

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 53rd LEGISLATURE - REGULAR SESSION

COMMITTEE ON STATE ADMINISTRATION

Call to Order: By DICK SIMPKINS, CHAIRMAN, on February 19, 1993,
at 3:47 p.m.

ROLL CALL

Members Present:

Rep. Dick Simpkins, Chairman (R)
Rep. Wilbur Spring, Vice Chairman (R)
Rep. Ervin Davis, Vice Chairman (D)
Rep. Harriet Hayne (R)
Rep. Gary Mason (R)
Rep. Bill Rehbein (R)
Rep. Sam Rose (R)
Rep. Dore Schwinden (D)
Rep. Jay Stovall (R)
Rep. Norm Wallin (R)

Members Excused: Rep. Beverly Barnhart; Rep. Pat Galvin; Rep.
Bob Gervais; Rep. Brad Molnar; Rep. Sheila Rice; Rep.
Carolyn Squires

Members Absent: None.

Staff Present: Sheri Heffelfinger, Legislative Council
Dorothy Poulsen, Committee Secretary

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

Committee Business Summary:

Hearing: HB 650
Executive Action: HB 625 (tabled); HB 650

HEARING ON HB 650

Opening Statement by Sponsor:

REP. BILL STRIZICH, House District 41, Great Falls, introduced HB 650 which allows investigators employed by the Department of Justice on July 1, 1993, to transfer their membership from the public employees' retirement system to the sheriffs' retirement system and requires investigators hired after July 1, 1993, to become members of the sheriffs' retirement system. He reported 39 employees of the Department of Justice are law enforcement

officers who want to transfer their membership. He explained their duties and responsibilities were similar to members of the sheriffs' retirement system.

Proponents' Testimony:

Tom Harrison, Sheriffs' and Peace Officers' Association, reported the investigators from the Department of Justice had requested the transfer to the sheriffs' retirement system and the sheriffs had no objection. He said the total cost of the bill would be \$14,000 with a \$3,150 cost to the general fund. He explained the fiscal impact is caused by a higher employer contribution for the sheriffs' retirement system compared to the public employees' retirement system (PERS). He reported employees would also have a higher contribution rate with the transfer. Mr. Harrison stated since the investigators were employed by the state, an amendment to the bill was required replacing "Counties' contributions" with "Employer contributions".

Bill Fleiner, Sheriffs' and Police Officers' Association, suggested that transferring the investigators to the sheriffs' retirement system benefitted the state more than the sheriffs because the sheriffs' retirement system would be a positive factor in recruiting. He reported most experienced, trained candidates for investigator positions come from members of the sheriffs' retirement system. He claimed transferring from the sheriffs' retirement system to PERS was not beneficial to the employee. He reported the investigators had attempted previously to move to other retirement systems, but the sheriffs' retirement system was better matched to PERS. Mr. Fleiner said that the attorney general's office was not aware of the bill's impact to their budget, but Governor Racicot had been supportive of the transfer when he served as attorney general.

Opponents' Testimony: None.

Informational Testimony: None.

Questions From Committee Members and Responses:

REP. WALLIN asked Mr. Fleiner whether investigators or any other group of employees had previously requested joining the sheriffs' retirement system. Mr. Fleiner responded this was the first time such a request had been made. REP. WALLIN asked whether investigators for delinquent child support would fit in the sheriffs' retirement system. Mr. Fleiner responded he did not think they were included; he said the request was specific to the criminal investigation bureau and gambling investigators.

REP. REHBEIN asked Mr. Fleiner to describe the differences in benefits between PERS and the sheriffs' retirement system. Mr. Fleiner deferred the question to Linda King, Assistant Administrator, Public Employees' Retirement Division. She reported benefits under PERS were based on 1.67 percent of salary

per year of service compared to 2.0834 percent for the sheriffs' retirement system.

REP. SIMPKINS asked Ms. King whether this was the first request for a transfer out of PERS. Ms. King reported the sheriffs' retirement system was initially established as a spin-off from PERS; this was the first request by a group to leave PERS for another established system.

REP. REHBEIN asked Ms. King whether other groups of employees would want to transfer to other plans. Ms. King responded a resolution had been passed to study retirement options for prison guards and other public safety occupations.

REP. MASON asked Ms. Heffelfinger to describe the differences in employer and employee contributions under the sheriffs' retirement system compared to PERS. Ms. Heffelfinger reported the employee contribution was 0.3% higher and the employer contribution was 0.97% higher for the sheriffs' retirement system. REP. MASON asked Ms. Heffelfinger whether there would be any problem in moving records from one system to the other. Ms. Heffelfinger explained both systems are administered by the public employees' retirement board and division. Ms. King explained that when these employees moved from PERS to the sheriffs' retirement system, they would not automatically transfer their service. She said they would be treated as new members of the sheriffs' retirement system; if they wanted to transfer their service, then they would have to pay the difference in cost between the two systems.

REP. SIMPKINS asked Ms. King whether other departments paid retirement contributions to more than one retirement system. Ms. King stated several departments contribute to more than one system and reported that Fish, Wildlife, and Parks have both PERS and game wardens' retirement system members, and school districts have both PERS and teachers' retirement system members.

REP. SPRING asked REP. STRIZICH whether other groups of employees would want to form their own retirement systems. REP. STRIZICH said as far as he knew, the investigators were the only group of its kind. He explained the reason they wanted to join the sheriffs' retirement system was because many of them came from the system initially.

REP. ROSE asked Mr. Fleiner whether investigators would lose years of service by transferring to the sheriffs' retirement system. Mr. Fleiner explained the investigators would have a one-time option to transfer to the sheriffs' retirement system. He predicted investigators with 18 years or more service would find it more beneficial to stay in PERS; newly hired investigators would be the most likely to change.

REP. ROSE asked if a fiscal note was available. Ms. King responded her rough estimate was that the total impact would be

approximately \$14,000 with an impact of about \$3,200 per year on the general fund.

REP. MASON asked how the unfunded liability of the systems would be affected by the bill. Ms. King answered the bill required members to pay for transfer of service and therefore the unfunded liability would not be affected.

Closing by Sponsor: None.

EXECUTIVE ACTION ON HB 625

Discussion:

REP. SIMPKINS asked Ms. King to explain the fiscal impact of HB 625. Ms. King reported the actuary estimated \$1,108,000 would be refunded to members who had already purchased military service. She said the bill also required employer contributions to be increased 0.13 percent and would result in an increase of \$720,000 in FY 94 and \$738,000 in FY 95. The impact to the general fund would be approximately \$115,000 in FY 94 and \$118,000 in FY 95.

REP. SIMPKINS asked Ms. King whether veterans of World War II were given service credit. Ms. King said they had not been given the free service credit; she pointed out the bill would affect mostly Viet Nam era veterans because most World War II and Korean veterans were not active members of PERS.

REP. WALLIN asked whether Viet Nam veterans had ever received benefits similar to those received by veterans of World War II.

REP. SIMPKINS responded no. REP. WYATT responded PERS was an inequitable system with poorer benefits compared to other retirement systems such as the Teachers' Retirement System (TRS). She reported TRS already provides service credit for military service in Viet Nam. She said she realized the bill was expensive but considered it a fairness issue for Viet Nam veterans.

REP. WALLIN asked REP. WYATT whether veterans who were not public employees were just forgotten. REP. WYATT responded all the inequities could not be addressed, and the only redress possible by the legislature was to public employees.

Motion/Vote: REP. DAVIS MOVED HB 625 DO PASS. Motion failed 7 to 9 on a roll call vote with REPS. DAVIS, BARNHART, GALVIN, GERVAIS, RICE, SCHWINDEN, and SQUIRES voting yes and REPS. BARNHART, GALVIN, GERVAIS, MOLNAR, RICE, and SQUIRES voting by proxy. EXHIBITS 1, 2, 3, 4, 5

Motion/Vote: REP. SPRING MOVED HB 625 BE TABLED. Motion passed 9 to 7 with REPS. DAVIS, BARNHART, GALVIN, GERVAIS, RICE, SCHWINDEN, and SQUIRES voting no and REPS. BARNHART, GALVIN,

GERVAIS, MOLNAR, RICE, and SQUIRES voting by proxy. EXHIBITS 1, 2, 3, 4, 5

EXECUTIVE ACTION ON HB 650

Motion: REP. DAVIS MOVED HB 650 DO PASS.

Motion/Vote: REP. DAVIS moved HB 650 be amended. Motion carried unanimously. EXHIBIT 6

Motion/Vote: REP. DAVIS MOVED HB 650 DO PASS AS AMENDED. Motion carried unanimously.

ADJOURNMENT

Adjournment: 4:25 p.m.


DICK SIMPKINS, Chair


DOROTHY POULSEN, Secretary

DS/DP

HOUSE OF REPRESENTATIVES
STATE ADMINISTRATION

COMMITTEE

ROLL CALL

DATE 2/19/93

NAME	PRESENT	ABSENT	EXCUSED
REP. DICK SIMPKINS, CHAIR	✓		
REP. WILBUR SPRING, VICE CHAIR	✓		
REP. ERVIN DAVIS, VICE CHAIR	✓		
REP. BEVERLY BARNHART			✓
REP. PAT GALVIN			✓
REP. BOB GERVAIS			✓
REP. HARRIET HAYNE	✓		
REP. GARY MASON	✓		
REP. BRAD MOLNAR			✓
REP. BILL REHBEIN	✓		
REP. SHEILA RICE			✓
REP. SAM ROSE	✓		✓
REP. DORE SCHWINDEN	✓		
REP. CAROLYN SQUIRES			✓
REP. JAY STOVALL	✓		
REP. NORM WALLIN	✓		

HOUSE STANDING COMMITTEE REPORT

February 19, 1993

Page 1 of 2

Mr. Speaker: We, the committee on State Administration report that House Bill 650 (first reading copy -- white) do pass as amended.

Signed: _____
Dick Simpkins, Chair

And, that such amendments read:

1. Title, line 10.

Following: "19-7-301,"

Strike: "AND"

Following: "19-7-302,"

Insert: "AND 19-7-404,"

2. Page 5.

Following: line 25

Insert:

"Section 5. Section 19-7-404, "MCA, is amended to read:

"19-7-404. ~~Counties~~ Employer contributions. (1) The ~~various counties of Montana~~ employer shall pay monthly 7.67% of each ~~sheriff's~~ member's gross salary into the retirement account created by this chapter.

(2) If the required contribution to the retirement system exceeds the funds available to a county from general revenue sources, a county may budget, levy, and collect annually a special tax on the assessable property within the county that is sufficient to raise the amount of revenue needed to meet the county's obligation. This tax may be in addition to the annual rate of taxation allowed by law to be levied by the county."

Renumber: subsequent sections

3. Page 6, line 1.

Following: "instruction"

Insert: "-- code commissioner instruction"

Following: "."

Insert: "(1)"

Committee Vote:

Yes 16 No 0

41170583.005

February 19, 1993
Page 2 of 2

4. Page 6.

Following: line 4

Insert: "(2) In each section in Title 19, chapter 7, the code commissioner shall change the term "sheriff" to "member" wherever the term is found, unless the context requires otherwise."

-END-

HOUSE OF REPRESENTATIVES

STATE ADMINISTRATION

COMMITTEE

ROLL CALL VOTE

DATE 2/19/93 BILL NO. HB 625 NUMBER _____

MOTION: Do Pass HB 625

NAME	AYE	NO
REP. DICK SIMPKINS, CHAIR		✓
REP. WILBUR SPRING, VICE CHAIR		✓
REP. ERVIN DAVIS, VICE CHAIR	✓	
REP. BEVERLY BARNHART	✓	
REP. PAT GALVIN	✓	
REP. BOB GERVAIS	✓	
REP. HARRIET HAYNE		✓
REP. GARY MASON		✓
REP. BRAD MOLNAR		✓
REP. BILL REHBEIN		✓
REP. SHEILA RICE	✓	
REP. SAM ROSE		✓
REP. DORE SCHWINDEN	✓	
REP. CAROLYN SQUIRES	✓	
REP. JAY STOVALL		✓
REP. NORM WALLIN		✓
TOTAL	7	9

EXHIBIT 1

DATE 2/19/93

HB 625

HB 650 - YES
HB 625 - YES

Feb 19-93

I leave my pipe with
Juv Davis for materials, tables,
etc.

Bruce Barnhart

EXHIBIT 2
DATE 2/19/93
HB HB 625

2-19/93

I give my
proxy to
Erwin Davis

on all motions

before this Committee

Agrees

HB 650 - ☒ YES
HB 625 - ☒ YES

EXHIBIT 3
DATE 2/19/93
HB HB 625

Molnar Proxy

Wyatt ✓

Sheriff PERS ✓

EXHIBIT 5
DATE 2/19/93
HB HB 625



The Big Sky Country

MONTANA HOUSE OF REPRESENTATIVES

2/19/93

for Davis has

my proxy this

day.

Shuck Rice

HB 650 ✓
HB 625 ✓
PERS

EXHIBIT 4

DATE 2/19/93

HB HB 625

Amendments to House Bill No. 650
First Reading Copy

For the Committee on House State Administration

Prepared by Sheri S. Heffelfinger
February 19, 1993

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2. Page 5.
Following: line 25
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Insert: "-- code commissioner instruction"
Following: "."
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4. Page 6.
Following: line 4
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EXHIBIT 6
DATE 2/19/93
HB HB 650