each active member first employed by an employer as a
18 police officer;

19 (a) on or before June 30, 1975, is 7.8% of the member's compensation;

20 (b) in the case of a member first employed by an employer as a police officer after June 30, 1975,
21 the contribution is 9% of the member's compensation;

22 (c) in the case of a member first employed by an employer as a police officer after June 30, 1979,
23 but before [the effective date of this act], the contribution is 10.5% of the member's compensation; and

24 (d) on and after [the effective date of this act], is 11%.

25 (2) A member covered under [section 3] shall pay a contribution rate equal to 11% of
26 compensation received on and after [the effective date of this act].

27 (3) Each employer, pursuant to section 414(h)(2) of the federal Internal Revenue Code of 1954,
28 as amended and applicable on July 1, 1985, shall pick up and pay the contributions that would be payable
29 by the member under subsection subsections (1) and (2) for service rendered after June 30, 1985.

30 ~~(3)(4)~~ (4) The member's contributions picked up by the employer must be designated for all purposes

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

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

9
10 **Section 28.** Section 19-9-1007, MCA, is amended to read:

11 **"19-9-1007. Supplement to certain benefits.** (1) The benefits paid in each fiscal year to a retired
12 member or the member's survivors and that are not covered by [section 3] may not be less than one-half
13 of the compensation that will be paid in the current fiscal year in the appropriate city or town to newly
14 confirmed police officers.

15 (2) On or before October 1 of each year, the division shall make a report including the following
16 information:

17 (a) the names of all retired members who are receiving benefits from the retirement system as of
18 the date of the report;

19 (b) the names of all surviving spouses or dependent children who are receiving benefits from the
20 retirement system because of the death of an active or retired member of this or a prior plan;

21 (c) for the purpose of determining the base retirement, disability, or survivorship benefits for the
22 computations set forth in subsection (3), the following information relating to the base fiscal year
23 commencing July 1, 1976:

24 (i) the amount of the benefits paid in the base fiscal year to each retired member described in
25 subsection (2)(a);

26 (ii) the amount of the benefits paid in the base fiscal year to each surviving spouse or dependent
27 child described in subsection (2)(b);

28 (iii) upon the death after the base fiscal year of any retired member who was receiving benefits, the
29 amount of benefits that would have been paid to an eligible surviving spouse of the retired member if the
30 surviving spouse had been receiving benefits in the base fiscal year;

1 (d) the original amount of retirement, disability, or survivorship benefits paid to retired members
2 or their eligible survivors as of the original retirement dates after July 1, 1975;

3 (e) the compensation that will be paid during the current fiscal year to a newly confirmed police
4 officer of each city or town participating in the retirement system.

5 (3) The division shall compute the difference between each amount reported under subsections
6 (2)(c) through (2)(e) and one-half the compensation to be paid during the current fiscal year to a newly
7 confirmed police officer of the appropriate city or town. The difference must be reported to the state auditor
8 who shall pay the difference to the pension trust fund out of the premium tax collected on insurance sold
9 in this state to insure against the risks enumerated in 19-18-512(3) no later than November 1. If the
10 compensation of a newly confirmed police officer has not been set for the current fiscal year in time to be
11 included in the October 1 report to the state auditor, the division shall make any retroactive adjustments
12 necessary to individual supplemental benefits after the current compensation has been determined and shall
13 include these amounts in the next year's report for reimbursement at that time.

14 (4) The premium tax amount paid by the state auditor is statutorily appropriated, as provided in
15 17-7-502, for the payment of supplemental retirement benefits to eligible retired members and their
16 survivors. This payment is in addition to the payment to be made by the state auditor under 19-9-702.

17 (5) If more than one dependent child is entitled to supplementary benefits under this section by
18 virtue of the death of a common parent, the minimum benefit paid to the dependent children under this
19 section must be determined as if there were one dependent child and the supplementary benefits must be
20 paid to the dependent children collectively."

21

22 **Section 29.** Section 19-13-601, MCA, is amended to read:

23 **"19-13-601. Deduction remitted to firemen's association -- member's contribution.** (1) Each
24 employer shall retain from the compensation of each active member a sum equal to 1% of the member's
25 compensation for services as a firefighter and shall remit this amount on a monthly basis to the Montana
26 state firemen's association for the payment of premiums on a group life and accidental death and
27 dismemberment insurance policy for members and to defray expenses incurred by the association when
28 representing members of the retirement system.

29 (2) ~~The Each~~ member's contribution to the retirement system ~~is 7.8% as a percentage~~ of the
30 member's compensation must be:

1 (a) 7.8% for a member not covered under [section 3]; or

2 (b) 9% for a member covered under [section 3].

3 (3) If a member receives compensation under the provisions of the Workers' Compensation Act,
4 Title 39, chapter 71, the amount received must be included as part of the member's compensation for
5 purposes of determining contributions and service credits under the retirement system. Contributions made
6 under 19-13-604, 19-13-605, and this section must be based on the total compensation received by the
7 member from the employer and from workers' compensation during the period of disability.

8 (4) Each employer, pursuant to section 414(h)(2) of the federal Internal Revenue Code, as amended
9 and applicable on July 1, 1987, shall pick up and pay the contributions that would be payable by the
10 member under subsection (2) for service rendered after June 30, 1987.

11 (5) The member's contributions picked up by the employer must be designated for all purposes of
12 the retirement system as the member's contributions, except for the determination of a tax upon a
13 distribution from the retirement system. These contributions must become part of the member's
14 accumulated contributions but must be accounted for separately from those previously accumulated.

15 (6) The member's contributions picked up by the employer must be payable from the same source
16 as is used to pay compensation to the member and must be included in the member's compensation as
17 defined in 19-13-104. The employer shall deduct from the member's compensation an amount equal to the
18 amount of the member's contributions picked up by the employer and remit the total of the contributions
19 to the board."

20
21 **Section 30.** Section 19-13-604, MCA, is amended to read:

22 **"19-13-604. State contribution.** The state shall make its contributions through the state auditor
23 from the premium taxes on the insurance risks enumerated in 19-18-512. These payments must be made
24 annually to the pension trust fund after the end of each fiscal year but no later than November 1 from the
25 gross premium taxes after deduction for cancellations and returned premiums. The division shall notify the
26 auditor of the annual compensation, excluding overtime, holiday payments, shift differential payments,
27 compensatory time payments, and payments in lieu of sick leave, paid to all active members during the
28 preceding year. The state's contribution is ~~24.21%~~ 24.5% of this total compensation. As soon as
29 practicable after receipt of the state contribution, the division shall deposit it in the pension trust fund."

1 **Section 31.** Section 19-13-704, MCA, is amended to read:

2 **"19-13-704. Amount of service retirement benefit.** (1) Except as provided in subsection (3), the
3 following retirement benefits apply:

4 (a) A member ~~hired before July 1, 1981~~, who elects to retire after having reached 20 years of
5 membership service must receive a service retirement benefit equal to the sum of:

6 (i) 50% of the member's last monthly compensation for years of service credit up to and including
7 20 years; and

8 (ii) 2% of the member's last monthly compensation for each year of service credit after 20 years.

9 (b) A member ~~hired before July 1, 1981~~, who elects to retire after having reached at least 10 years
10 but less than 20 years of membership service as an active member must receive a service retirement benefit
11 equal to 2% of the member's last monthly compensation for each year of service credit. ~~Upon the retired~~
12 ~~member's death, the benefit must be made to the surviving spouse. If there is no surviving spouse or if the~~
13 ~~surviving spouse dies and if the member leaves one or more dependent children, the children are entitled~~
14 ~~to receive the allowance as long as they remain dependent children as defined in 19-13-104.~~

15 (2) A member hired on or after July 1, 1981, who retires with at least 10 years of membership
16 service must receive a service retirement benefit equal to 2% of the member's final average compensation
17 for each year of service credit.

18 (3) A member hired before July 1, 1981, and who is covered under [section 3] is entitled to the
19 same benefit provided under subsection (1) or (2), except that the benefit must be calculated using final
20 average compensation.

21 (4) Upon a retired member's death, the benefit must be made to the surviving spouse. If there is
22 no surviving spouse or if the surviving spouse dies and if the member leaves one or more dependent
23 children, the children are entitled to receive the allowance as long as they remain dependent children as
24 defined in 19-13-104."

25
26 **Section 32.** Section 19-13-803, MCA, is amended to read:

27 **"19-13-803. Amount of disability retirement benefit.** (1) A Except as provided in subsection (3),
28 the disability retirement benefit for a member hired before July 1, 1981, who becomes disabled:

29 (a) before completing 20 years of membership service must ~~receive a disability retirement benefit~~
30 equal to one-half the member's last monthly compensation;

1 (b) after completing 20 years or more of membership service must ~~receive~~ equal the disability
2 retirement benefit provided in subsection (1)(a) increased at a rate of 2% of the member's last monthly
3 compensation for each year of service credit in excess of 20.

4 (2) A Except as provided in subsection (3), the disability retirement benefit for a member hired on
5 or after July 1, 1981, who becomes disabled:

6 (a) before completing 25 years of membership service must ~~receive a disability retirement benefit~~
7 ~~equal to~~ one-half the member's last monthly compensation;

8 (b) after completing 25 years or more of membership service must ~~receive~~ equal the disability
9 retirement benefit provided in subsection (2)(a) increased at a rate of 2% of the member's last monthly
10 compensation for each year of service credit in excess of 25.

11 (3) A member covered under [section 3] is entitled to the same benefit as provided in subsection
12 (1) or (2) except that the benefit must be calculated using final average compensation.

13 (4) A member's disability retirement benefit must be paid first to the member during the member's
14 lifetime and, upon the member's death, to the member's surviving spouse. If upon a member's death the
15 member leaves no surviving spouse or upon the death of the surviving spouse, the member's benefit must
16 be paid to the member's dependent children as long as they remain dependent children as defined in
17 19-13-104."

18
19 **Section 33.** Section 19-13-902, MCA, is amended to read:

20 **"19-13-902. Survivorship benefit.** (1) ~~(a) Upon the death before retirement~~ Except as provided in
21 subsection (3), the survivorship benefits payable to the surviving spouse upon the death of an active
22 member hired before July 1, 1981, ~~the member's surviving spouse, if there is one, must receive a~~
23 ~~survivorship benefit equal to~~ must be as follows:

24 (a) one-half the last monthly compensation received by the member; or, If the member leaves one
25 or more dependent children, then, upon the member's death if the member leaves no surviving spouse or
26 upon the death of the surviving spouse, the member's dependent children must collectively receive the
27 same benefit that a surviving spouse would have received, as long as the children remain dependent
28 children as defined in 19-13-104.

29 (b) ~~if~~ if the deceased member completed over 20 years of membership service, the survivorship
30 benefit provided in subsection (1)(a) ~~must be~~ increased at a rate of 2% of the last monthly compensation

1 for each year of service in excess of 20.

2 (2) Upon the death before retirement of a member hired on or after July 1, 1981, the member's
3 surviving spouse, if there is one, must receive a survivorship benefit equal to one-half of the member's final
4 average compensation.

5 (3) The benefit payable to the surviving spouse upon the death of an active member covered under
6 [section 3] must be the same as provided under subsection (1) or (2) except that the benefit must be
7 calculated using final average compensation.

8 (4) If the member leaves one or more dependent children, then, upon the member's death if the
9 member leaves no surviving spouse or upon the death of the surviving spouse, the member's dependent
10 children must collectively receive the same benefit that a surviving spouse would have received, as long
11 as the children remain dependent children as defined in 19-13-104."
12

13 **Section 34.** Section 19-13-1006, MCA, is amended to read:

14 **"19-13-1006. Supplement to retirement benefits for persons retiring before July 1, 1973.** (1) ~~The~~
15 Except for persons who elect to be covered under [section 3], the retirement system shall pay to each
16 member retired before July 1, 1973, or the member's surviving spouse or dependent children a monthly
17 retirement benefit of not less than one-half the regular monthly compensation paid to a confirmed active
18 firefighter of the city that last employed the member as a firefighter, as provided each year in the budget
19 of that city. If the city that last employed the member as a firefighter no longer employs a full-paid
20 firefighter, the member's or survivor's benefit may not be less than one-half the average regular monthly
21 compensation paid to all newly confirmed full-paid firefighters, as provided each year in the budgets of
22 those cities that participate in the retirement system and employ a full-paid firefighter. In the case of
23 volunteer firefighters, the retirement benefit may not exceed \$75 per month. Distribution of the money
24 provided for this purpose under 19-18-606(1) must be made according to subsection (2).

25 (2) (a) At the beginning of each fiscal year the division shall request and, except as provided in
26 subsection (2)(b), the state auditor shall issue from the state special revenue fund and deliver to the division
27 an amount certified to be equal to the total annual dollar difference between the total retirement benefits
28 paid to all retirees or their surviving spouses or dependent children in the previous fiscal year and the total
29 benefits payable on June 30, 1973. The division shall deposit this money into the pension trust fund.

30 (b) If insufficient money is contained in the state special revenue fund to pay the amount requested

1 in subsection (2)(a), the auditor shall pay to the division the balance contained in the state special revenue
2 fund. The division shall continue to request any portion of the amount requested under subsection (2)(a)
3 not paid in previous fiscal years plus sufficient interest to reimburse the pension trust fund, which amounts
4 must be paid to the division prior to determining whether sufficient cash remains in the special revenue fund
5 to make any payments into the account established in 19-13-615. The auditor shall pay the requests as
6 money in the state special revenue fund becomes available."

7
8 **Section 35.** Section 19-13-1007, MCA, is amended to read:

9 **"19-13-1007. ~~Benefit~~ Minimum benefit adjustment.** (1) ~~For~~ Except for persons who elect to be
10 covered under [section 3], a member retiring on or after July 1, 1973, who was hired before July 1, 1981,
11 or the member's surviving spouse or dependent children, the service retirement benefit provided in
12 19-13-704(1)(a), the disability retirement benefit provided in 19-13-803(1), and the survivorship benefit
13 provided in 19-13-902(1) may not be less than one-half the monthly compensation paid to a newly
14 confirmed, active firefighter of a city that last employed the member as a firefighter, as provided each year
15 in the budget of that city.

16 (2) For a member hired on or after July 1, 1981, or the member's surviving spouse or dependent
17 children, the disability retirement benefit provided in 19-13-803(2) and the survivorship benefit provided
18 in 19-13-902(2) may not be less than one-half the monthly compensation paid to a newly confirmed, active
19 firefighter of a city that last employed the member as a firefighter, as provided each year in the budget of
20 that city.

21 (3) If after a member retires, the city that last employed the member no longer employs a full-paid
22 firefighter, the member's or survivor's benefit under subsections (1) and (2) must be adjusted on the basis
23 of the average monthly compensation paid to all newly confirmed full-paid firefighters, as provided each
24 year in the budgets of those cities that participate in the retirement system and employ a full-paid
25 firefighter.

26 (4) ~~If~~ Except for persons who elect to be covered under [section 3], if the employment of a vested
27 member hired before July 1, 1981, is involuntarily discontinued because of the termination of employment
28 of all full-paid firefighters in the city that employed the member, the member's service retirement benefit
29 provided in 19-13-704(1)(b) and the member's spouse's or dependent child's survivorship benefit provided
30 in 19-13-902(1) may not be less than:

1 (a) if the member has earned 20 years or more of membership service, one-half the average
2 monthly compensation paid to all newly confirmed, full-paid firefighters, as provided each year in the
3 budgets of those cities that participate in the retirement system and employ a full-paid firefighter; or

4 (b) if the member has earned more than 10 but less than 20 years of membership service, 2% of
5 the average monthly compensation paid to all newly confirmed, full-paid firefighters, as provided each year
6 in the budgets of those cities that participate in the retirement system and employ a full-paid firefighter,
7 for each year of the member's service."

8
9 **Section 36.** Section 19-13-1009, MCA, is amended to read:

10 **"19-13-1009. Supplement to retirement benefits for persons hired on or after July 1, 1981. (1)**
11 ~~The~~ Except for persons who elect to be covered under [section 3], the division shall pay a supplemental
12 benefit from the account provided for in 19-13-615 to each member hired on or after July 1, 1981, who
13 has earned 20 years of membership service as an active firefighter or to the member's surviving spouse
14 or dependent children. Except as provided in subsection (2), the supplemental benefit, when added to the
15 service retirement benefit, must equal one-half the regular monthly compensation paid to a newly confirmed
16 full-paid active firefighter of the city that last employed the member as a firefighter as provided each year
17 in the budget of that city. If after a member retires, the city that last employed the member no longer
18 employs a full-paid firefighter, the member's supplemental benefit must be calculated on the basis of the
19 average monthly compensation paid to all newly confirmed full-paid firefighters, as provided each year in
20 the budgets of those cities that participate in the retirement system and employ a full-paid firefighter.

21 (2) If the amount available to the account is insufficient to fully fund the supplemental benefit
22 provided for in subsection (1), the supplemental benefit for each eligible member or survivor must be
23 reduced by an equal percentage so that the amount contained in the account is not exceeded."

24
25 **Section 37.** Section 25-1-201, MCA, is amended to read:

26 **"25-1-201. Fees of clerk of district court. (1)** The clerk of the district court shall collect the
27 following fees:

28 (a) at the commencement of each action or proceeding, except a petition for dissolution of
29 marriage, from the plaintiff or petitioner, \$80; for filing a complaint in intervention, from the intervenor,
30 \$80; for filing a petition for dissolution of marriage, a fee of \$120; and for filing a petition for legal

1 separation, a fee of \$120;

2 (b) from each defendant or respondent, on appearance, \$60;

3 (c) on the entry of judgment, from the prevailing party, \$45;

4 (d) for preparing copies of papers on file in the clerk's office, 50 cents ~~per~~ a page for the first five
5 pages of each file, ~~per~~ for each request, and 25 cents ~~per~~ for each additional page;

6 (e) for each certificate, with seal, \$2;

7 (f) for oath and jurat, with seal, \$1;

8 (g) for search of court records, 50 cents for each year searched, not to exceed a total of \$25;

9 (h) for filing and docketing a transcript of judgment or transcript of the docket from all other courts,
10 the fee for entry of judgment provided for in subsection (1)(c);

11 (i) for issuing an execution or order of sale on a foreclosure of a lien, \$5;

12 (j) for transmission of records or files or transfer of a case to another court, \$5;

13 (k) for filing and entering papers received by transfer from other courts, \$10;

14 (l) for issuing a marriage license, \$30;

15 (m) on the filing of an application for informal, formal, or supervised probate or for the appointment
16 of a personal representative or the filing of a petition for the appointment of a guardian or conservator, from
17 the applicant or petitioner, \$70, which includes the fee for filing a will for probate;

18 (n) on the filing of the items required in 72-4-303 by a domiciliary foreign personal representative
19 of the estate of a nonresident decedent, \$55;

20 (o) for filing a declaration of marriage without solemnization, \$30;

21 (p) for filing a motion for substitution of a judge, \$100.

22 (2) Except as provided in subsections (3) through (8), 32% of all fees collected by the clerk of the
23 district court must be deposited in and credited to the district court fund. If no district court fund exists,
24 that portion of the fees must be deposited in the general fund for district court operations. The remaining
25 portion of the fees must be remitted to the state ~~to be deposited as provided in 19-5-404~~ general fund.

26 (3) In the case of a fee collected for issuing a marriage license or filing a declaration of marriage
27 without solemnization, ~~\$14~~ \$23.60 must be deposited in and credited to the state general fund, and \$6.40
28 must be deposited in and credited to the county general fund, ~~and \$9.60 must be remitted to the state to~~
29 ~~be deposited as provided in 19-5-404~~.

30 (4) Of the fee for filing a petition for dissolution of marriage or legal separation, ~~\$40~~ \$75 must be

1 deposited in the state general fund, ~~\$35 must be remitted to the state to be deposited as provided in~~
2 ~~19-5-404~~, \$5 must be deposited in the children's trust fund account established by 41-3-702, and \$20
3 must be deposited in and credited to the district court fund. If no district court fund exists, the \$20 must
4 be deposited in the general fund for district court operations.

5 (5) (a) Before the percentages contained in subsection (2) are applied and the fees deposited in the
6 district court fund or the county general fund or remitted to the state, the clerk of the district court shall
7 deduct from the following fees the amounts indicated:

8 (i) at the commencement of each action or proceeding and for filing a complaint in intervention as
9 provided in subsection (1)(a), \$35;

10 (ii) from each defendant or respondent, on appearance, as provided in subsection (1)(b), \$25;

11 (iii) on the entry of judgment as provided in subsection (1)(c), \$15; and

12 (iv) from the applicant or petitioner, on the filing of an application for probate or for the appointment
13 of a personal representative or on the filing of a petition for appointment of a guardian or conservator, as
14 provided in subsection (1)(m), \$15.

15 (b) The clerk of the district court shall deposit the money deducted in subsection (5)(a) in the
16 county general fund for district court operations unless the county has a district court fund. If the county
17 has a district court fund, the money must be deposited in that fund.

18 (6) The fee for filing a motion for substitution of a judge as provided in subsection (1)(p) must be
19 remitted to the state ~~to be deposited as provided in 19-5-404~~ general fund.

20 (7) Fees collected under subsections (1)(d) through (1)(i) must be deposited in the district court
21 fund. If no district court fund exists, fees must be deposited in the general fund for district court operations.

22 (8) The clerk of the district court shall remit to the credit of the state general fund \$20 of each fee
23 collected under the provisions of subsections (1)(a) through (1)(c), (1)(m), and (1)(n) to fund a portion of
24 judicial salaries."

25
26 **NEW SECTION. Section 38. Repealer.** Sections 19-3-1601, 19-3-1602, 19-3-1603, 19-7-708,
27 19-7-709, 19-7-710, 19-8-1101, 19-8-1102, and 19-8-1103, MCA, are repealed.

28
29 **NEW SECTION. Section 39. Codification instruction.** (1) [Section 1] is intended to be codified as
30 an integral part of Title 19, chapters 3, 7, and 8, and the provisions of Title 19, chapters 3, 7, and 8, apply

1 to [section 1].

2 (2) [Section 2] is intended to be codified as an integral part of Title 19, chapter 5, and the
3 provisions of Title 19, chapter 5, apply to [section 2].

4 (3) [Section 3] is intended to be codified as an integral part of Title 19, chapters 2, 6, 9, and 13,
5 and the provisions of Title 19, chapters 2, 6, 9, and 13, apply to [section 3].

6 (4) [Section 4] is intended to be codified as an integral part of Title 19, chapter 3, and the
7 provisions of Title 19, chapter 3, apply to [section 4].

8 (5) [SECTION 5] IS INTENDED TO BE CODIFIED AS AN INTEGRAL PART OF TITLE 19, CHAPTER
9 2, AND THE PROVISIONS OF TITLE 19, CHAPTER 2, APPLY TO [SECTION 5].

10

11 NEW SECTION. **Section 40. Effective date.** [This act] is effective July 1, 1997.

12

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