

STATE ADMINISTRATION
JANUARY 28, 1981
RM 436

The meeting of the State Administration Committee was called to order at 8:00 a.m. on January 28, 1981 by Chairman Jerry Feda. All members were present except Representative Azzara who was absent and Representative Ryan who was excused. Representative Kanduch was excused for executive session.

Chairman Feda opened the hearing on House Bill 287.

HOUSE BILL 287-SPONSOR, Representative Fabrega, introduced this bill to the committee. This bill expands the duties of the Division of Motor Vehicles by requiring the Division within 30 days after the end of each calendar quarter to send to each county assessor a list of certificates of ownership for house trailers issued during the preceding calendar quarter to owners within each assessor's respective county. Representative Fabrega said that one of the problems the department has now is keeping track of people who move during the year. Representative Fabrega submitted proposed amendments for HB 287 to the committee. A copy is attached and is EXHIBIT 1 of the minutes.

PROPOSERS

LARRY KOMLOFSKE, Justice/Motor Vehicles Div., arose and stated that they supported HB 287.

JESS MUNRO, Montana Dept. of Revenue, stated they supported the bill and also requested that a copy of the list be sent to them so they can monitor what goes on.

ED SHEEHY, Montana Manufacturers Housing Div., stated they supported HB 287.

OPPOSERS

There were no opposers to House Bill 287.

Chairman Feda opened the hearing to questions from the committee.

Representative Pistoria asked if the purpose of the bill was to keep mobile home owners who move from being exempt from paying taxes. The answer was yes.

Representative Hanson asked how the Department would know which county assessor to send the title to. It was stated that this information would be on the moving permit.

HOUSE BILL 275-SPONSOR, Representative Hemstad, introduced this bill to the committee. This bill, requested by the State Auditor revises the timing of reports to, and state payments by the Auditor involving the Municipal Police Officers' Retirement System and the local police and firefighters' retirement funds. For the Municipal Police Retirement System, the Public Employees' Retirement Division must notify the Auditor of the annual compensation paid to all active members during the preceding year by April 1. For supplemental payments to municipal officers retired before July 1, 1975, the Department of Administration shall report the necessary information to the Auditor who must make annual payments after the end of each fiscal year but before September 1. Similarly, the Auditor must pay the state contribution to local police and firefighters' retirement funds after the end of each fiscal year.

PROPOSERS

FERN ERICKSON, Montana Firefighters' Assoc., urged the committee's support on House Bill 275.

DAVE FISHER, Montana Volunteer Firefighters' Assoc., stated they were in support of this bill.

OPPOSERS

There were no opposers to House Bill 275.

LARRY NACHTSHEIM, P.E.R.S., stated that he was appearing not as an opposer or proposer but wanted to request that an amendment be made to the bill. A copy of this amendment is attached and is part of EXHIBIT 2 of the minutes.

Chairman Feda opened the hearing to questions from the committee.

Representative Pistoria asked Representative Hemstad if she agreed to the amendment. She said it had been discussed and she had no problem with this amendment.

Representative Hemstad closed the hearing on House Bill 275.

HOUSE BILL 271-SPONSOR, Representative Thoft, introduced HB 271 to the committee. Representative Thoft offered an amendment to the committee which is part of EXHIBIT 2 of the minutes. Currently a volunteer firefighter who is disabled and prevented from completing 20 years of more of service may qualify for a partial pension at age 55, if he has completed at least ten years of service. This bill permits an active volunteer firefighter whose injury results in a permanent, total disability to receive a partial pension at any age. However, the Public Employees' Retirement Board may require a disability retiree to undergo periodic medical examinations. In addition, under certain circumstances his pension may be cancelled and later reinstated.

PROPOSERS

ART KORN, Montana State Volunteer Firefighters' Assoc., stated their support of HB 271 with the amendments.

JIM TURCOTTE, P.E.R.D., stated that the department would have no problem administering the bill especially with the amendments.

DAVE FISHER, Montana Volunteer Firefighters Assoc., stated their support of HB 271.

HENRY LOHR, Montana Volunteer Firefighters' Assoc. of Broadwater County, stated they were in support of this bill.

CLEM DUAIME, Montana Volunteer Firefighters' Assoc., stated support of HB 271.

OPPOSERS

There were no opposers to House Bill 271.

Chairman Feda opened the hearing to questions from the committee.

Representative Spilker stated that possibly the title of the bill would also have to be amended. This was agreeable to the sponsor and to the committee.

Representative Thoft closed the hearing on House Bill 271.

HOUSE BILL 296-SPONSOR, Representative Nordtvedt, introduced this bill to the committee. This bill proposes an amendment to the Montana constitution to permit investment of public funds in private corporate capital stock. (Currently only retirement funds may be invested in private stock.) It also removes the requirement that school funds bear a fixed rate of interest. If approved by the voters the amendment is effective January 1, 1983. Representative Nordtvedt said that during a period of high sustained inflation, the kind of stocks the investment board is locked into are guaranteed to be losers. In the past the board has had the opportunity to invest in good capital stock but was prohibited by the constitution from doing so.

PROPOSERS

There were no proponents to House Bill 296.

OPPOSERS

There were no opponents to House Bill 296.

Chairman Feda opened the hearing to questions from the committee.

Representative Mueller asked Representative Nordtvedt what controls we have to ensure that the board would not invest in illegal stocks. He answered that the statute prohibits the board from doing this.

Representative Kemmis arrived at the hearing during the question session and stated that he would have liked to appear as an proponent to House Bill 296. He said it is a good bill.

Representative Nordtvedt closed the hearing on HB 296.

HOUSE BILL 303-SPONSOR, Representative Dave Brown, explained the intent of the bill to the committee. This bill increases the state contribution to the disability and pension funds of the fire department relief associations from 10% to 14% of the total compensation paid by the city or town to its paid or part-paid firefighters. It also funds through premium insurance taxes the escalator provision for firefighters retiring after July 1, 1973. This escalator provision, which prevents the monthly service, disability, or survivorship pension for a member or his beneficiary

from being less than one-half the regular monthly salary paid to a confirmed, active firefighter, is now being financed through the retirement funds.

Representative Brown said this bill is the product of an interim study committee. He said this bill would not affect any of the other retirement bills submitted this session and he hoped the committee would take action on this bill.

PROPOSERS

RAY BLEM, Lobbyist for the Montana State Firefighters Assoc., addressed the committee concerning the cost involved with this bill. He passed out a revised copy of the fiscal note. A copy is attached and is EXHIBIT 3 of the minutes. He said that the original fiscal note only deals with one section of the penalty adjustment clause. He said any difference in the fiscal notes is justified.

R. A. ELLIS, Montana Firefighters Assoc., stated his support of HB 303.

DAVE FISHER, Montana Firefighters Assoc., arose and stated their support of the bill.

OPPOSERS

There were no opposers to House Bill 303.

Chairman Feda opened the hearing to questions by the committee.

Representative Sales said that he would like to have a list of state and employer contribution rates to the public retirement system. He said this would be very useful to the committee. Mr. Blem said that he would get copies for the committee from the state auditor's office. (Mr. Blem brought these copies in after the meeting adjourned.) A copy is attached and is EXHIBIT 4 and 5 of the minutes.

Representative Brown closed the hearing on House Bill 303.

EXECUTIVE SESSION

Representative Kanduch was excused for executive session due to illness. Sixteen members were present for executive session.

HOUSE BILL 302-hearing 1/26/81

DO PASS AS AMENDED

Staff researcher, Lois Menzies, pointed out the amendment in the bill that needed a motion. (SEE EXHIBIT 2)

Representative O'Connell moved the amendments. Vote carried unanimously.

Representative Dussault made a motion that HB 302 DO PASS AS AMENDED. Discussion followed. Question being called, a vote was taken and carried unanimously.

HOUSE BILL 117-reconsidered

DO NOT PASS

Representative Dussault moved that HB 117 receive a DO NOT PASS recommendation. Representative Mueller seconded the motion. Question was called and a vote taken. Vote carried with 15 YES and 1 NO. Representative Sales voted NO.

HOUSE BILL 74-sub-committee bill

DO PASS AS AMENDED

Representative Spilker moved that HB 74 DO PASS AS AMENDED. The motion was seconded by Representative Hanson. Question being called, a vote was taken and carried with 14 YES and 2 NO. Representatives Dussault and McBride voted NO.

HOUSE BILL 181-reconsidered

TABLED

Discussion was held by the committee. Representative Briggs moved to TABLE HB 181. Representative Kropp seconded the motion. Question being called, a vote was taken and carried with 15 YES and 1 NO. Representative Spilker voted NO.

HOUSE BILL 169-reconsidered

DO NOT PASS

Representative Pistoria made a motion that HB 169 DO PASS. He gave background information concerning the hearing and read testimony submitted at the hearing by Beverly Gibson.

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EXECUTIVE SESSION (cont.)

HB 169-cont.

Following discussion of this bill, Representative Mueller made a substitute motion that HB 169 DO NOT PASS. He explained his motion. He said this bill would put us back in the position we were in several years ago. He said the people he has talked to think the present system is better. Question was called on the motion and a vote taken. Motion carried with 9 YES and 7 NO. This vote is recorded on the roll call vote sheets.

HOUSE BILL 252

NO ACTION TAKEN

Representative Dussault said that what the sponsor (Rep. A. Curtiss) wanted to accomplish with this bill could be accomplished at the end of the session with a little paper shuffling. She did not feel the bill as written addressed the actual problem.

Discussion followed. The feeling of the committee was that the sponsor should have the opportunity to rewrite the bill to address the problem properly. The committee did feel there is a need for some action concerning notifications to legislators.

A motion was made to hold the bill in committee. A vote was taken and carried unanimously.

HOUSE BILL 271

DO PASS AS AMENDED

Representative O'Connell moved the amendments (SEE EXHIBIT 2). A vote was taken and carried unanimously.

Representative O'Connell made a motion that HB 271 DO PASS AS AMENDED. Question being called, a vote was taken and carried unanimously.

Representative Smith moved this bill be placed on the Consent Calendar. Representative McBride opposed the motion. Motion failed.

EXECUTIVE SESSION (cont.)

HOUSE BILL 275

DO PASS AS AMENDED

Representative Pistoria moved the amendment. (SEE EXHIBIT 2) A vote was taken and carried unanimously.

Representative O'Connell moved that HB 275 DO PASS AS AMENDED. Question being called, a vote was taken and carried unanimously.

Representative O'Connell moved HB 275 be placed on the Consent Calendar. No one opposed this motion. Motion carried.

HOUSE BILL 287

DO PASS AS AMENDED

Representative Kropp moved the amendments. (SEE EXHIBIT 1) Representative Mueller seconded the motion. A vote carried unanimously. Representative Kropp moved that HB 287 DO PASS AS AMENDED. A vote was taken and carried unanimously.

Representative Pistoria moved HB 287 be placed on the Consent Calendar. Representative McBride opposed this motion. Motion failed.

HOUSE BILL 296

DO PASS AS AMENDED

Staff Researcher, Lois Menzies, pointed out a clerical error in the bill that needed to be amended.

Representative O'Connell moved the amendment. Motion carried unanimously.

Representative O'Connell made a DO PASS AS AMENDED motion. Question being called, a vote was taken and carried unanimously.

HOUSE BILL 134-hearing 1/27/81

DO NOT PASS

Representative O'Connell made a DO PASS motion.

Representative Mueller made a substitute motion DO NOT PASS. He spoke to the motion. Question being called, a vote was taken and carried 11 YES and 5 NO. Representatives Phillips, O'Connell, Pistoria, Kennerly and Holliday voted NO.

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EXECUTIVE SESSION (cont.)

Chairman Feda discussed reconsideration of House Bill 290 which was heard in committee on 1/26/81. No motion was made.

A motion was made to adjourn at 10:00 a.m.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "G. C. Yida", is written above a horizontal line.

G. C. "JERRY" FEDA, Chairman

Cathy Martin-Secretary

Proposed Amendments to HB 287

1. Title, line 6.

Following: "ASSESSOR"

Insert: "AND THE DEPARTMENT OF REVENUE"

2. Title, line 7.

Following: "HOUSETRAILERS"

Insert: "AND MOBILE HOMES"

3. Page 3, line 24.

Following: "assessor"

Insert: "and to the department of revenue"

4. Page 3, line 25.

Following: "housetrailerers"

Insert: "and mobile homes"

AMENDMENTS TO HOUSE BILL 271:

1. Title, line 6.
Following: "DISABLED"
Insert: "FROM A DUTY-RELATED INJURY"
2. Page 2, line 23.
FOLLOWING: "whose"
Insert: "duty-related"
Following: "injury"
Strike: "from any cause"

AMENDMENT TO HOUSE BILL 275:

1. Page 1, line 16.
Following: line 15
Insert: "after the end of each fiscal year but
no later than September 1"

AMENDMENT TO HOUSE BILL 296:

1. Page 2, line 15.
Following: "November"
Strike: "2, 1981"
Insert: ",1982"

AMENDMENT TO HOUSE BILL 302:

1. Title, line 7.
Following: "EMPLOYEES"
Insert: "AND PERMITTING LOCAL GOVERNING BODIES TO
ADMINISTER SIMILAR PLANS"

STATE OF MONTANA

REQUEST NO. 162-81

FISCAL NOTE

Form BD-15

In compliance with a written request received January 20, 19 81, there is hereby submitted a Fiscal Note for House Bill 303 pursuant to Chapter 53, Laws of Montana, 1965 - Thirty-Ninth Legislative Assembly. Background information used in developing this Fiscal Note is available from the Office of Budget and Program Planning, to members of the Legislature upon request.

THIS IS A REVISED FISCAL NOTE.

DESCRIPTION OF PROPOSED LEGISLATION:

To increase the state contribution to the disability and pension funds of the fire department relief associations and provide funding for the escalator provision for pensions from the insurance premium taxes.

FISCAL IMPACT:

The outlay required in the next two years will depend upon the base pay for confirmed firemen as established by the individual cities. Based upon actuarial assumptions, it is estimated that the outlay for fiscal year 1982 will be \$325,000 and for fiscal year 1983 it will be \$354,000.

LONG TERM EFFECT:

It is estimated that the long term effect will be an outlay of approximately 10% of the active firemen's salaries from the tax fund.

COMMENT:

The bill does not increase any benefits to the firemen and as such the overall cost to the taxpayers is zero. The bill merely removes the liability for benefit increases from the cities and places the liability on the premium tax fund. It does, however, provide immediate funding rather than relying upon undefined future contributions.

David M. Lewis

BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 1-26-81

303

4 from State Auditor's Office

STATE FUNDING FOR FIREFIGHTERS' RETIREMENT EXHIBIT 4

I. REVENUE:

INSURANCE DEPARTMENT COLLECTIONS FOR FISCAL YEAR ENDING JUNE 30TH:

	Other Than Life Premium Tax ¹	Firemen's Pension Tax ²
1962	\$1,182,296	
1963	1,290,876	
1964	1,331,861	
1965	1,377,099	
1966	1,480,737	
1967	1,605,392	
1968	1,643,372	
1969	1,786,786	
1970	2,239,370	
1971	2,483,581	
1972	2,921,201	
1973	3,221,340	
1974	3,519,525	
1975	4,013,822	381,684
1976	4,591,501	472,924
1977	5,804,292	549,670
1978	6,541,861	619,082
1979	7,380,643	684,276
1980	8,049,699	

II. DISBURSEMENTS FOR FISCAL YEAR 1980:

2 3/4% PREMIUM TAX:

Firefighters:	\$ 832,877
Police:	1,475,168
Vol. Firefighters:	<u>243,419</u>

Total Payments: \$2,551,464

Amt. Returned to General Fund: \$4,829,179

1 1/2% TAX ON FIRE PORTION OF PREMIUMS:

Firefighters' retired before 7/1/73: \$ 524,034

Amt. remaining in fund (including 1980 balance): \$ 418,200

III. PROJECTED COSTS:

---\$250,000 needed to increase state contribution from 10% to 14%;

---\$380,000 needed to finance escalator for those retired after 7/1/73

¹ 2 3/4% tax on premiums used to pay state contribution of 10% of annual salaries for firefighters and 12% for police; (also provides benefit payments for volunteer firefighters)

² 1 1/2% tax on fire portion of premiums used to pay pension supplement (escalator provision) for firefighters retired before 1/7/73

EMPLOYER AND STATE CONTRIBUTION RATES TO PUBLIC RETIREMENT SYSTEMS (1971-1980)

NOTE: Contribution rates are based on a percentage of active employees' salary except when otherwise noted. Rates do not include administrative expenses.

	P.E.R.S.	TEACHERS	*HIGHWAY PATROL	*POLICE	*FIREFIGHTERS
	Employer	Employer	Employer	City State	City State
1971	4.3%	5.125%	Based on Driver's License Fees	Based on mill levy	Based on mill levy
1972	4.3	5.125		10.0	10.0
1973	4.6	5.25		10.0	10.0
1974	4.6	5.25	15.0	10.0	10.0
1975	4.9	6.25	16.0	11.0 10.0	10.0
1976	5.25	6.25	16.0	11.0 10.0	10.0
1977	5.65	6.312	16.0	12.0 12.0	10.0
1978	5.90	6.312	16.0	12.0 12.0	10.0
1979	5.90	6.312	16.0	14.0 14.0	10.0
1980	5.90	6.312	16.0	14.0 14.0	10.0

SHERIFFS: No increase in employer rates of contribution since its creation in 1974 (Employer Rate = 7.55%)

JUDGES: No increase in employer rates of contribution since its creation in 1967 (Employer Rate = 6.0%). Fund also receives an amount equal to 20% of the salaries paid to district judges and supreme court justices collected from fees paid to the clerk of each district court and 25% of the fees collected by the clerk of the supreme court.

GAME WARDENS: No increase in employer rates of contribution since its creation in 1963 (Employer Rate = 7.0%). Fund also receives money collected from fines and forfeited bonds.

* No Social Security

Administrative Expenses: In addition to the above contributions, some employers must pay administrative expenses. Employers in the PERS and Game Wardens' Retirement System pay .3% of gross compensation. (PERS employers also pay a \$1.00 annual membership fee per employee.) The state pays the administrative costs for the sheriffs', police, and highway patrol funds. Costs for the judges' and teachers' system are paid out of their retirement fund. The individual associations absorb the costs for the firefighters' fund.

House Bill 302
Statement of Intent

The intent of House Bill 302 is to give the Department of Administration the authority to pay sick pay in accordance with the criteria established in 42 U.S.C. 409 (b) or (d). This authority will allow the State of Montana and other political subdivisions to take advantage of the option to exclude payments of sick pay (for illness) from the Social Security (FICA) tax.

VISITORS' REGISTER

HOUSE

COMMITTEE

ALL

Date _____

SPONSOR

[illegible]

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR LONGER FORM.

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

VISITORS' REGISTER

HOUSE

COMMITTEE

WILL

Date

SPONSOR

[illegible]

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR LONGER FORM.

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

VISITORS' REGISTER

HOUSE COMMITTEE

BILL HB 271

Date _____

SPONSOR _____

[illegible]

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR LONGER FORM.

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

VISITORS' REGISTER

HOUSE

COMMITTEE

NTLL

Date

SPONSOR

[illegible]

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