

## **MINUTES**

### **MONTANA HOUSE OF REPRESENTATIVES 52nd LEGISLATURE - REGULAR SESSION**

#### **COMMITTEE ON INCOME/SEVERANCE TAX**

**Call to Order:** By CHAIR BOB REAM, on February 12, 1991, at 8:00 am.

#### **ROLL CALL**

**Members Present:**

Rep. Bob Ream, Chair (D)  
Rep. Bob Gilbert (R)  
Rep. Marian Hanson (R)  
Rep. Jim Madison (D)  
Rep. Bea McCarthy (D)  
Rep. Tom Nelson (R)

**Members Excused:** Rep. Mike Foster (R)  
Rep. Bob Raney (D)

**Members Absent:** Rep. Jim Elliott (D)  
Rep. Barry Stang (D)

**Staff Present:** Lisa Fairman, Committee Secretary

**Please Note:** These are summary minutes. Testimony and discussion are paraphrased and condensed.

#### **Discussion on HB 77:**

**REP. JOE QUILICI** - HD 71, sponsor of HB 77, stated the bill was first heard in State Administration. He explained the bill raises the highway patrol retirement benefits from 2% to 2.5%. Most officers, besides the highway patrol, receive the 2.5% rate. The current retirement benefits are not adequate. Additionally, highway patrollers are not covered by Social Security. The patrol could be covered if the Legislature so desires.

**REP. QUILICI** said he feels the Highway Patrol should get retirement benefits equivalent to other officers. HB 77 originally requested a .3% tax be imposed on motor vehicle insurance to fund the increase in retirement benefits. This funding proposal was dropped because it was not acceptable to the insurance industry. The proposed funding source uses money from the existing Motor Insurance Premium Fund. Monies would be diverted from the Premium Fund to help fund the retirement increase. Currently, these excess monies go into the General Fund. For this reason, HB 77 may need to go to Appropriations. **CHAIR REAM** responded that the funding appears to be slight

earmarking and therefore probably would not need to go to Appropriations.

Proponents:

Bill Yeager, Association of Montana Highway Patrol, supported HB 77. He stated the Motor Vehicle Property Tax and Casualty Insurance Fund, a funding source currently operative, would be a logical choice for funding the increase in retirement benefits. The truckers may not support this concept as their insurance premium will increase a minor amount. The increase would be less than \$2/year. Because the patrol supplies truckers with numerous services, such as accident investigation, it is reasonable to request a minor charge increase to truckers.

Tom Synder, Montana Public Employees Association, supported HB 77 for reasons previously stated.

Questions and Discussion:

REP. TOM NELSON asked what is the normal retirement age. Mr. Yeager replied usually after 20 years in office. They leave to find employment elsewhere with better pay and retirement benefits or to find another job to supplement their patrol retirement benefits. REP. NELSON inquired if raising the retirement age would be an incentive for officers to stay longer. Mr. Synder responded for those hired after 7-1-85 the retirement age can not be increased. REP. BEA MCCARTHY asked how much the retirement benefit is after 20 years of service. Mr. Synder said it is 40% of their salary. Average salaries range \$25,000 to \$30,000 per year. Retirement would be approximately \$12,000 per year. REP. NELSON asked if the fiscal note was correct. Mr. Synder responded no. The fiscal note was calculated by funding the program via the .3% tax.

REP. JIM MADISON asked how the patrol feels about getting into Social Security now. Mr. Synder responded in 1955 the State employees voted into Social Security. Federal and state laws at that time stated if a better retirement plan existed state employees could not participate in the Social Security system. Officers were prohibited from participating in Social Security until 1977 when state laws changed. Federal laws had changed in 1971. If patrollers voted to join Social Security now they would have numerous zero years in, as Social Security is not retroactive. It would not be to their benefit to join. REP. BOB GILBERT stated officers can't live on the current highway patrol retirement. He asked, since Mr. Yeager stated that officers are leaving to get another job so they can get into the Social Security system, wouldn't it be beneficial to provide them that option now. Mr. Synder emphasized the patrollers are not leaving for the purpose of obtaining a job with Social Security benefits. They are leaving to get jobs in the private sector that have better retirement benefits and better pay.

EXECUTIVE RECOMMENDATION ON HB 77

Motion/Vote: REP. MCCARTHY MOVED HB 77 BE RECOMMENDED DO PASS.  
Motion carried 8 to 0 with Reps. Elliott and Stang absent.

ADJOURNMENT

Adjournment: 8:50 am.



BOB REAM, Chair



LISA FAIRMAN, Secretary

BR/lf

**HOUSE OF REPRESENTATIVES**  
**INCOME/SEVERANCE TAX SUBCOMMITTEE**

**ROLL CALL**

**DATE**

2-12-91

| NAME                                  | PRESENT | ABSENT | EXCUSED |
|---------------------------------------|---------|--------|---------|
| REP. JIM ELLIOTT                      |         | X      |         |
| REP. MIKE FOSTER                      |         |        | X       |
| REP. BOB GILBERT                      | X       |        |         |
| REP. MARIAN HANSON                    | X       |        |         |
| REP. BEA MCCARTHY                     | X       |        |         |
| REP. JIM MADISON                      | X       |        |         |
| REP. TOM NELSON                       | X       |        |         |
| REP. BOB RANEY                        |         |        | X       |
| REP. BOB REAM, VICE-CHAIR             | X       |        |         |
| REP. BARRY STANG                      |         | X      |         |
| <del>REP. DAN HARRINGTON, CHAIR</del> |         |        |         |