

MINUTES OF THE MEETING  
STATE ADMINISTRATION COMMITTEE  
MONTANA STATE SENATE

March 11, 1985

The thirty-ninth meeting of State Administration Committee was called to order by Chairman Jack Haffey, in Room 331, Capitol, at 10 a.m. on Monday, March 11, 1985.

ROLL CALL: All the members were present.

CONSIDERATION OF HOUSE BILL 283: Helen G. O'Connell, House District 40, Great Falls, is the sponsor of this bill entitled, "AN ACT INCREASING DRIVER'S LICENSE AND DUPLICATE DRIVER'S LICENSE FEES; PROVIDING THAT THE INCREASE IN THESE FEES BE DEPOSITED INTO THE MONTANA HIGHWAY PATROLMEN'S RETIREMENT PENSION TRUST FUND; AMENDING SECTIONS..., MCA; AND PROVIDING AN EFFECTIVE DATE." Representative O'Connell said that these three bills are a package and will be handled as such. Senator Haffey said he would have Representative O'Connell present her testimony on all three bills and he will then call for proponents and opponents, whose testimony will apply to all the bills. Representative O'Connell said that HOUSE BILL 283 provides the funding base for two bills revising the Montana Highway Patrol Retirement system. The increase in fees requested, from \$2 to \$3 per year or from \$8 for 4 years to \$12 for 4 years, is the first driver's license fee increase since 1962 when the fee was raised to provide a photographic license. In checking the licenses of other states, it was found that Montana's were quite a bit lower as were the duplicate copies of licenses. (See Exhibit "A" attached hereto, and by this reference made a part hereof.)

CONSIDERATION OF HOUSE BILL 291: Helen G. O'Connell, House District 40, Great Falls, is the sponsor of this bill entitled, "AN ACT REVISING PROVISIONS CONCERNING THE HIGHWAY PATROLMEN'S RETIREMENT SYSTEM; DEFINING RETIREMENT BENEFITS AVAILABLE UPON THE DEATH OF A PATROLMAN TO HIS SURVIVING SPOUSE, DEPENDENT CHILD, DESIGNATED BENEFICIARY, OR ESTATE; DEFINING THE REFUND AVAILABLE TO CERTAIN PATROLMEN UPON RESIGNATION; INCREASING THE SERVICE RETIREMENT ALLOWANCE FOR CERTAIN MEMBERS; INCREASING THE EMPLOYEE'S AND STATE'S CONTRIBUTIONS TO THE RETIREMENT SYSTEM; DEFINING THE ELIGIBILITY REQUIREMENTS FOR SERVICE RETIREMENT FOR A PATROLMAN HIRED AFTER JULY 1, 1985; PROVIDING PAYMENT OF A RETIREMENT ALLOWANCE TO CERTAIN HIGHWAY PATROLMEN WHO HAVE BEEN DISCONTINUED FROM SERVICE AFTER COMPLETING 5 YEARS OR MORE OF SERVICE; AMENDING SECTIONS..., MCA; REPEALING SECTION ..., MCA; AND PROVIDING AN EFFECTIVE DATE. Representative O'Connell said that this bill is a general revision of the benefit structure of the Highway Patrolmen's Retirement System. Primarily it

provides as statutory beneficiaries the surviving spouse and dependent children. This is in keeping with the general trend in federal legislation which recognizes the spouses' rights to a portion of a retiring individual's pension. The provisions in this act are similar to those found in the state systems administered for police officers and firefighters but is less expensive in that it provides 2% per year of service ( $\frac{1}{2}$  pay--25 years) versus 2 $\frac{1}{2}$ % per year of service ( $\frac{1}{2}$  pay in 20 years) found in the state administered police and firefighters' system. This bill is funded by an increase of employee as well as employer contributions. Representative O'Connell then went through the bill section by section. She told how Highway Patrolmen have not received cost-of-living raises the way other PERS members had. (For more of Representative O'Connell's testimony, see Exhibit "B" attached hereto and by this reference made a part hereof.)

CONSIDERATION OF HOUSE BILL 292: Representative Helen G. O'Connell, House District 40, Great Falls, is the sponsor of this bill entitled, "AN ACT PROVIDING A MINIMUM MONTHLY BENEFIT ALLOWANCE FOR CERTAIN RETIRED HIGHWAY PATROLMEN AND THEIR BENEFICIARIES; PROVIDING FUNDING FOR THE MINIMUM MONTHLY BENEFIT ALLOWANCE THROUGH INCREASED EMPLOYEE AND EMPLOYER CONTRIBUTIONS; AMENDING ..., MCA; AND PROVIDING AN EFFECTIVE DATE." Representative O'Connell said this bill was designed to provide a minimum monthly benefit for all retired highway patrolmen age 55 or older who are receiving a service retirement or their beneficiaries. The same minimum benefit is provided for patrolmen receiving a disability allowance or survivors of a deceased patrolman regardless of age. The minimum benefit is based on the current salary of a probationary highway patrolman and is limited to 60% of that current salary. No retiree may receive more than a 5% increase in benefits in any one year. She said the bill is funded by an increase in member contributions of 1% of salary and employer contributions of 8.17% of salary. Representative O'Connell said that Highway Patrolmen are not covered by social security. She listed the various amounts received by the highway patrolmen. She further said that in 1981, the retired highway patrolmen were included in the 50 cents per month of service granted all public employees with a minimum benefit of \$450 per month for every member who had completed 25 years of service; with lesser minimums for years of service less than 25. (For more of Representative O'Connell's testimony see Exhibit "C" attached hereto and by this reference made a part hereof.)

PROPOSERS: These proposers go on record as supporting all three bills.

Gene Miller, Great Falls, Retired Highway Patrol Officer, serving as President of the Retired Highway Patrol Members, supports this bill. He said that the retirement plan needed some attention as it is outdated and hard to administer. Mr. Miller said with the help of Larry Nachtsheim, Larry Majerus, and Tom Schneider they worked for two years to present this plan. He hoped the Committee would support it.

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Representative Kerry Keyser, House District 74, Ennis, supports these bills. Representative Keyser said that for many years he has not carried or spoke on behalf of highway patrol bills because he was a highway patrolman. Representative Keyser feels that the highway patrolmen have been treated as second-class citizens as far as their retirement goes. He said the highway patrolmen were the last to go on the 5-day week. Representative Keyser feels that the retirement system needs updated. He feels they should be put on an equal status with the other retirement systems. Representative Keyser said that this is a sounder plan. He told how the old retirement encouraged people to resign before their 25 years were up, or their retirement dropped. He felt they should be first class citizens.

Al Rierson, Retired Highway Patrol Officer from Kalispell, supports these bills. Mr. Rierson feels this bill is long overdue.

Charles Whitson, Montana Highway Patrol, supports these bills.

Patrolman Tom Carranco, supports these bills.

Sgt. Dick Chase, Montana Highway Patrol, supports these bills.

Bob Bishop, Montana Highway Patrol, supports these bills.

Thomas Cahill, Retired Highway Patrolman, supports these bills.

Sandy James, wife of Highway Patrolman, supports these bills.

Verlette Eshleman supports these bills.

Nellie Carey supports these bills.

Sgt. Marvin Tate, Montana Highway Patrol, supports these bills.

Jack Gaughen, Montana Highway Patrol, Sidney, supports these bills.

Sgt. Kessner, Montana Highway Patrol, supports these bills.

Les Frank, Montana Highway Patrol, Anaconda, supports these bills.

Sgt. Warren Meade, Montana Highway Patrol, supports these bills.

Lt. Ervin Garrick, Montana Highway Patrol, supports these bills.

Austin Carey, Montana Highway Patrol, Big Sky, supports these bills.

James Riddle, Montana Highway Patrol, Townsend, supports these bills.

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Officer Larry Dean, Glendive, supports these bills.

John Odlin, Montana Highway Patrol, Missoula, supports these bills.

Capt. John Eshleman, Montana Highway Patrol, Great Falls, supports these bills.

Craig Szudera, Great Falls, supports these bills. Mr. Szudera said that he was concerned about survivorship because he has a large family.

Lt. Gary James, Montana Highway Patrol, Great Falls, supports these bills.

Janet Baker, Patrol Officer, supports these bills.

Sadie Lindstrom, widow of Highway Patrolman, supports these bills.

Larry Majerus, Administrator of Motor Vehicle Division, supports these bills. Mr. Majerus said that the Attorney General felt that this was the fairest way to finance this and urges a do pass on these three bills. Mr. Majerus talked about the fiscal note and how the fiscal notes following HB-291 and HB-292 were figured out only in case HB-283 did not pass, as an alternative form of funding. They should be disregarded. He then explained the fiscal note for HB-283 and explained where the funding would go.

Senator J. D. Lynch, Senate District 34, Butte, supports these bills. Senator Lynch said he was a sponsor of this bill and he wants to go on record as supporting them.

Senator Richard Manning, Senate District 18, Great Falls, supports these bills. As a retired firefighter, he knows how much it costs to live, and he feels this retirement system is long overdue for updating.

Colonel Robert Landon, Chief of the Highway Patrol, supports these bills. He said he would like to give the Committee an administrative view point of these three bills. He said they are a complete package, and the homework has been done and you can rely on the fact that together they are good legislation. Col. Landon said that most of the officers are stationed miles from other officers and face danger daily as they carry out their duties. He said they were dedicated people. Col. Landon felt that an adequate retirement system is an incentive for good people to join the patrol. He said that many good men leave the Patrol after 20 years because they feel that they need another retirement. Many people do not know that the Highway Patrol does not have social security. This fact actually saves money for the state of Montana. (For more of Colonel Landon's testimony see Exhibit "D" attached hereto and by this reference made a part hereof.)

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Tom Schneider, Public Employees Retirement System, representing the Officers of Highway Patrol, supports these bills. Mr. Schneider told the Committee that he had given them two hand-outs. (Attached hereto marked Exhibits "E" and "F" and by this reference made a part hereof.) Mr. Schneider told the Committee that the plan contained in these three bills took two years to work out, but they feel it is a good plan. He told the Committee that the Highway Patrol does not have social security. It seems at the time of original enactment if you already had a retirement plan, you could not qualify for social security. Later, when they could have qualified for social security, the plan itself was shaky. Mr. Schneider said that he had a problem with a retirement age of 50, but this was a compromise age. Mr. Schneider said he would be glad to answer any questions that anyone has.

Larry Nachtsheim, Public Employees Retirement System, supports these bills. Mr. Nachtsheim introduced the amendment to HB-283. (Attached hereto marked Exhibit "G" and by this reference made a part hereof.) Mr. Nachtsheim explained that what happened in HOUSE BILL 283 was an oversight and this amendment would correct the oversight. He said contribution rates were put in and do reflect the oversight and are accurate. Mr. Nachtsheim also said that HB-291 and HB-292, as well as HB-283 are all compatible.

OPPONENTS: There were no opponents.

COMMITTEE QUESTIONS: Senator Lynch asked them if they hadn't passed a bill that dealt with fines on liability insurance. Mr. Majerus said that bill got killed. Representative O'Connell said that she voted for that bill, but it got killed. Senator Conover wanted to know why the fiscal note wasn't taken off there. Mr. Majerus said that he felt that there was no problem with leaving it in place. He said it was perfectly obvious that House Bill 283 funds this.

Representative O'Connell closed by saying that these are a package and since HB-283 has to go back to the House because of the amendment, she asked that the Committee hold HB-291 and 292 until it returns. Representative O'Connell asked the Committee to please look favorably upon these bills.

HOUSE BILLS 283, 291 and 292 are closed.

EXECUTIVE ACTION ON HOUSE BILL 283: Senator Manning made a motion that the amendments to House Bill 283 be passed. Question was called and the Committee voted unanimously that the amendments to HOUSE BILL 283 do pass. Senator Manning made a motion that HOUSE BILL 283 as amended be concurred in. Question was called, and the Committee voted unanimously that HOUSE BILL 283 BE CONCURRED IN. (Senator VanValkenburg will carry this bill to the floor of the Senate.)

Senator Haffey said that we would hold HOUSE BILLS 291 and 292 until the return of HOUSE BILL 283.

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Senator Haffey said that the Committee would take Executive Action on HOUSE BILL 227 on Tuesday, March 12, 1985.

The meeting was adjourned at 10:45 a.m.

  
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SENATOR JACK HAFEEY, CHAIRMAN



DATE March 11, 1985

COMMITTEE ON State Administration

VISITORS' REGISTER

NAME	REPRESENTING	BILL #	Check One	
			Support	Oppose
Tom Schumaker	MHPA	283-291, 292	✓	
Hena E. Miller	MHP	283-291, 292	✓	
Al Pinner	"	283-291, 292	✓	
Charles Whitson	MHP	283-291, 292	✓	
Warren W. Meade	M.H.P.	283-291, 292	✓	
Tom Carraugh	MHP	283-291, 292	✓	
Richard C. Cannon	MHP	283-291, 292	✓	
Robert S. Lusk	MHP	283-291, 292	✓	
Thomas C. Hill	MHP Retired	✓		
Shirley W. Hancock	M.H.P. Retired	283-291, 292	✓	
Dreg Snyder	MHP	283-291, 292	✓	
Jim P. [unclear]	MHP [unclear]	283-291, 292	✓	
Janet [unclear]	MHP Billings	283-291, 292	✓	
Ray Frank	M.H.P. Anaconda	283-291, 292	✓	
Gene [unclear]	MHP Butte	283-291, 292	✓	
Jan R. [unclear]	MHPATROL Great Falls	283-291, 292	✓	
Janet [unclear]	MHP-WIFE " "	283-291, 292	✓	
R.W. Lander	Highway Patrol Helena	283-291, 292	✓	
Don + VERLETTE ESHLEMAN	MHP GT. FALLS	283-291, 292	✓	
L.W. Bean	MHP Blendive	283-291, 292	✓	
Austin H. [unclear]	MHP Big Sky	283-291, 292	✓	
Larry May	MHP Big River DO Justice	283-291, 292	✓	
John S. [unclear]	MHP Missoula	283-291, 292	✓	
[unclear]	MHP Missoula	283-291, 292	✓	
Janet [unclear]	M.H.P. [unclear]	283-291, 292	✓	
Ken W. [unclear]	M.H.P. [unclear]	283-291, 292	✓	



*Exhibit "A"*  
*HB-283*  
*3-11-85*

HOUSE BILL 283

House Bill 283 provides the funding base for two bills revising the Montana Highway Patrol retirement system.

The increase in fees requested, from \$2.00 to \$3.00 per year or from \$8.00 for 4 years to \$12.00 for 4 years, is the first driver's license fee increase since 1962 when the fee was raised to provide a photographic license, and the first increase, from \$1.00 to \$5.00, in the cost of a duplicate license since 1947 when the fee was first established.

In checking the cost of licenses in other states, it was found that the range is from \$2.50 for 4 years in Wyoming to \$41.00 for 4 years in New York, with the large majority falling in the \$10.00 to \$13.00 for 4 years range.

Duplicates run from \$10.00 in several states to \$1.00 in Montana and Rhode Island, with the majority in the \$3.00 to \$5.00 range.

HB 291

Exhibit "B"  
SB-291

LC 0547/01 3-11-85

Introduced

This bill is a general revision of the benefit structure of the Highway Patrolmen's Retirement System. Primarily it provides as statutory beneficiaries the surviving spouse and dependent children. This is keeping with the general trend in federal legislation which recognizes the spouses' rights to a portion of a retiring individual's pension. The provisions in this act are similar to those found in the state systems administered for police officers and firefighters but is less expensive in that it provides 2% per year of service (1/2 pay - 25 years) versus 2 1/2% per year of service (1/2 pay in 20 years) found in the state administered police and firefighters' system.

It also changes the vesting period for retirement from 10 to 5 years which is similar to most state administered systems.

The bill is funded by an increase of employee as well as employer contributions.

Section 1. Defines:

- (4) Beneficiary to include as primary beneficiaries a surviving spouse or dependent child.
- (8) Dependent child similar to the definition used for police officers and firefighters.
- (16) Surviving spouse similar to definition used for police officers and firefighters.

Section 2. Increases employee contributions of .09% of salary which is the funding required for section 3, and section 8.

Section 3. Permits terminating employee to receive interest on refunds of contributions regardless of length of service. Similar to all other state administered systems. Funded by employee in section 2.

Section 4. Provides funding for all other provisions except sections 3 and 8, by increasing employer contributions by 2.01%.

Section 5. Defines eligibility for service retirement. Requires that patrolmen hired after July 1, 1985, must wait until he is fifty years old to receive a retirement benefit. Some savings to system after 2005.

Section 6. Increases credit for years of service after 25 years from 1% to 2% per year of service. All service would be worth 2%/year.

Section 7. Provides for the spouse or dependent child to receive continued service benefit at retired patrolman's death. Similar to police or firefighters.

Section 8. Changing vesting from 10 to 5 years similar to other state administered systems.

Section 9. Provides continuance of disability benefits similar to service retirement in section 7.

HB 292

Exhibit "C"  
SB-292  
3-11-85

LC 0548/01

This bill was designed to provide a minimum monthly benefit for all retired highway patrolmen age 55 or older who are receiving a service retirement or their beneficiaries. The same minimum benefit is provided for patrolmen receiving a disability allowance or survivors of a deceased patrolman regardless of age.

The minimum benefit is based on the current salary of a probationary highway patrolmen and is limited to 60% of that current salary. No retiree may receive more than a 5% increase in benefits in any one year.

The bill is funded by an increase in member contributions of 1% of salary and employer contributions of 8.17% of salary.

Highway patrolmen do not have social security coverage. The average monthly benefit on July 1, 1984, is less than \$555 per month for the service retirees that would receive a benefit under this bill; \$455 per month for disabled patrolmen and \$393 per month for surviving beneficiaries.

The Highway Patrolmen have not fared as well as retired members of PEPS who have received a cost-of-living increase in every session since 1971, firefighters or judges who receive annual cost-of-living increases or pre-1973 retired police officers who also receive annual increases.

They received a cost-of-living increase in 1975 based on 50% of the increase in the CPI with a minimum benefit of \$300 per month beginning on July 1, 1974. In 1979, a minimum benefit was granted to the surviving spouses of highway patrolmen who had exhausted their benefits and were not receiving monthly allowances.

In 1981, the retired highway patrolmen were included in the 50 cents per month of service granted all public employees with a minimum benefit of \$450 per month for every member who had completed 25 years of service; with lesser minimums for years of service less than 25.

*Exhibit "D"*

SB'o-283

291

292

3-11-85

TESTIMONY FOR THE HIGHWAY PATROL'S  
THREE RETIREMENT BILLS  
BEFORE THE SENATE STATE ADMINISTRATION COMMITTEE  
ON MONDAY MARCH 11, 1985

FOR THE RECORD, MY NAME IS COLONEL ROBERT LANDON, I'M CHIEF OF THE HIGHWAY PATROL. I WOULD LIKE TO GIVE YOU AN ADMINISTRATIVE VIEW POINT OF THESE THREE BILLS. THEY ARE A COMPLETE PACKAGE. THE HOMEWORK HAS BEEN DONE AND YOU CAN RELY ON THE FACT THAT TOGETHER THEY ARE GOOD LEGISLATION.

THE HIGHWAY PATROL IS MONTANA'S FINEST POLICE ORGANIZATION. EACH MEMBER FOLLOWS THE PATROL'S MOTTO - "SERVICE WITH HUMILITY" AS THEY GO ABOUT THEIR DUTIES. MOST OF THE OFFICERS ARE STATIONED MILES FROM OTHER OFFICERS AND FACE DANGER DAILY AS THEY CARRY OUT THEIR DUTIES. THEY ARE A GROUP THAT THE CITIZENS OF MONTANA CAN JUSTLY BE PROUD OF. THEY GIVE MUCH MORE THAN THEY GET AND ARE DEDICATED PEOPLE COMMITTED TO A PATROL CAREER.

THE RESULTS OF THEIR WORK IN 1982 AND 1984 SAW THAT WE HAD THE SAFEST YEARS IN OVER TWO DECADES. IN 1982 WE HAD THE SAFEST YEAR IN THE LAST TWENTY YEARS. IN 1984 WE HAD THE SAFEST YEAR IN THE LAST TWENTY-ONE YEARS. SO YOU SEE, THE PEOPLE IN THE

THE HIGHWAY PATROL ARE WORKING DILIGENTLY TO SAVE THE LIVES OF MONTANA CITIZENS. AN ADEQUATE RETIREMENT SYSTEM IS AN INCENTIVE FOR GOOD PEOPLE TO JOIN THE PATROL. SINCE OTHER POLICE AND THE STATE PERS SYSTEM HAVE MOVED AHEAD OF THE PATROL'S RETIREMENT SYSTEM, WE APPRECIATE THIS OPPORTUNITY TO BRING THE PATROL'S SYSTEM IN LINE WITH THEM.

RETIREMENT BILL TESTIMONY  
PAGE 2

IN THE RECENT PAST, I HAVE SEEN A NUMBER OF OFFICERS LEAVE THE PATROL AFTER TWENTY YEARS OF SERVICE IN THEIR PRIME OF LIFE. THIS IS NOT GOOD FOR THE PATROL AND IT'S NOT GOOD FOR THE RETIREMENT SYSTEM. SOME OF THE REASONS GIVEN TO ME IS THAT THEY FEEL A NEED TO GET A SECOND JOB SO THAT THEY WILL HAVE ENOUGH TO LIVE ON WHEN THEY ACTUALLY RETIRE. THIS LEGISLATION SHOULD SOLVE THE PROBLEM BECAUSE THEY CAN CONTINUE TO EARN 2% PER YEAR BEYOND TWENTY-FIVE YEARS AND THE BILL PROVIDES FOR THE MINIMUM RETIREMENT AGE OF FIFTY YEARS. THIS IS GOOD BECAUSE SOME OFFICERS ACTUALLY BURN OUT BECAUSE OF THE STRESS OF THE JOB.

IN THE AREA OF SURVIVERS' BENEFITS, THE PATROL JOB IS A DANGEROUS JOB. WE FACE DANGER ON THE JOB EVERY DAY. IF THERE ARE SURVIVERS' BENEFITS, IT PUTS AN OFFICER'S MIND AT EASE WHILE HE GOES ABOUT SERVING THE PEOPLE. THE VESTING AT FIVE YEARS WILL HELP THE OFFICER WHO WAS INJURED OFF DUTY JUST LIKE IT DOES <sup>FOR</sup> THOSE STATE EMPLOYEES NOW UNDER THE PERS RETIREMENT SYSTEM. A FACT THAT A LOT OF PEOPLE DON'T REALIZE IS THAT MEMBERS OF THE HIGHWAY PATROL DO NOT HAVE SOCIAL SECURITY. THEY DON'T HAVE THE COVERAGE - THEY DON'T HAVE THE PROTECTION THAT IS GIVEN THROUGH NORMAL SOCIAL SECURITY SURVIVERS' BENEFITS OR FOR DISABILITY IN THE EVENT THAT A PERSON IS INJURED. THIS ACTUALLY SAVES MONEY FOR THE STATE OF MONTANA BECAUSE IF THE HIGHWAY PATROL WAS COVERED BY SOCIAL SECURITY, IT WOULD COST THE STATE AN ADDITIONAL 7.1% SALARY.

RETIREMENT BILLS TESTIMONY  
PAGE 3

THE ADMINISTRATION OF THE HIGHWAY PATROL STRONGLY SUPPORTS  
THESE THREE BILLS AND HOPE THAT YOU WILL FEEL COMFORTABLE IN  
PASSING THEM IN THE SENATE.

## PUBLIC

## EMPLOYEES

## ASSOCIATION

*Exhibit "E"*

HB's -283  
-291  
-292

3-11-85

TO: Senator Jack Haffey, Chairman - State Administration Committee

FROM: Thomas E. Schneider, Executive Director

Subject: HB's 283,291 and 292. (Highway Patrol Retirement System)

As you requested, I am providing the information concerning the problem which has come up concerning HB's 283,291 and 292.

The problem is that there is no language which co-ordinates the state contribution sections of all three bills. HB's 291 and 292 increase benefits of the Highway Patrol Retirement System and provide for an increase in both the employee and employer contribution rate to provide the funding at the level requested by the PERD Actuary.

HB 283 raises the cost of a Montana Drivers License \$ 1.00 per year with the increase to go to the Highway Patrol Retirement System to pay for the increase in the employer contribution. The problem which has come up is that HB 283 is not co-ordinated with the other two bills so the retirement fund would receive both a percentage increase in employer contribution and the increase from drivers license fees.

The amendment which is attached simply provides that the increase in drivers license fees will be credited as a part of the state's contribution which will reduce the percentage required.

With HB 283 providing the funding which is necessary for the passage of HB's 291 and 292 it was agreed at the start that all three bills had to go as a package. With HB 283 being amended which will require it to go back to the House of Representatives, Representative O'Connell is asking the Chairman of the State Administration committee to hold HB's 291 and 292 in committee until HB 283 has, hopefully, passed the Senate and been transmitted back to the House so that all three bill can arrive in the Governor's office at approximately the same time.

Thank You. If you have any questions please contact me, Mr. Nachtsheim, of PERD or Gene Miller or Al Rierson of the Association of Retired Highway Patrolmen.



Proposed Amendment to House Bill No. 283  
Third Reading (Blue Copy)

- (1) Page 9, line 4  
Following: "contribution."  
Insert: (1)
  
- (2) Page 9, line 11  
Following: line 10  
Insert: "(2) The department shall credit all fees deposited as  
provided in section 3 as part of the state's contribution required  
in subsection (1)."





THOMAS E. SCHNEIDER — EXECUTIVE DIRECTOR  
PHONE (406) 442-4600  
P.O. BOX 6600 1426 CEDAR  
HELENA, MONTANA 59601

*Exhibit "F"*  
*HB's 283*  
*291*  
*292*  
*3-11-85*

HOUSE BILLS 283, 291 & 292, presented by Thomas E. Schneider

HB's 283, 291 and 292 were submitted to the legislature as a package. HB 291 provides for a general update of the provisions of the Highway Patrol Retirement System. HB 292 will provide a minimum monthly retirement benefit for all retired highway patrolmen age 55 or older, patrolman receiving a disability allowance and survivors of deceased patrolman.

THREE VERY IMPORTANT POINTS MUST BE BROUGHT OUT TO BEGUN WITH

1. The Montana Highway Patrol Retirement System became law in 1946. There have been no changes to the benefit structure since that time.
2. The members of the Montana Highway Patrol DO NOT receive social security coverage. In 1955 when Congress allowed states to vote for social security coverage the federal law specifically excluded law enforcement agencies with their own pension plans. That federal prohibition continued until 1971, however, Montana law also precluded social security coverage and that law was not amended until 1975. By that time the social security program was in financial problems so it didn't seem like a good idea to vote into it but that option is still available. This means that the state saves the social security contribution for highway patrolman but it also means that highway patrolman do not have that additional retirement benefit when they retire.
3. These bills are the result of two years work by everyone appearing hear today. All of the benefit changes have been reviewed by the PERD Administrator, Board and Actuary. With the additional contributions provided for in the bills they are actuarial sound.

Concessions have been made by all groups represented in putting this package together. A major concession was made by the current retirees when they agreed to limit increases to 5% per year. Working patrolmen agreed to increase their own contributions to the system by 1.09% and MPEA agreed to a minimum retirement age of 50 for patrolman hired after July 1, 1985. While the provisions in these bills are similar to the firefighters and police systems the basic benefit of half pay after 25 years of service is not changed which is less expensive than the half pay at 20 years found in the other systems.

TO EXPLAIN THE BILLS SECTION BY SECTION.  
HOUSE BILL 291:

SECTION 1 Defines:

- (4) Beneficiary to include as primary beneficiaries a surviving spouse or dependent child.
- (8) Dependent child similar to the definition used for the police and firefighters systems.
- (16) Surviving spouse similar to the definition used for the police and firefighters systems.

SECTION 2. Increases employee contributions by .09% of salary which is the funding required for section 3 and section 8.

SECTION 3. Permits terminating employee to receive interest on refunds of contributions regardless of length of service. ( Provided to all other state systems years ago. Funded by employee in section 2)

SECTION 4. Provides funding for all other provisions except sections 3 and 8, by increasing employer contributions by 2.01%.

SECTION 5. Defines eligibility for service retirement. Requires that patrolman hired after July 1, 1985 be a minimum of age 50 to receive a service retirement allowance.

SECTION 6. Increases credit for years of service after 25 years from 1% to 2% per year of service. ( Patrolman continue to pay the full contribution rate when they continue past 25 years so this change would allow them to receive the same credit.

SECTION 7. Provides for spouse to receive continued service benefits at retired patrolman's death. If there is no spouse or if the spouse remarries the retirement benefit will be paid to a dependent child defined as unmarried, under the age of 18 or under the age of 24 and attending an accredited education institution as a full time student. ( Similar to police and firefighters)

SECTION 8. Changing vested rights from 10 to 5 years. (Without social security highway patrolman do not have off the job death or disability benefits for 10 years. This would change that to 5 years the same as the other state administered systems.)

SECTION 9. Provides for the continuance of disability benefits to spouse or child on the same basis as Section 7.

SECTION 10. Provides for the right to nominate a beneficiary when there are no surviving spouse or dependent child. ( If there is no surviving spouse or dependent child the nominated beneficiary receives an amount equal to the patrolman's accumulated contributions less any retirement benefits paid to the patrolman before his death.)

SECTION 11. Provides for surviving spouse or dependent child in event of duty related death.

SECTION 12. Provides for surviving spouse and dependent child in event of non duty related death. ( A duty related death results in a benefit based on 50% of the patrolman's salary; A non duty related death results in a benefit based on the patrolman's age, years of service and salary at the time of death.)

SECTION 13. Extension of board authority.

SECTION 14. Abolishes retirement options which have been replaced by new sections of this bill.

SECTION 16. Provides for a July 1, 1985 effective date.

## HOUSE BILL 292

House Bill 292 provides a minimum monthly benefit for all retired highway patrolman age 55 or older who are receiving a service retirement benefit. The same benefit is provided for a patrolman receiving a disability benefit or a survivor of a deceased patrolman.

SECTION 1. Provides that a retired patrolman who is 55 years of age or older shall receive a benefit of not less than 2% multiplied by the patrolman's years of creditable service multiplied by the current base salary received by a probationary highway patrolman, except that (1) the maximum benefit under this section cannot exceed 60% of the current base salary of a probationary highway patrolman; (2) the annual increase in a monthly retirement allowance under this section cannot exceed 5%; (3) A retired patrolman currently working in a position covered by any retirement system under Title 19, Chapters 3 through 13, cannot receive an increase under this section until his employment in the covered position is terminated.

SECTION 2. Increases the patrolman's contribution 1%.

SECTION 3. Increases the states contribution 8.17%.

SECTION 5. Co-ordinates HB 291 and 292.

## HOUSE BILL 283

House Bill 283 raises the fees for a Montana Drivers License by \$1.00 each year. This will be the first increase since 1961 and the increase will pay for the increase in employers contribution for House Bills 291 and 292. After House Bill 283 passed the House it was discovered that there was an error as the language did not clearly state that the increase in section 3 would offset the percentage increases required by the other bills.

This becomes very evident when you read number 2 under ASSUMPTIONS on the fiscal note for House Bill 292. It says " It is assumed that the impact will be against the state special revenue fund since this has been and presumably will be the funding source for Patrol salaries ". It was clearly intended that HB 283 would provide the funding required in HB's 291 and 292 and that if HB 283 did not pass HB's 291 and 292 would have to be killed. That is still the agreement of all parties. The " Technical Note " on the fiscal not is also wrong. That problem was corrected by the House committee by adding the co-ordination section to HB 292.

We realize there are many improvements requested in these bills and that they sound quite complicated. We will answer any questions you may have and provide any further information that you may request. We have spent a lot of time on these bills and would certainly appreciate your support. Thank You.....

P Exhibit "G"  
HB-283  
3-11-85

Proposed Amendment to House Bill No. 283  
Third Reading (Blue Copy)

- (1) Page 9, line 4  
Following: "contribution."  
Insert: (1)
  
- (2) Page 9, line 11  
Following: line 10  
Insert: "(2) The department shall credit all fees deposited as  
provided in [section 3] as part of the state's contribution required  
in subsection (1)."

# STANDING COMMITTEE REPORT

March 11

1985

MR. PRESIDENT

## STATE ADMINISTRATION

We, your committee on.....

HOUSE BILL

No. 283

having had under consideration.....

third

blue

reading copy ( )  
color

(Senator VanValkenburg will carry)

## INCREASING DRIVER'S LICENSE FEES TO FUND HIGHWAY PATROL RETIREMENT SYSTEM.

Respectfully report as follows: That.....

HOUSE BILL

No. 283

be amended as follows:

1. Page 9, line 4.

Following: "contribution."

Insert: "(1)"

2. Page 9, line 10.

Following: "31."

Insert: "(2) The department shall credit all fees deposited as provided in [section 3] as part of the state's contribution required in subsection (1)."

AND AS AMENDED

BE CONCURRED IN

~~XXXXX~~

DO PASS

~~XXXXXXXXXX~~

DO NOT PASS

.....  
Chairman.