

MINUTES OF THE MEETING
LOCAL GOVERNMENT COMMITTEE
MONTANA STATE SENATE

February 27, 1979

The meeting of the Local Government Committee was called to order by Chairman George McCallum at 1:00 p.m. on Tuesday, February 27, 1979, in Room 405 of the State Capitol Building.

ROLL CALL: All members were present with the exception of Senators Story and Lockrem, who were excused.

Dennis Taylor, staff researcher, was also present.

Many visitors were in attendance. (See attachment.)

CONSIDERATION OF HOUSE BILL 91: Representative Paul Pistoria, of District 39, chief sponsor of the bill, gave a brief resume. This bill is an act to require that all county employees, except county officials and their assistants, be paid every two weeks permitting all county employees, county officials, and their assistants to be paid either monthly, or every two weeks. Representative Pistoria stated that some of the counties are already doing this procedure. House Bill 91 gives a choice to the counties as the way to pay its employees.

Glen Drake, representing the Montana Public Employees Association, stated his support of the bill.

Mike Stevens, of the Montana Association of Counties, stated that House Bill 91 facilitates easier and more convenient salary payments to county employees. This bill is very appropriate. (See attachment.)

Edward Mares, executive director of the Montana Nurses Association, stated his support of the bill.

Representative Pistoria offered an amendment to the bill which would include the words "twice monthly".

DISPOSITION OF HOUSE BILL 91: A motion was made by Senator Conover, seconded by Senator Peterson, to accept the proposed amendments to House Bill 91. Motion carried.

A motion was made by Senator Conover that HB 91 receive a "BE CONCURRED IN, as amended" recommendation from the Committee, seconded by Senator Peterson. Motion carried unanimously.

CONSIDERATION OF HOUSE BILL 156: Representative Danny Oberg, of District 8, sponsor of HB 156, gave a brief resume of the bill. This bill is an act to change the filing fees

for county officers to require a candidate to pay .5% of the total annual salary of the office.

DISPOSITION OF HOUSE BILL 156: A motion was made by Senator Peterson that House Bill 156 receive a recommendation of "BE CONCURRED IN" from the Committee. Motion passed unanimously.

CONSIDERATION OF HOUSE BILL 300: Representative Joe Quilici, of District 84, chief sponsor of House Bill 300, gave a brief resume. This bill is an act to provide coordination of benefits for law enforcement officers who have combined services in the sheriffs' retirement system and the municipal police officers' retirement system as a result of a city-county consolidation; providing for retroactive application; and an immediate effective date. Representative Quilici stated that this is a good bill. It only affects two counties in our state, Butte - Silver Bow, and Anaconda - Deer Lodge. This bill does not give a windfall to anyone nor does it have a funding problem. House Bill 300 attempts to resolve some of the problems.

Kerry Petronek, from Anaconda, stated he wished to propose ideas for amending the bill to include a "grandfather" clause for ex-deputy sheriffs involved in consolidated governments. This is for persons employed as deputies prior to July 1, 1975 and through consolidation are now employed as police officers. (See attachment.)

Jim Turcotte, representing the P.E.R.S., stated that he was against Mr. Petronek's proposed amendments, however, he does support the bill. Mr. Turcotte offered written testimony with facts and figures. (See attachment.)

With no further proponents Chairman McCallum called on the opponents. Hearing none, Representative Quilici made the closing remarks. He suggested that the counties affected should take a look at the fiscal impact the proposed amendments would have. He stated that he has no problem with the amendments.

Mr. Petronek stated the present plan is creating low morale and hard feelings within the system.

The meeting was opened to a question and answer period from the Committee. Discussion was held.

The funding problem seems to be in the employees contribution.

Senator Rasmussen suggested to the Anaconda men present that they should perhaps start working on having a bill drafted for the next Legislature, which would take care of their problems as the title does not allow for it to be incorporated in this bill.

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PAGE THREE

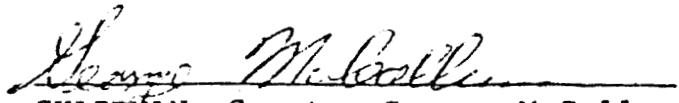
DISPOSITION OF HOUSE BILL 300: A motion was made by Senator Peterson to give a recommendation of "BE CONCURRED IN" to House Bill 300 from the Committee. Motion carried unanimously.

Senator Rasmussen offered to carry House Bill 156 onto the floor of the Senate.

Senator Peterson offered to carry House Bill 300 onto the floor of the Senate.

Senator O'Hara stated that he would carry House Bill 91 onto the floor of the Senate.

ADJOURN: With no further business, the meeting was adjourned at 2:05. The next meeting will be held on March 1, at 1:00 for the consideration of House Bills 48, 68, 104 and 683.



CHAIRMAN, Senator George McCallum

STANDING COMMITTEE REPORT

.....February 27 1979.....

MR.President:.....

We, your committee onLocal Government.....

having had under considerationHouse..... Bill No.91.....

Respectfully report as follows: ThatHouse..... Bill No.91.....

third reading bill, be amended as follows:

1. Title, line 8.

Following: MONTHLY

Insert: ", TWICE MONTHLY,"

2. Page 1, line 18.

Following: "monthly"

Insert: ", twice monthly,"

3. Page 1, line 21.

Following: "monthly"

Insert: ", twice monthly,"

4. Page 2, line 24.

Following: "monthly"

Insert: ", twice monthly,"

DONPASSEK And, as so amended, BE CONCURRED IN

m 405

STANDING COMMITTEE REPORT

.....February 27..... 1979.....

MR. President:.....

We, your committee on Local Government.....

having had under consideration House..... Bill No. 156.....

Respectfully report as follows: That House..... Bill No. 156.....

Pa.
DO PASS

BE CONCURRED IN

STANDING COMMITTEE REPORT

February 27

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MR. President:

We, your committee on Local Government.....

having had under consideration House..... Bill No. 300.....

Respectfully report as follows: That House..... Bill No. 300.....

~~DO NOT~~ BE CONCURED IN

STATE PUB. CO.
Helena, Mont.


George McCallum

Chairman.

HC

SENATE

COMMITTEE

BILL 304

VISITORS' REGISTER

DATE

Please note bill no.

(check one)

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY

NAME: Mike Stephen DATE: 2-27-79

ADDRESS: 1402 11th Ave. Hld

PHONE: 442-5209

REPRESENTING WHOM? MT Assoc. of Counties

APPEARING ON WHICH PROPOSAL: HB 91

DO YOU: SUPPORT + AMEND? OPPOSE?

COMMENTS: Facilitate easier and more convenient salary payments to county employees. County officials permission act would allow local control of payment when local county employees want checks more often.

NAME: Jim Turcotte DATE: 2-27-79

ADDRESS: 1712 9th Ave

PHONE: 9-3155

REPRESENTING WHOM? PERD

APPEARING ON WHICH PROPOSAL: HB 300

DO YOU: SUPPORT? AMEND? OPPOSE?

COMMENTS: _____

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

NAME: KERRY PETRONICK DATE: 2-27-79

ADDRESS: 1608 Tammany, Ansonia

PHONE: 563-3980

REPRESENTING WHOM? Self

APPEARING ON WHICH PROPOSAL: H.B. 300

DO YOU: SUPPORT? AMEND? ✓ OPPOSE?

COMMENTS: We wish to propose changes to amend H.B. 300

to include a "Constitution" Clause for ex-military

SHERIFFS involved in coordinated governments. This

is for persons employed as deputies prior

to July 1, 1975 & through administrative are

now employed as police officers.

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

NAME: Michael Fugger DATE: 2-27-79

ADDRESS: PO Box 1454 Bozeman, MONT

PHONE: 563 - 3508

REPRESENTING WHOM? X - Dignitatis et Insectorum Societas Regia

APPEARING ON WHICH PROPOSAL: H. B. 7300

DO YOU: SUPPORT? _____ AMEND? OPPOSE? _____

COMMENTS: We wish to propose an amendment
to this bill to grant us the same
retirement benefits as that Florida
police officer who are now members
of Brookdale Police Dept. Police Dept
this would pertain to officers
who are holding prior to July 1, 1975

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

NAME: Joseph A. Giilkeson DATE: 3-22-79

ADDRESS: 1405 Humboldt St. Anchorage, Alaska

PHONE: 763-3717

REPRESENTING WHOM? SE 14

APPEARING ON WHICH PROPOSAL: H.B. 300

DO YOU: SUPPORT? _____ AMEND? OPPOSE? _____

COMMENTS: Wish to amend H.B. 300 to include
a "Grandfather" clause for Ex-Deputy Sheriffs

P.O. Box 1454
Anaconda, Montana 59711
February 13, 1979

Sen. George McCallum
Chairman, Senate Local Government
State Capital
Helena, Montana 59601

Dear Senator:

We wish to propose an amendment to House Bill 300.

A Grandfather Clause for all officers who were full time officers of a Sheriff's Department on or before July 1, 1975, and who are now Police Officers due to the consolidation of a local Police and Sheriff's Department.

These ex-Deputies who are currently paying into the Police Retirement Fund should be allowed to buy the number of months that they had paid into the Montana Public Employees Retirement System in to the current Police Retirement fund.

These officers should be allowed to enjoy the same benefits as other officers who were working prior to July 1, 1975. This amendment would allow these officers to retire at 20 years of service, the same as other Police officers who were working on or before July 1, 1975, R.C.M., Section 11-1889. This would be allowed provided that these officers buy their months as Deputies into the Police Retirement fund within one year from the signing of this Bill.

Enclosed is a list showing the current difference between retirements of our departments. Please note although some officers were hired after others they would be allowed to retire before them even though they were hired later.

We feel that this amendment would ratify this difference. We would appreciate it if we could come to your hearings on House Bill 300 and explain our views.

Thanking you for your consideration in this matter, I am,

Sincerely yours,


Patrolman Rick Ivankovich
Anaconda-Deer Lodge Co. Police Dept.

<u>NAME</u>	<u>STARTING DATE</u>	<u>ABLE TO RETIRE AT</u>
D. JANCIC	6-01-57	20 YEARS SERVICE
J. BUDD	6-13-61	20 YEARS SERVICE
G. MONACO	3-01-63	20 YEARS AND AGE 50
J. CONNORS	10-05-66	20 YEARS SERVICE
T. SULLIVAN	1-17-67	20 YEARS AND AGE 50
T. WILKINSON	1-01-68	20 YEARS SERVICE
R. LEWIS	1-15-69	20 YEARS SERVICE
W. BRYAN	7-01-69	20 YEARS AND AGE 50
J. KRUMM	9-28-69	20 YEARS AND AGE 50
K. PETRONEK	4-01-70	20 YEARS AND AGE 50
J. GUIBERSON	1-01-72	20 YEARS AND AGE 50
J. MARTELLI	7-17-72	20 YEARS SERVICE
G. JACOBS	8-01-73	20 YEARS AND AGE 50
R. IVANKOVICH	5-01-74	20 YEARS AND AGE 50
M. SOFTICH	1-01-75	20 YEARS AND AGE 50

establish such rules as it considers necessary. The board shall prescribe the conditions under which persons may become members of and receive benefits under the retirement system. All persons in similar circumstances shall be treated alike. It shall keep the data necessary for actuarial valuation purposes. It shall have biennial actuarial investigations made into the mortality and service experience of the members and the beneficiaries of the account and shall adopt one or more mortality tables.

(2) The assets of the retirement system may not be used for or diverted to any purpose other than for the exclusive benefit of the members and their beneficiaries and for paying the reasonable expenses of administering the retirement system.

(3) Upon termination of the retirement system, termination of employment of a substantial number of members which would constitute a partial termination of the retirement system, or complete discontinuance of contributions to the retirement system, the retirement allowance accrued to each member directly affected by such occurrence becomes fully vested and nonforfeitable to the extent funded.

History: Amd. Sec. 2, Ch. 59, L. 1977; Amd. Sec. 18, Ch. 332, L. 1977.

68-2607. Membership. Every sheriff is required to become a member of the sheriffs' retirement system on July 1, 1974, unless he was previously a member of the public employees' retirement system, in which case, he may at his option become a member of the sheriffs' retirement system. Contributions by members under this act shall commence with the first payroll after July 1, 1974. All sheriffs who become members of the sheriffs' retirement system must remain members so long as actively employed in such capacity.

History: Amd. Sec. 3, Ch. 59, L. 1977.

68-2610. Eligibility and application for service retirement. (1) A sheriff in service who has completed at least 25 years of service and who has reached the age of 55 years may retire on a service retirement allowance upon written application to the board, submitted not less than 30 days or more than 90 days from the desired date of retirement. The application must state the date he desires to be retired.

(2) Retirement is compulsory for any nonelected sheriff at age 65, except in the case of undersheriffs.

History: Amd. Sec. 4, Ch. 59, L. 1977.

68-2614. Involuntary retirement allowance. If a member is involuntarily discontinued from service after having completed 10 years of total service but before reaching retirement age, he shall, upon filing an application, be paid in one of the following ways:

- (1) the full amount of his accumulated deductions; or
- (2) a member's annuity of equivalent actuarial value to his accumulated deductions plus an annuity which is the actuarial equivalent of the present value of the state annuity.

History: Amd. Sec. 5, Ch. 59, L. 1977.

68-2616. Reinstatement after withdrawal of contributions. (1) A member

COORDINATION OF BENEFITS FOR SHERIFFS' AND
POLICE OFFICERS UNDER CONSOLIDATION OF CITY/COUNTY GOVERNMENTS

* * * * *

FACT: Sheriffs' Retirement System

2% per year of service x final salary
1/2 pay 25 years

Normal retirement - Age 55 with 25 years service
Early Retirement - Age 55 with 20 years service
Compulsory retirement age 65

Municipal Police Officers' Retirement System

2 1/2% per year of service up to 20 years of service x final salary
1% per year of service after 20 years - maximum benefit 60% salary
1/2 pay 20 years
Minimum Retirement - Age 50 with 20 years service
Compulsory retirement age 65

Under present law a member of either of these systems cannot receive
normal retirement benefits if they have less than 20 years of service. With
the consolidation of governments, some law enforcement officers, through no
fault of their own, were put into retirement limbo with the prospect of not
being eligible to receive a retirement benefit from either system although
having more than 20 years combined service credit.

Example: Either a sheriff or a police officer who has served 15 years in
their retirement system is transferred to the other system because the law
enforcement agencies in his or her county are consolidated. This law enforce-
ment officer is not able to retire from his present system because he does not
have the required 20 years of service; only 15.

In order to qualify for a retirement benefit he must now work another
20 years for a total of 35 years of service in law enforcement for a pension
based on 20 years of service.

This bill attempts to equitably resolve the problem by creating a
coordination of benefits permitting service in both systems to be used in
determining eligibility.

It does not provide a windfall benefit to anyone. A law enforcement officer moving from the 2% system to the 2½% system would receive credit in each system for the time he was a member in each system. It does not have a funding problem, for each system will pay its proportionate share of the retirement allowance at retirement.

This bill recognizes that a normal employee has his highest earnings in the last years of his employment and permits members of the system to use the highest salary in either system in the calculations of the retirement allowance for both systems.

This bill provides an equitable treatment of retirement benefits for all concerned parties; the member, the employer and the taxpayer and requires no additional funding. It does not create a state imposed problem upon local governments because the local governments retain the authority to transfer the individuals from one system to the other. The local governments are the agencies which must live with their budgets and they are the authority for negotiating salaries and benefits and should rightfully be the authority for deciding what is the proper treatment of their local law enforcement officers. This bill in no way tampers with those authorities.

COORDINATION OF BENEFITS FOR SHERIFF'S AND
POLICE OFFICERS UNDER CONSOLIDATION OF CITY/COUNTY GOVERNMENTS

On May 2, 1977, after approval by the voters of the City of Butte and Silver Bow County, the City of Butte Police Department and the Silver Bow County Sheriff's Department were unified into the Butte-Silver Bow Law Enforcement Department.

The Charter of Butte-Silver Bow specifically charged the new Government to equalize all aspects of the two separate agencies under Section 5.05.

Prior to unification of the two departments, many differences existed which had to be resolved. The Charter of Butte-Silver Bow did much to eliminate these differences by adopting the State of Montana Metropolitan Police Law. Now all new members of the Butte-Silver Bow Law Enforcement Department (those appointed since May 2, 1977) are covered by this law and entitled to all privileges afforded them.

Certain problems arose regarding the status of members of the Sheriff's Department and the Police Department prior to and after unification. These problem areas are as follows:

- 1) Former Sheriff's Deputies were not under Metropolitan Police Law. Former Police Officers were.
- 2) Sheriff's Deputies were not entitled to longevity (\$7.50 per month per years of service). Police Officers were.
- 3) The Deputies were members of the Montana Public Employees' Association and the Police were members

of the American Federation of State, County and Municipal Employees.

- 4) The Deputies were limited in wages to seventy-five percent (75%) of the Sheriff's salary. The wage for Police Officers was negotiable.
- *5) Deputies were members of the Sheriff's Retirement and Police Officers were members of the Police Pension and Reserve.

The first four items were resolved through union negotiations and Charter provisions. The fifth item, relating to pension funds cannot be resolved without legislative approval.

We are asking for the passage of H.B. _____ to resolve these issued and complete the unification of the Sheriff's and Police Department.

The basic purpose of H.B. _____ is to give local governments the vehicle to achieve equalization in pension benefits of unified Police and Sheriff Departments and still abide by the rules and regulations of the Public Employees' Retirement System.

This piece of legislation gives consideration to those monies previously paid into the appropriate pension plans. This piece of legislation does not identify the pension plan to which members shall belong, but merely gives the basic formula to be used when pensions are computed.

EXAMPLE: The Sheriff's Retirement System

- 1) Employer's Contribution = 7.55% (.0755 x Gross)

EXAMPLE: The Sheriff's Retirement System (Continued)

- 2) Employee's Contribution = 7.00% (.07 x Gross)
- 3) Employee's S.S. Contribution = .0613 x Gross
- 4) Employer's S.S. Contribution = .0613 x Gross

Police Pension Plan

- 1) Employee's Share = 6% of Gross
- 2) Employer's Share = 12% of Gross
- 3) State Share = 11% of Gross
- 4) Unfunded Liability = 7.64% of Gross

Under the proposed legislation the Butte-Silver Bow contribution schedule will be the same as shown above under the Police Pension Plan.

Attached is an evaluation of the proposed legislation by Larry Nachtsheim, Director of Public Employees' Retirement System for the State of Montana.

We urge your affirmative vote on the above mentioned legislation.

AMENDMENTS TO HB 91
REPRESENTATIVE PISTORIA

Title, line 8.

Following: MONTHLY

Insert: ", TWICE MONTHLY,"

Page 1, line 18.

Following: "monthly"

Insert: ", twice monthly,"

Page 1, line 21.

Following: "monthly"

Insert: ", twice monthly,"

Page 2, line 24.

Following: "monthly"

Insert: ", twice monthly,"

ROLL CALL

LOCAL GOVERNMENT COMMITTEE

46th LEGISLATIVE SESSION - 1979

Each Day Attach to Minutes.