

MINUTES

MONTANA HOUSE OF REPRESENTATIVES  
51st LEGISLATURE - REGULAR SESSION

COMMITTEE ON STATE ADMINISTRATION

Call to Order: By Chairman Jan Brown, on February 9, 1989, at  
9:02 a.m.

ROLL CALL

Members Present: All

Members Excused: None

Members Absent: None

Staff Present: Judy Burggraff, Secretary; Lois Menzies, Staff  
Researcher

Announcements/Discussion: Chairman Brown said that tomorrow the  
Committee will try to act on HB 234, Rep. Spaeth's  
retirement bill, if the fiscal information is available, HB  
440 concerning the state grounds and HJR 7, Rep. Gilbert's  
resolution on negative check-offs. HB 317, Rep. Eudaily's  
bill, is in a subcommittee and they are not meeting until  
tomorrow. Chairman Brown asked Rep. Whalen to speak with  
Rep. Moore and Rep. Phillips about Rep. Phillips' bill  
concerning raises and give the Committee a report tomorrow.

HEARING ON HB 353

Presentation and Opening Statement by Sponsor: Rep. John Cobb,  
House District 42, introduced the bill. This bill requires  
the Governor to appoint a nine-member committee on state  
employee compensation. The committee is assigned several  
tasks including examining policies governing state employee  
compensation in Montana, analyzing and assessing various  
components of the Montana state employee compensation  
system, and developing recommendations to maximize employee  
productivity and promote quality governmental services. The  
committee, which terminates July 1, 1991, must also report  
its findings, recommendations and any proposed legislation  
to the Governor and the 52nd Legislature. The bill contains  
a \$90,000 appropriation for use by the committee.

Rep. Cobb said that the pay schedule now in place was  
implemented in 1976 and it no longer works. He said the 25-  
grade, 13-step system is antiquated and boxes employees into  
dead-end careers. "You get down to step 13 and you can't go  
anywhere unless you get promoted. We really haven't done  
anything to encourage employee morale and a career ladder in

state government." Rep. Cobb said supervisors have been forced to create grade promotions for valued, long-time employees who have reached the end of the step scale.

Testifying Proponents and Who They Represent:

Laurie Ekanger, Administrator, State Personnel Division,  
Department of Administration

Tom Schneider, Executive Director, Montana Public Employees'  
Association

Terry Minow, Montana Federation of Teachers and Montana  
Federation of State Employees

Sue Romney, Director of Labor Relations and Personnel,  
University System

Proponent Testimony:

LAURIE EKANGER said the Department of Administration supports this bill for the following reasons: (1) the current system was designed in 1974 and implemented in 1976. It hasn't been looked at since. Times and needs change and 15 years is a long time to ignore a major state system. (2) Dissatisfaction with the present system. It doesn't meet manager's needs to recruit, retain or reward people. It doesn't meet employees' expectations because steps have been frozen for three of the last four years. Longevity increments are extremely small; grade differences aren't very big anymore for the difference in difficulty in occupations. (3) Passing the bill will demonstrate some 'proaction', some willingness on the part of state government to take a look at the dissatisfaction and the problems of state managers and employees.

Ms. Ekanger said the appropriation attached to the bill is not part of the executive budget. The budget office is willing to consider possibly absorbing the cost of this study in the appropriation with the pay bill.

TOM SCHNEIDER said that he worked with Rep. Cobb on the bill and is satisfied with the way it is written. He thinks the bill is necessary and pointed out the following: The current pay plan per se is destroyed and has to be changed since it can't and won't work anymore. It is impossible to change it now for the biennium as it is too complicated. We should have something in place for the next two years. The Legislature has destroyed the present pay plan that is predicated on steps and the right to negotiation and appeal. You can't take all of those items out and expect the system to work. In 1974, the unions had the right to negotiate classification. In 1979, the Legislature took the right away. In 1975, we had the right to appeal grade levels; in 1983 it was taken away. In 1974, we said that for each year

you work you will move a step on the pay plan. In 1985, 1987 and 1988 we did not provide a step. We now have employees who came into the system, over a three-year span at the same step. There is no way, unless you have \$70 or \$80 million at your disposal, to correct that problem. The Legislature must go back to the beginning and look at how we're giving employees pay and develop a system that will work in the future.

Mr. Schneider said that one provision in the bill that he asked for is that two members be appointed from the employee organizations. He requested the Committee leave that language in the bill.

TERRY MINOW said that the Montana Federation of Teachers and Montana Federation of State Employees support HB 353. She said that the current pay system is a total disaster. As a result, we have trouble recruiting professionals and all employees, which has affected the quality of state service. There is also low morale among the state employees, which affects the quality of state services. State employees do deserve a fair method of compensation. This bill is a step in that direction.

SUE ROMNEY said that the Montana University System has about 2,200 classified employees and the System will have an additional 100 employees on July 1 with the vocational-technical employees. We support this bill and believe that the current pay system needs improvement. Pay determination is a complex issue. A study is the best way to facilitate the needed change.

Testifying Opponents and Who They Represent: None

Questions From Committee Members:

REP. ROTH asked Rep. Cobb what the Governor's position is on this bill. Rep. Cobb said that the Governor doesn't know where we'll get the \$90,000. He has looked over the bill and doesn't have any problems with it. When the bill goes down to Appropriations Committee, they may try to fund it there.

Closing by Sponsor: Rep. Cobb said that he is pretty conservative, but there are problems out there. The career ladders aren't there anymore. We need to do something to change the system. Something needs to be done and maybe this is the way to do it.

#### DISPOSITION OF HB 353

Motion: Rep. Cocchiarella moved HB 353 DO PASS.

Discussion: REP. ROTH said he believes there is a problem with regard to this issue. We all get these reports every year

and nobody reads them. It costs \$90 to \$100,000 and they don't know where it is going to come from. He said he is concerned about where the money could be found and feels that the state cannot afford it right now. CHAIRMAN BROWN said that the bill will have to go to the Appropriations Committee, too.

Amendments, Discussion, and Votes: None

Recommendation and Vote: The motion CARRIED 14 - 4, with Reps. DeBruycker, Whalen, Roth and Phillips voting no.

#### HEARING ON 531

Presentation and Opening Statement by Sponsor: Rep. Robert Clark, House District 31, introduced the bill. Under current law, a spouse of a deceased retired highway patrol officer may not collect the officer's service, disability or survivorship retirement allowance if the spouse remarries. This bill permits the spouse to continue to receive the allowance if the spouse chooses to remarry.

Rep. Clark said that this bill was brought about as a result of a unique situation. In Miles City, an officer is terminally ill with cancer. He is 41 years old; his spouse is 38. We would like to change this law, deleting the language "as long as a spouse remains unmarried." A highway patrol officer's profession is unique as their spouses put up with just about the same things we put up with for our whole career: the "call outs" at all hours of the night; getting home late for meals; getting home hours after their shifts have ended and missing holidays. We feel as a result of the many years that they put up with all of this, that they should not be cut off of benefits that they are entitled to because a highway patrol officer is not there and they chose to remarry. If a widowed spouse chooses not to remarry but to live with someone without the benefit of marriage, because of the language in the bill, they can continue to draw retirement forever. As soon as they legally "take the plunge," they receive no more benefits.

Testifying Proponents and Who They Represent:

Larry Nachtsheim, Administrator, Public Employees' Retirement Division

Howard W. Gipe, self

Tom Schneider, Montana Highway Patrolmen

Edward Flies, Montana State Council of Professional Firefighters

Proponent Testimony:

LARRY NACHTSHEIM said that the Public Employees' Retirement Division supports HB 531. He said that similar provisions are found in the police and firefighters systems. The bill has no actuary cost to the system. The actuary has taken into consideration that the spouses would not marry in order to qualify for the benefits. Mr. Nachtsheim said that he has talked to both the Police Officers' and the Firefighters' Association and they would like to be included in the bill to amend the same sections (Exhibit 1) in their acts to put the remarrying issue aside.

HOWARD GIPE said he spent 25 years in the highway patrol. Now he is a county commissioner in Flathead County. He supports the bill and feels that the real hero of the highway patrol is the home. The wife at home has raised their children and taken care of the home. The highway patrol runs the highways of Montana. He believes she deserves the same as the highway patrolman does upon his death whether she remarries or not.

TOM SCHNEIDER, representing the Montana Highway Patrolmen themselves, supported the bill. He said the key to the bill is actuarially it doesn't cost any money. There is no reason not to make the change. We would support the amendments to make a similar change in the other systems.

EDWARD L. FLIES, representing the Montana State Council of Professional Firefighters, said that they stand in support of the bill and the amendment.

Testifying Opponents and Who They Represent: None

Questions From Committee Members:

REP. ROTH asked that since the bill is retroactive are there any people that will qualify for this. If so, wouldn't there be a lump sum payment to be made? Mr. Nachtsheim said he did not know of anyone. The bill was written for a specific individual.

REP. PHILLIPS asked if this same provision was in the public employees' statute. Mr. Nachtsheim said that there are only three systems where there is a statutory beneficiary. The Publics Employees' Retirement System is a nominated beneficiary system; members may elect their beneficiary. This is not the case for the police officers, the firefighters and the highway patrol. The laws says who their beneficiaries are: first the wife, and then the children.

REP. GERVAIS said that in the federal retirement system if the husband dies, and the wife remarries, she gets a cash settlement. He asked if the individual that this is going

to affect would rather have that option. Mr. Nachtsheim said there are varying methods that can be put in place as the result of a death. In most cases when we payout lump-sum settlements, it is not as good a benefit as if it were paid out over someone's lifetime.

Closing by Sponsor: Rep. Clark said that he requested a fiscal note on this because he thought that one might be necessary. Larry Nachtsheim has stated there is not a cost with this, and that is probably the reason you have not received one. The effective date on the bill is July 1, 1989. We asked for a retroactive date to January 1, 1989. The reason for that was for Officer Bishop's benefit. He said he is sure that this will not have any affect on the bill as he is sure that Diane Bishop is not going to be interested in remarrying before July 1. He asked for the Committee's support to pass the bill.

#### DISPOSITION OF HB 531

Motion: Rep. Squires moved HB 531 DO PASS.

Amendments, Discussion, and Votes: Rep. Squires moved the amendments proposed by Larry Nachtsheim. Rep. Westlake said he did not understand the amendments. Lois Menzies said the amendments involve two sections of law, one from the Firefighters' Unified Retirement System and the other from the Municipal Police Officers' Retirement System. The amendments remove the re-marriage penalty under these two systems.

The motion CARRIED unanimously.

Recommendation and Vote: Rep. Squires moved HB 531 AS AMENDED DO PASS. The motion CARRIED unanimously.

#### HEARING ON HB 488

Presentation and Opening Statement by Sponsor: Rep. Vivian Brooke of House District 56, Missoula, introduced the bill. Currently, a candidate may not withdraw from a primary or general election any later than 75 days before the election. The Secretary of State must certify the ballot for a primary election not more than 75 days and not less than 65 days before the date of a primary election and certify the ballot for a general election 75 days or more before the election. This bill provides that a candidate may not withdraw any later than 85 days before the election. The bill also amends the deadlines for replacing a candidate when a vacancy occurs because a candidate withdraws or dies.

Rep. Brooke presented amendments (Exhibit 2). She said the bill came to her attention when her opponent in last year's

election dropped out in July. There is a statute that allows for the replacement of a candidate who drops out or dies. Rep. Brooke found out that the deadline to replace the candidate was the same day that the Secretary of State's Office had to have the ballots certified and out to the counties. The way the statute reads now, that replacement candidate can notify the Secretary of State's Office at 5 p.m. The Secretary of State could already have the ballots certified and sent out. They would then have to bring back all of those ballots and recertify them with the new name and send them back out. This bill is an administrative clean up for the Secretary of State's Office to allow them more time for the deadline to occur.

Rep. Brooke said the amendments delete all the language that refers to the primary and only deals with the particular part of the code that has that time problem before the general election.

Testifying Proponents and Who They Represent:

Kevin Shores, Democratic Party

C. B. Pearson, Common Cause

Proponent Testimony:

KEVIN SHORES said that the Democratic Party supports the bill. They have talked to clerks and recorders state wide.

C. B. PEARSON said that Common Cause would like to support the bill.

Testifying Opponents and Who They Represent: None

Questions From Committee Members: None

Closing by Sponsor: Rep. Brooke thanked the Committee for their time. She said she did talk to the Democratic and Republican parties and they were in support of any reform that was needed in this area.

DISPOSITION OF HB 488

Motion: Rep. Davis moved HB 488 DO PASS.

Amendments, Discussion, and Votes: Rep. Phillips moved the amendments. Lois Menzies explained the amendments saying they remove reference to primary elections.

The motion CARRIED.

Recommendation and Vote: Rep. Phillips moved HB 488 AS AMENDED DO PASS. The motion CARRIED unanimously.

## HEARING ON HB 502

Presentation and Opening Statement by Sponsor: Rep. Diana Wyatt, House District 502, introduced the bill. This bill requires an insurance company to comply with the instructions in an agent-of-record letter. An "agent-of-record letter" is defined as a notification by a person who is insured by an insurance company designating a particular agent of that company as the person's agent of record. This letter would permit the agent to act on the insured person's behalf at the person's request. For example, the agent could make changes to the insured person's policies as directed by the person who is insured.

Rep. Wyatt says that this bill is a "fairness" bill: fair to the consumer, agent and insurance companies. It is a disclosure and openness bill so that people who are contracting for insurance know what they're getting and how it is to be serviced.

Testifying Proponents and Who They Represent:

Randall Knowles, self

Roger McGlenn, Independent Insurance Agents' Association of Montana

Larry Akey, Montana Association of Life Underwriters

Tanya Ask, Deputy Insurance Commissioner, State Auditor's Office, Montana Insurance Department

Proponent Testimony:

RANDALL KNOWLES presented written testimony (Exhibit 3).

ROGER MCGLENN said most property-casualty companies accept agent-of-record letters. He said that normally they would not support legislation that would increase additional paperwork in the insurance statutes, but we have no problem with this bill and with agents accepting agent-of-record letters in property-casualty. There have been cases where the consumer does not understand the affect of what an agent-of-record letter does. There have been some abuses where the business, for example, has used the agent-of-record letter to block the marketplace as far as giving competitive quotes.

Mr. McGlenn said that there is a standard agent-of-record letter form which he would like to encourage the insurance department to adopt with a paragraph explaining clearly to the consumer what the affect of the letter is. The independent agents' association believes if an insurance consumer likes the company and the policies that they have with that company but would prefer another servicing agent,

then the consumer ought to have the ability to select that agent by signing a letter to gain service from the agent of choice. An amendment was offered (Exhibit 4) to add "and health service corporations," because we feel that consumers dealing with health service corporations wishing to be served by a particular agent ought to have that choice too.

LARRY AKEY said that he represents the Montana Association of Life Underwriters, and they do not find HB 502 particularly problematic for their agents. He said he is not certain that the service problems are as bad as Mr. Knowles would make out in the life and health fields. There are several areas where he thought the Committee should consider an amendment. He did not have prepared amendments, but he said he would be happy to work with the staff. Mr. Akey said there needs to be language in the bill that indicates that an agent-of-record letter can be superseded only by another agent-of-record letter or by cancellation of the policy. Second there should be recognition in the bill that there are certain companies that do not recognize agent-of-record letters in the field of health and life insurance. Mr. Akey believes that this statute could not interfere with those previously existing contractual relationships. There needs to be applicability language that indicates that the provisions of HB 502 are applicable to agent-of-record letters promulgated after the effective date of the action are not effective as to agent-of-record letters promulgated prior to the action. With those three amendments, the Montana Association of Life Underwriters said they would support HB 502.

TANYA ASK presented an amendment (Exhibit 5) and written testimony (Exhibit 6).

Testifying Opponents and Who They Represent:

Steve Brown, Blue Cross - Blue Shield

Jacqueline Terrell, American Insurance Association

Opponent Testimony:

STEVE BROWN said that he wanted to make it clear that HB 502 does not apply to Blue Cross - Blue Shield nor to health service corporations. He said he opposes the proposed amendment offered by Mr. McGlenn, which would make the bill applicable to Blue Cross - Blue Shield. He said that he wanted to remind the Committee that they had heard no testimony indicating that there was a problem with agents that sell Blue Cross - Blue Shield. There may be a need for this bill as it relates to the bad practices of the commercial insurers. This bill has significant ramifications. fully There are two ways to become the agent of principal: either through expressed written authority or through what is called applied authority. Mr. Brown said he did not know

what category would be created by this bill. It usually involves a willing principal going out to a willing, potential agent and saying, "Will you be my agent?" In this situation, there is a proposal which says that the principal will not be able to control who his agent is. By simply filing an agent-of-record letter, that principal will be bound by the actions of that agent. There are significant constitutional questions which arise in this type of a situation. In section 1 of the bill, it is significant that there will be three duties imposed on the principal by simply filing an agent-of-record letter. First of all, the principal would have to pay the agent-of-record for his services even if that agent turns out to be a very bad agent. The second part of the bill says that the agent in this case becomes responsible at the insured's direction for investigating all transactions to the satisfaction of the insurer, not the principal. Third, the agent becomes authorized under this section of law to actually make changes in the insurance policy that has been negotiated. How far does this bill go? Does it authorize that agent on behalf of the insurer to modify a principal's insurance policy. Mr. Brown said he believes it does. This bill attempts to do away with that right of termination.

Mr. Brown said that they have concerns with the granting of rulemaking authority. This would be a new substantive provision of state law, and there needs to be a further definition of what kind of rules could be adopted if this bill were enacted. For example, how far does the Commissioners' authority go to define how an agent could change the contract at the request of the insurer? Does it mean that the agent can unilaterally change the contract from \$100 deductible to \$1,000 deductible? Mr. Brown said he would be glad to help amend the bill if the Committee so desired.

JACQUELINE TERRELL said that she represents the American Insurance Association, a trade association, that is comprised of 180-member property and casualty companies and represents the association and companies on legislative matters. The Association opposes this legislation. They recognize that it is born out of genuine concern for a problem that may or may not exist. Ms. Terrell echoed Mr. Brown's comments and reemphasized that the bill would cause a conflict of interest for the agent. The result of this legislation would have the agent working both for the company and for the customer. There are potential conflicts that would arise out of that unenviable position. There is no clear method provided for substituting, superceding or revoking the letter that has been filed. She requested a do not pass recommendation.

Questions From Committee Members:

REP. GERVAIS said he has two agents. One agent insures his automobiles and one insures his homes. He asked if he wanted to change and have the agent that insures the vehicles take over would he have a problem. Roger McGlenn said he could do that if the agent he desired to change to represented the company that you are currently with.

REP. WESTLAKE asked if one of the companies is not represented in your area, is there any way with this bill that you could transfer the insurance by the agent-of-record letter so that the agent that resides in your area could take over all of your insurance. Randy Knowles said that is the purpose of the bill. It will not work 100 percent of the time under the current corporate set up and traditional pyramid insurance we now have. Mr. Knowles said that 70 to 80 percent of the time this could be done. He said that it is fairly easy on your car and homeowners insurance to consolidate to one agent; there are a few instances where that won't work. In most cases you can move your health insurance from one agent to another. The real weakness is in disability and life insurance. The independent casualty agents give good service because those policies expires every year and they must be renewed. Life insurance isn't that way. Once you buy it, it is yours for as long as you pay the premiums. There is no economic incentive for the agent to review the policy. The purpose of this bill is to give the insurance companies the encouragement they need to modify their structure.

REP. WHALEN asked if the purpose of the bill is for insurance agents that represent a specific insurance carrier. Mr. Knowles said that he is a "captive agent" and owes a lot of allegiance to that company; he also has his own business where he represents a lot of other companies. There are some "captive agents," State Farm and Farmers, for example. Those companies watch those people very closely and they don't let them license with whomever they want to. So even if you gave that agent an agent-of-record letter, he would have to go to his home office and ask if he could do that. The company would then analyze the letter to see if he could. REP. WHALEN asked if the principal is the same as the insurer. Mr. Knowles said that the insurance company and the principal are the same.

Closing by Sponsor: Rep. Wyatt said that the agent-of-letter contracts already exist in many areas of the insurance business. The Committee would only be applying the possibility of some type of control over that. If there is a conflict of interest between an agent and the insurer that is paying the bill for insurance and the company itself, it existed now and exists in the past. The Committee would not modify that "conflict of interest" if it exists.

## DISPOSITION OF HB 502

Chairman Brown said that the Committee would try to deal with this bill tomorrow without it going to a subcommittee.

## HEARING ON HB 533

Presentation and Opening Statement by Sponsor: Rep. Davis, House District 53, introduced the bill. This is an agency bill requested by the Department of Administration. It permits the Public Employees' Retirement Board to convert disability retirement allowances to service retirement allowances under the Public Employees', Highway Patrolmen's and Game Wardens' Retirement Systems. This conversion would be made after the Board has determined that the recipient of the disability allowance should no longer be subject to medical review. A recipient may appeal the Board's decision. Rep. Davis presented written testimony (Exhibit 7).

Testifying Proponents and Who They Represent:

Laurie Ekanger, Administrator, State Personnel Division,  
Department of Administration

Larry Nachtsheim, Administrator, Public Employees'  
Retirement Division

David Evenson, Director of Benefits, Montana University  
System

Proponent Testimony:

LAURI EVENSON presented written testimony (Exhibit 8).

LARRY NACHTSHEIM said the Public Employees' Retirement Board supports this bill. There are 700 plus people on disability. They currently review about 180 of them because some have died and their spouse and children receive the benefit or the people have reached an age where there is no prospect of going back to work or their disability is of such a nature that they are not reviewed.

DAVID EVENSON said that the Montana University System is in support of the bill. The university system has two retirement systems, Teachers' Retirement System (TRS) and the Public Employees' Retirement System (PERS). Approximately one third of the employees are members of the PERS. Mr. Evenson discussed this bill with David Senn of the TRS and he said that the that system does not have the same problem as the PERS. Therefore, one third of their members are affected by this issue making it a two-tiered issue. He urged support of the bill.

Testifying Opponents and Who They Represent: None

Questions From Committee Members:

REP. SPRING said that this bill would result in a savings of around \$50,000, and he asked if this money would go to the public employees. Laurie Ekanger said that would be a savings out of the health claims' cost. We did not figure in our fiscal impact what savings there might be to the retiree. Right now their premium is \$54 a month for an individual; it would go up to \$84 and probably more than that starting in September.

Closing by Sponsor: Rep. Davis said this will help everybody involved. He requested a do pass.

#### DISPOSITION OF HB 533

Motion: Rep. O'Connell moved HB 533 DO PASS.

Discussion: None

Amendments, Discussion, and Votes: None

Recommendation and Vote: The motion CARRIED unanimously.

#### DISPOSITION OF HB 345

Hearing Date: January 31, 1989

Motion: Rep. Cocchiarella moved HB 345 DO PASS.

Amendments, Discussion, and Votes: Rep. Cocchiarella moved the amendments (Exhibit 9). Garth Jacobson from the Secretary of State's Office explained the amendments. Under these amendments, if someone faxes in a bogus document, they will be liable for triple damages for whoever suffers as a result of the bogus document being faxed. The second amendment makes it very clear that the facsimile of the signatures is also valid as compared to the original document. The reference to 39-9-402 is a UCC section, which should further strengthen the reference by making it clear to the court that this is a valid filing for UCC liens. In amendment number 3, it makes it very clear if the original is not sent within five days after faxing the document, it will be treated as a nullity and that document will not exist.

REP. PHILLIPS asked if this cleared up the opposition that Gene Phillips had about titles and title insurance. Mr. Jacobson said that after several conference calls with the title insurance entities it was concluded that they do not like fax filings in general. We have agreed to disagree on this. Their concern was the provisional period. He said

they have made the provisional period very tight. It is still not satisfactory with them. We have cleaned the bill up as far as we can go. Mr. Phillips seemed to be satisfied with these amendments that we worked on together.

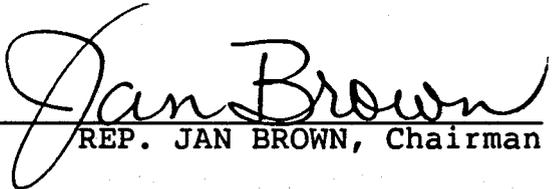
REP. NELSON asked if the Secretary of State's Office will have a problem with the duplication of work since they have to record the dating and timing of the faxes. Then when the original comes in five days later, they will have to again record the date and time of the document's arrival. Mr. Jacobson said there will be no problem with that. We already have a method in the Secretary of State's Office which is somewhat similar to this for provisional filings. For example, if you want to file your corporate document papers and there is some defect in that filing, we will hold those papers until the defect is corrected. The idea behind this bill is to assist the business people in the state.

The motion CARRIED unanimously.

Recommendation and Vote: Rep. Cocchiarella moved HB 345 DO PASS AS AMENDED. The motion CARRIED unanimously.

ADJOURNMENT

Adjournment At: 10:50.

  
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REP. JAN BROWN, Chairman

JB/jb

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DAILY ROLL CALL

STATE ADMINISTRATION COMMITTEE

51th LEGISLATIVE SESSION -- 1989

Date February 9, 1989

NAME	PRESENT	ABSENT	EXCUSED
Rep. Jan Brown, Chairman	✓		
Rep. Helen O'Connell, Vice Ch.	✓		
Rep. Vicki Cocchiarella	✓		
Rep. Ervin Davis	✓		
Rep. Floyd "Bob" Gervais	✓		
Rep. Janet Moore	✓		<del>X</del>
Rep. Angela Russell	✓		
Rep. Carolyn Squires	✓		
Rep. Vernon Westlake	✓		
Rep. Timothy Whalen	✓		
Rep. Bud Campbell	✓		
Rep. Duane Compton	✓		
Rep. Roger DeBruycker	✓		
Rep. Harriet Hayne	✓		
Rep. Richard Nelson	✓		
Rep. John Phillips	✓		
Rep. Rande Roth	✓		
Rep. Wilbur Spring, Jr.	✓		

STANDING COMMITTEE REPORT

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Mr. Speaker: We, the committee on State Administration report that House Bill 353 (first reading copy -- white) do pass.

Signed: \_\_\_\_\_

  
Jan Brown, Chairman

STANDING COMMITTEE REPORT

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Mr. Speaker: We, the committee on State Administration report that HOUSE BILL 531 (first reading copy -- white) do pass as amended .

Signed: Jan Brown  
Jan Brown, Chairman

And, that such amendments read:

1. Title, line 7.

Following: "PATROLMEN'S"

Insert: ", MUNICIPAL POLICE OFFICERS', AND FIREFIGHTERS UNIFIED"

Strike: "SYSTEM"

Insert: "SYSTEMS"

Strike: "SECTION"

Insert: "SECTIONS"

Following: ", "

Insert: "19-9-804, 19-13-704, 19-13-901, AND 19-13-902,"

2. Page 2.

Following: line 20

Insert: "Section 2. Section 19-9-804, MCA, is amended to read:

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

(2) A police officer who is eligible for service retirement after 20 years of service and who elects to serve additional years shall receive the allowance provided for in subsection (1) plus an additional 1% of such allowance per year of additional service, up to a maximum of 60% of the final average salary.

(3) Upon the death of a police officer receiving a service retirement allowance under this section, his surviving spouse, if there is one, shall, ~~for as long as the spouse remains unmarried,~~ receive from the fund a sum equal to one-half of the officer's final average salary. If the officer leaves one or more dependent children, then upon his

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death, if he leaves no surviving spouse or upon the death or remarriage of the surviving spouse, the officer's surviving dependent child, or children collectively if there are more than one, shall receive the same monthly payments a surviving spouse would receive for as long as the child or one of the children remains dependent as defined in 19-9-104. The payments must be made to the child's appointed guardian for the child's use. If there is more than one dependent child, upon each child no longer qualifying as dependent under 19-9-104, the pro rata payments to that child must cease and be made to the remaining children until all the children are no longer dependent."

Section 3. Section 19-13-704, MCA, is amended to read:

"19-13-704. Amount of retirement allowance. (1) (a) A member hired before July 1, 1981, who is eligible under 19-13-701 and who elects to retire after completing 20 years of service and reaching age 50 as an active firefighter shall receive a service retirement allowance equal to one-half the monthly compensation last received by the member for his service as an active firefighter. A member who completes more than 20 years of service shall receive an additional 1% of his final monthly compensation for each year in excess of 20, up to a maximum of 60% of the monthly compensation last received by the member.

(b) A member hired before July 1, 1981, who is eligible under 19-13-701 and who elects to retire after completing 10 years or more of service but has not both completed 20 years of service and reached age 50 as an active firefighter shall receive a service retirement allowance equal to 2% of the monthly compensation last received by the member for each year of service up to a maximum of 60% of his final monthly salary.

(i) If the member dies after he is permanently separated from service and before he both reaches age 50 and completes 20 years of service as an active firefighter, the allowance prescribed in subsection (1)(b) must be made to the surviving spouse beginning on the date the firefighter would have both reached his 50th birthday and completed 20 years of service as an active firefighter and terminating upon the surviving spouse's death or remarriage. If there is no surviving spouse or if the surviving spouse dies or remarries and if the firefighter leaves one or more dependent children, the children are entitled to receive the allowance as long as they remain dependent as defined in 19-13-104.

(ii) If the firefighter dies after he both reaches age 50 and completes 20 years of service as an active firefighter, the payments must be made to the surviving

spouse or children as provided in subsection (1) (b) (i).

(2) A member hired on or after July 1, 1981, who is eligible under 19-13-701 shall receive a service retirement allowance equal to 2% of his final average salary for each year of service up to a maximum of 30 years of service."

Section 4. Section 19-13-901, MCA, is amended to read:

"19-13-901. Payment of service or disability allowance upon death of member. A member's service or disability allowance shall be paid first to the member during his lifetime and, upon his death, to his surviving spouse ~~as long as such spouse remains unmarried~~. If upon a member's death he leaves no surviving spouse, or upon the death ~~or~~ remarriage of a surviving spouse, his allowance shall be paid to his dependent children as long as they remain dependent as defined in 19-13-104."

Section 5. Section 19-13-902, MCA, is amended to read:

"19-13-902. Survivorship allowance. (1) (a) Upon the death before retirement of an active member hired before July 1, 1981, his surviving spouse, if there is one, shall ~~as long as such spouse remains unmarried~~, receive a survivorship allowance equal to one-half the monthly compensation last received by the member for his service as an active firefighter. If the member leaves one or more dependent children, then, upon his death if he leaves no surviving spouse or upon the death ~~or~~ remarriage of the surviving spouse, his dependent children shall collectively receive the same allowance that a surviving spouse would have received as long as the children remain dependent as defined in 19-13-104.

(b) If the deceased member completed over 20 years of service, the survivorship allowance provided in subsection (1) (a) must be increased at a rate of 1% for each year in excess of 20, up to a maximum of 60% of the monthly compensation last received by the member.

(2) Upon the death before retirement of a member hired on or after July 1, 1981, his surviving spouse, if there is one, shall ~~as long as such spouse remains unmarried~~, receive a survivorship allowance equal to one-half of the member's final average salary. If the firefighter leaves one or more dependent children, then, upon his death if he leaves no surviving spouse or upon the death ~~or~~ remarriage of the surviving spouse, his dependent children shall collectively receive the same allowance that a surviving spouse would have received, as long as the children remain dependent as defined in 19-13-104."

Renumber: subsequent sections

STANDING COMMITTEE REPORT

February 9, 1989

Page 1 of 1

Mr. Speaker: We, the committee on State Administration report that HOUSE BILL 488 (first reading copy -- white) do pass as amended.

Signed: Jan Brown  
Jan Brown, Chairman

And, that such amendments read:

1. Title, line 6.  
Strike: "PRIMARY OR"
2. Title, line 7.  
Strike: "AND"  
Insert: ", "  
Strike: "THROUGH"  
Insert: ", AND"
3. Page 1, line 18.  
Strike: "85"  
Insert: "75"
4. Page 1, line 24.  
Strike: "85th"  
Insert: "75th"
5. Page 2, line 22.  
Strike: "an"  
Insert: "a general"  
Following: "election"  
Insert: "or 75 days before a primary election"
6. Page 2, line 25 through page 3, line 13.  
Strike: section 3 in its entirety  
Renumber: subsequent section

STANDING COMMITTEE REPORT

February 9, 1989

Page 1 of 1

Mr. Speaker: We, the committee on State Administration report that House Bill 533 (first reading copy -- white) do pass .

Signed: \_\_\_\_\_

Jan Brown, Chairman

STANDING COMMITTEE REPORT

February 9, 1989

Page 1 of 2

Mr. Speaker: We, the committee on State Administration report that House Bill 345 (first reading copy -- white) do pass as amended.

Signed: \_\_\_\_\_

Jan Brown, Chairman

And, that such amendments read:

1. Title, line 8.

Following: " ; "

Insert: "PROVIDING THAT A PERSON WHO FILES A FALSE DOCUMENT BY FACSIMILE COPY IS LIABLE FOR RESULTANT DAMAGES; "

2. Page 1, line 20.

Following: "document"

Insert: "and the signatures on the facsimile copy in"

Following: "same"

Insert: "manner"

Following: "purposes of"

Insert: "39-9-402 and"

3. Page 2.

Following: line 9

Insert: "(d) If the original document is not received within 5 working days of receipt of the facsimile copy as provided in subsection (1) (b), the filing of the facsimile copy is void.

(e) A person who files a false document by facsimile copy is liable to the party aggrieved for three times the amount of damages resulting from the filing of the false document."

4. Page 10, line 7.

Following: "document"

Insert: "and the signatures on the facsimile copy in"

Following: "same"

Insert: "manner"

5. Page 10.

Following: line 21

Insert: "(d) If the original document is not received within 5 working days of receipt of the facsimile copy as provided in subsection (9) (b), the filing of the facsimile copy is void.

(e) A person who files a false document by facsimile copy is liable to the party aggrieved for three times the amount of damages resulting from the filing of the false document."

6. Page 12, line 16.

Following: "document"

Insert: "and the signatures on the facsimile copy in"

Following: "same"

Insert: "manner"

7. Page 13.

Following: line 5

Insert: "(d) If the original document is not received within 5 working days of receipt of the facsimile copy as provided in subsection (9) (b), the filing of the facsimile copy is void.

(e) A person who files a false document by facsimile copy is liable to the party aggrieved for three times the amount of damages resulting from the filing of the false document."

8. Page 13, line 9.

Following: "document"

Insert: "and the signatures on the facsimile copy in"

Following: "same"

Insert: "manner"

9. Page 13.

Following: line 22

Insert: "(3) If the original document is not received within 5 working days of receipt of the facsimile copy as provided in subsection (1), the filing of the facsimile copy is void.

(4) A person who files a false document by facsimile copy is liable to the party aggrieved for three times the amount of damages resulting from the filing of the false document."

PROPOSED AMENDMENTS TO

HB 531

EXHIBIT 1  
DATE 2-09-89  
HB 531 123

Page 1, Title

Line 7, after "...RETIREMENT SYSTEM" insert:  
"MUNICIPAL POLICE OFFICERS' RETIREMENT SYSTEM, AND THE  
FIREFIGHTERS' UNIFIED RETIREMENT SYSTEM"; and  
after "SECTION" insert "S"

Line 8, at the beginning of the line insert: "19-9-804, 19-  
13-704, 19-13-901, AND 19-13-902"

Page 2,

Line 21, after "Section 2." insert:

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

(2) A police officer who is eligible for service retirement after 20 years of service and who elects to serve additional years shall receive the allowance provided for in subsection (1) plus an additional 1% of such allowance per year of additional service, up to a maximum of 60% of the final average salary.

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

NEW SECTION, Section 3.

**19-13-704. Amount of retirement allowance.** (1) (a) A member hired before July 1, 1981, who is eligible under 19-13-701 and who elects to retire after completing 20 years of service and reaching age 50 as an active firefighter shall receive a service retirement allowance equal to one-half the monthly compensation last received by the member for his service as an active firefighter. A member who completes more than 20 years of service shall receive an additional 1% of his final monthly compensation for each year in excess of 20, up to a maximum of 60% of the monthly compensation last received by the member.

(b) A member hired before July 1, 1981, who is eligible under 19-13-701 and who elects to retire after completing 10 years or more of service but has not both completed 20 years of service and reached age 50 as an active firefighter shall receive a service retirement allowance equal to 2% of the

monthly compensation last received by the member for each year of service up to a maximum of 60% of his final monthly salary.

(i) If the member dies after he is permanently separated from service and before he both reaches age 50 and completes 20 years of service as an active firefighter, the allowance prescribed in subsection (1)(b) must be made to the surviving spouse beginning on the date the firefighter would have both reached his 50th birthday and completed 20 years of service as an active firefighter and terminating upon the surviving spouse's death ~~or remarriage~~. If there is no surviving spouse or if the surviving spouse dies ~~or remarries~~ and if the firefighter leaves one or more dependent children, the children are entitled to receive the allowance as long as they remain dependent as defined in 19-13-104.

(ii) If the firefighter dies after he both reaches age 50 and completes 20 years of service as an active firefighter, the payments must be made to the surviving spouse or children as provided in subsection (1)(b)(i).

(2) A member hired on or after July 1, 1981, who is eligible under 19-13-701 shall receive a service retirement allowance equal to 2% of his final average salary for each year of service up to a maximum of 30 years of service.

#### NEW SECTION. SECTION 4

**19-13-901. Payment of service or disability allowance upon death of member.** A member's service or disability allowance shall be paid first to the member during his lifetime and, upon his death, to his surviving spouse ~~as long as such spouse remains unmarried~~. If upon a member's death he leaves no surviving spouse, or upon the death ~~or remarriage~~ of a surviving spouse, his allowance shall be paid to his dependent children as long as they remain dependent as defined in 19-13-104.

#### NEW SECTION. SECTION 5

**19-13-902. Survivorship allowance.** (1) (a) Upon the death before retirement of an active member hired before July 1, 1981, his surviving spouse, if there is one, shall ~~as long as such spouse remains unmarried~~, receive a survivorship allowance equal to one-half the monthly compensation

last received by the member for his service as an active firefighter. If the member leaves one or more dependent children, then, upon his death if he leaves no surviving spouse or upon the death ~~or remarriage~~ of the surviving spouse, his dependent children shall collectively receive the same allowance that a surviving spouse would have received as long as the children remain dependent as defined in 19-13-104.

(b) If the deceased member completed over 20 years of service, the survivorship allowance provided in subsection (1)(a) must be increased at a rate of 1% for each year in excess of 20, up to a maximum of 60% of the monthly compensation last received by the member.

(2) Upon the death before retirement of a member hired on or after July 1, 1981, his surviving spouse, if there is one, shall ~~as long as such spouse remains unmarried~~, receive a survivorship allowance equal to one-half of the member's final average salary. If the firefighter leaves one or more dependent children, then, upon his death if he leaves no surviving spouse or upon the death ~~or remarriage~~ of the surviving spouse, his dependent children shall collectively receive the same allowance that a surviving spouse would have received, as long as the children remain dependent as defined in 19-13-104.

Page 2, Line 21, insert "NEW SECTION. Section 6." before "Extension of authority."

Page 2 Line 25, Strike "3" and insert "7"

Page 3 Line 2, Strike "4" and insert "8"

EXHIBIT 1  
DATE 2-09-89  
HB 531

303

Amendments to House Bill No. 488  
First Reading Copy

Requested by Representative Brooke  
For the Committee on House State Administration

Prepared by Eddye McClure  
February 6, 1989

1. Title, line 6.  
Following: "TO A"  
Strike: "PRIMARY OR"

2. Title, line 7.  
Following: "5-2-406"  
Strike: "and"  
Insert: ", "  
Following: "13-10-325"  
Strike: "THROUGH"  
Insert: ",AND"

3. Page 1, line 18.  
Following: "75"  
Strike: "85"  
Insert: "75"

4. Page 1, line 24.  
Following: "75th" on line 23  
Strike: "85th"  
Insert: "75th"

5. Page 2, line 22.  
Following: "before"  
Strike: "an"  
Insert: "a general"  
Following: "election"  
Insert: "or 75 days before a primary"

6. Page 2, line 25 through page 3, line 13.  
Following: line 24  
Strike: Section 3 in its entirety  
Renumber: subsequent section

203

51st Legislature

LC 0955/01

LC 0955/01

HOUSE BILL NO. 488

*Amended by House Bill Committee  
Cecil W. Perry by 75th - 75th Annual Session*

1  
2 INTRODUCED BY  
3  
4 A BILL FOR AN ACT ENTITLED: "AN ACT TO CHANGE THE TIME  
5 DEADLINES FOR REPLACING A CANDIDATE OR FOR WITHDRAWAL OF A  
6 CANDIDATE PRIOR TO ~~A~~ ~~PRIMARY~~ OR GENERAL ELECTION; AND  
7 AMENDING SECTIONS 5-2-406 ~~AND~~ 13-10-325 ~~THROUGH~~ 13-10-327,  
8 MCA."  
9  
10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:  
11  
12 Section 1. Section 5-2-406, MCA, is amended to read:  
13 \*5-2-406. Elections to fill vacancies in senate. (1)  
14 Whenever a vacancy occurs 75 ~~85~~ days or more before the  
15 general election held during the second year of the term, an  
16 individual shall be elected to complete the term at that  
17 general election. The election procedure to be used to elect  
18 the successor is as follows:  
19 (a) Whenever the vacancy occurs 75 ~~85~~ <sup>75</sup> days or more  
20 prior to the primary election during the second year, the  
21 same procedure as is used for senators who will be elected  
22 to full 4-year terms at that general election shall be  
23 utilized.  
24 (b) Whenever the vacancy occurs on or after the 75th  
25 ~~85th~~ <sup>75th</sup> day prior to the primary election, any political party  
desiring to enter a candidate in the general election shall

1 select a candidate as provided in 13-10-327 and 13-38-204.  
2 A political party shall notify the secretary of state of the  
3 party nominee. A person desiring to be a candidate as an  
4 independent shall follow the procedures provided in  
5 13-10-501 and 13-10-502. The petition for an independent  
6 candidate shall be filed with the secretary of state on or  
7 before the 65th ~~85th~~ day prior to the general election.  
8 (2) Whenever a vacancy occurs on or after the 75th  
9 ~~85th~~ day prior to the general election held during the  
10 second year of the term, the person appointed by the board  
11 under 5-2-402 shall serve until the end of the term."  
12 Section 2. Section 13-10-325, MCA, is amended to read:  
13 \*13-10-325. Withdrawal from nomination. (1) A  
14 candidate for nomination or candidate for election to an  
15 office may withdraw from the election by sending a statement  
16 of withdrawal to the officer with whom his declaration,  
17 petition, or acceptance of nomination was filed. The  
18 statement must contain all information necessary to identify  
19 the candidate and the office sought and the reason for  
20 withdrawal. It shall be sworn or affirmed before an officer  
21 empowered to administer oaths. A candidate may not withdraw  
22 later than 75 ~~85~~ days before <sup>a general</sup> ~~an~~ election, <sup>or 75 days before</sup> ~~or~~ <sup>in primary.</sup>  
23 (2) Filing fees paid by the candidate may not be  
24 refunded."  
25 Section 3. Section 13-10-326, MCA, is amended to read:



EXHIBIT 2  
DATE 209-89  
HB 488

303

LC 0955/01

1 the filing fee, shall certify the name of the appointee for  
2 the ballot."

-End-

## FINANCIAL SERVICES

**Randall Knowles**

3017 9th Avenue South  
Great Falls, MT 59405-3421  
(406) 452-7250

LC 1420

HB 502

Dec 1988 Life Association News: Albert J. Schiff,

CLU; Senior Executive VP Mutual of NY (MONY) "That we're customer-oriented. That we're a humane, understanding, caring organization that respects people. And that we're not just in the business to have a big block of business." p. 26

Mr. Futia is a director of and consultant for Guardian Life. A former president of the American Society of CLU & ChFC, he served as Guardian's CEO and Chairman of the Board; Dec 1988 Life Association News; "3. Our primary responsibility is to serve the public honestly and competently in the process of both making the sale and giving continuous service to a policyholder after the sale." p. 57

Broker World, JAN 89 p 112.

LIMRA 2. 45% of policyholders desire personal contact for review of their insurance programs

LIMRA 4. 50% or fewer policyholders received basic services such as cash value notices and public opinion notices.

LIMRA 5. 75% who have been policyholders 20 years or longer, have no agent who keeps in contact with them.

ACHI 7. 97% of the general public are not aware that life insurance premiums have reduced significantly over the last 15 years.

Randall Knowles 2-9-89 Rep. Wyatt

EXHIBIT 4  
DATE 2-09-89  
HB 502

PROPOSED AMENDMENTS TO HB-502

Offered by Roger Mcglenn Representing the Independent  
Insurance Agents' Association of Montana

Page 1 Line 4 insert after INSURERS: AND HEALTH SERVICE  
CORPORATIONS

Page 1 Line 9 insert after INSURER: AND HEALTH SERVICE  
CORPORATION

Page 1 Line 12 insert after both of the words INSURER: OR  
HEALTH SERVICE CORPORATION

Page 1 Line 22 insert after INSURER: OR HEALTH SERVICE  
CORPORATION

Page 1 Line 23 insert after INSURER: OR HEALTH SERVICE  
CORPORATION

EXHIBIT 5  
DATE 2-09-89  
HB 502

Amendments House Bill 502

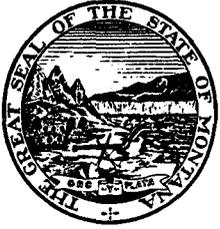
Presented by Tanya Ask  
Deputy Insurance Commissioner  
State Auditor's Office  
February 9, 1989

1. Page 1, line 23.  
Following: "requires the insurer"  
Strike: ", under rules of the commissioner,"

Testimony HB 502  
Tampa ABC  
Montana Ins. Dept.  
2/9/89

We would like to offer a simple amendment, deleting the phrase "under rules of the Commissioner" on line 23. The bill requires insurers to comply with the agent of record letter. That requirement is not simply a requirement imposed by future rules.

The bill does extend current rulemaking authority to implement the bill.



*The Big Sky Country*

EXHIBIT 7  
DATE 2-09-89  
HB 533

## MONTANA HOUSE OF REPRESENTATIVES

REPRESENTATIVE ERVIN DAVIS

DISTRICT 53

HELENA ADDRESS:  
CAPITOL STATION  
HELENA, MONTANA 59620  
PHONE: (406) 444-4800

HOME ADDRESS:  
PO. BOX 63  
CHARLO, MONTANA 59824

### TESTIMONY

MADAM CHAIRMAN, MEMBERS OF THE COMMITTEE:

FOR THE RECORD, I AM ERVIN DAVIS, REPRESENTATIVE FROM DISTRICT 53, LAKE COUNTY,

HB 533 IS A BILL FOR AN ACT ENTITLED: "AN ACT TO ALLOW THE PUBLIC EMPLOYEES' RETIREMENT BOARD TO CONVERT CERTAIN DISABILITY RETIREMENTS TO SERVICE RETIREMENTS; AMENDING SECTIONS 19-3-1102, 19-6-612, AND 19-8-712, MCA; EXTENDING THE RULEMAKING AUTHORITY OF THE BOARD; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

I'LL DEFER MOST QUESTIONS TO THOSE IN THE DEPARTMENT WHO WILL BE TESTIFYING IN FAVOR OF THE BILL AND I'LL CLOSE LATER.

MONTANA DEPARTMENT OF ADMINISTRATION

HB 533

TESTIMONY

TITLE:

"AN ACT TO ALLOW THE PUBLIC EMPLOYEES' RETIREMENT BOARD TO CONVERT CERTAIN DISABILITY RETIREMENTS TO SERVICE RETIREMENTS; AMENDING SECTIONS 19-3-1102, 19-6-612, AND 19-8-712, MCA; EXTENDING THE RULEMAKING AUTHORITY OF THE BOARD; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

PURPOSE:

This bill allows the Public Employee's Retirement Board to convert certain disability retirements to service retirements, with no additional benefits. Each conversion must be based on a determination by the Board that continued review of the case is no longer needed because the disability involved is of such a permanent and severe nature as to preclude return to active employment.

Medicare recently changed its definition of who is an "active employee." This change in definition will increase costs to the State Employee Group Insurance Plan and the University System Group Insurance Plan because a 1986 federal statute requires that an employer-provided health insurance plan must be primary payer of claims for disability medicare recipients on the plan who are "active employees." This bill will prevent these increased costs by removing some disability retirees (those converted to service retirements) from Medicare's expanded definition of "active employee."

SECTION BY SECTION DESCRIPTION OF THE BILL

**Section 1.** This section adds a new paragraph 2 to provision 19-3-1102, MCA, of the Public Employees Retirement System Act (Chapter 3, Title 19) allowing the Public Employees' Retirement Board (the Board) to grant service retirement status with no change in monthly allowance to a recipient of disability retirement benefits if the Board determines the recipient's disability status should no longer be subject to review. It requires the Board to notify the recipient of the change in status and gives the recipient 60 days after receipt of the notice to submit a written request for reconsideration.

Section 1 renumbers the remaining paragraphs of 19-3-1102 MCA and amends the renumbered paragraph 3 (current paragraph 2) to clarify that the employment reinstatement rights provided by the paragraph apply to a person whose disability retirement allowance is canceled because the Board has determined the recipient is not incapacitated.

**Section 2.** This section adds a new paragraph 2 to provision 19-6-612, MCA, of the Montana Highway Patrolmen's Retirement System Act (Chapter 6, Title 19) allowing the Public Employees' Retirement Board (the Board) to grant service retirement status with no change in monthly allowance to a recipient of disability retirement benefits if the Board determines the recipient's disability status should no longer be subject to review. It requires the Board to notify the recipient of the change in status, and it gives the recipient 60 days after receipt of the notice to submit a written request for reconsideration. Remaining paragraphs of 19-6-612, MCA, are renumbered.

**Section 3.** This section adds a new paragraph 2 to provision 19-8-712 MCA of the Montana State Game Warden's Retirement System Act (Chapter 8, Title 19) allowing the Public Employees' Retirement Board (the Board) to grant service retirement status with no change in monthly allowance to a recipient of disability retirement benefits if the Board determines the recipient's disability status should no longer be subject to review. It requires the Board to notify the recipient of the change in status, and it gives the recipient 60 days after receipt of the notice to submit a written request for reconsideration. Remaining paragraphs of 19-8-712, MCA, are renumbered.

**Section 4.** This section extends existing rulemaking authority to the new provisions.

**Section 5.** This section provides an immediate effective date.

**EFFECT OF BILL**

This bill will prevent some of the increased costs to the employee health insurance plans of the State and University System created by Medicare's recent expansion of the definition of "active employee" for purposes of shifting costs. It will also preserve the rights of State and University System disability retirees to meaningful continued coverage under their former employer group plan provided by 2-18-704, MCA, -- low cost coverage which acts as a supplement to Medicare rather than full cost coverage which replaces Medicare benefits that disability retirees must none-the-less pay for.

For more information call Laurie Ekanger, or Rod Sundsted, State Personnel Division, 444-3871.

Amendments to House Bill No. 345  
First Reading Copy

For the House Committee on State Administration

Prepared by Lois Menzies  
February 7, 1989

1. Title, line 8.

Following: ";"

Insert: "PROVIDING THAT A PERSON WHO FILES A FALSE DOCUMENT BY  
FACSIMILE COPY IS LIABLE FOR RESULTANT DAMAGES;"

2. Page 1, line 20.

Following: "document"

Insert: "and the signatures on the facsimile copy in"

Following: "same"

Insert: "manner"

Following: "purposes of"

Insert: "39-9-402 and"

3. Page 2.

Following: line 9

Insert: "(d) If the original document is not received within 5  
working days of receipt of the facsimile copy as provided in  
subsection (1)(b), the filing of the facsimile copy is void.

(e) A person who files a false document by facsimile  
copy is liable to the party aggrieved for three times the  
amount of damages resulting from the filing of the false  
document."

4. Page 10, line 7.

Following: "document"

Insert: "and the signatures on the facsimile copy in"

Following: "same"

Insert: "manner"

5. Page 10.

Following: line 21

Insert: "(d) If the original document is not received within 5  
working days of receipt of the facsimile copy as provided in  
subsection (9)(b), the filing of the facsimile copy is void.

(e) A person who files a false document by facsimile  
copy is liable to the party aggrieved for three times the  
amount of damages resulting from the filing of the false  
document."

6. Page 12, line 16.

Following: "document"

Insert: "and the signatures on the facsimile copy in"

Following: "same"

Insert: "manner"

7. Page 13.

Following: line 5

Insert: "(d) If the original document is not received within 5 working days of receipt of the facsimile copy as provided in subsection (9)(b), the filing of the facsimile copy is void.  
(e) A person who files a false document by facsimile copy is liable to the party aggrieved for three times the amount of damages resulting from the filing of the false document."

8. Page 13, line 9.  
Following: "document"  
Insert: "and the signatures on the facsimile copy in"  
Following: "same"  
Insert: "manner"

9. Page 13.  
Following: line 22  
Insert: "(3) If the original document is not received within 5 working days of receipt of the facsimile copy as provided in subsection (1), the filing of the facsimile copy is void.  
(4) A person who files a false document by facsimile copy is liable to the party aggrieved for three times the amount of damages resulting from the filing of the false document."









