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*House* BILL NO. *236*  
INTRODUCED BY *Frank J. ... R. Baeth*

A BILL FOR AN ACT ENTITLED: "AN ACT TO CHANGE THE DEFINITION OF FINAL SALARY IN THE HIGHWAY PATROLMEN'S RETIREMENT SYSTEM; AND AMENDING SECTION 31-201, R.C.M. 1947."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 31-201, R.C.M. 1947, is amended to read as follows:

"31-201. Definitions. Unless the context requires otherwise, in this act:

(1) "Accumulated deductions" means the total of the amounts deducted from the salary of a contributor and paid into the fund, and standing to his credit in the fund, together with the regular interest thereon.

(2) "Department" means the department of administration provided for in Title 82A, chapter 2.

(3) "Beneficiary" means a person or persons having an insurable interest in his life as he shall nominate by written designation, duly acknowledged and filed with the department.

(4) "Retired patrolman" means a person in receipt of a retirement allowance under this act.

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(5) "Board" means the board of administration provided for in section 82A-210.

(6) "Compulsory retirement age" means sixty years of age.

(7) "Contributor" means a person who has accumulated deductions in the fund, standing to his credit.

(8) "Final salary" means the average annual compensation received by a contributor before any deductions have been made, and exclusive of maintenance, allowances and expenses, for any ~~three-(3) years~~ year of continuous service upon which contributions have been made, or, in the event a member has not served ~~three-(3)-years~~ one full year, the total retirement compensation earned, divided by the number of ~~years~~ months served.

(9) "Actuarial equivalent" means the accumulated contributions and the present value of the member's state service based on length of service and member's attained age used to provide a life or temporary life income to the legally designated person, based on the person's attained age and sex at the time the option becomes available.

(10) "Account" means the Montana highway patrolmen's retirement account in the agency fund.

(11) "Involuntary retirement" means a retirement not for cause and before retirement age.

(12) "Member's annuity" means payments for life derived

1 from contributions made by the contributor.

2 (13) "Optional retirement age" means the age at which a  
3 contributor may retire after twenty (20) years' service or  
4 more.

5 (14) "Retirement age" means the age at which a member  
6 retires after twenty-five (25) years of creditable service  
7 with the Montana highway patrol.

8 (15) "Retirement allowance" means the state annuity  
9 plus the member's annuity.

10 (16) "State annuity" means payments for life derived  
11 from contributions made by the state of Montana."

-End-

STATE OF MONTANA

REQUEST NO. 261-75

FISCAL NOTE

Form BD-15

In compliance with a written request received March 17, 19 75, there is hereby submitted a Fiscal Note for House Bill 236 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.

DESCRIPTION OF PROPOSED LEGISLATION:

An act to change the definition of final salary as an average of two years service rather than three in the Highway Patrolmen's Retirement System.

ASSUMPTIONS:

1. The actuarial cost as developed by a consulting actuary for changing the final salary definition is one percent of gross salaries.
2. Estimated gross salaries for uniformed patrolmen will be \$2.8 million in FY 76 and \$3.0 million in FY 77.

FISCAL IMPACT:

	FY 76	FY 77
Increased actuarial cost under proposed law	<u>\$ 28,000</u>	<u>\$ 30,000</u>

CONCLUSION:

Enactment of House Bill 236 would result in increased actuarial costs to the retirement system of \$58,000 during the 1975-77 biennium. Funding for the Highway Patrolmen's Retirement System is provided in Section 31-210, R.C.M. 1947.

*Michael J. Billings*  
by *Karen Wilson*  
BUDGET DIRECTOR

Office of Budget and Program Planning

Date: March 18, 1975

Approved by Committee  
on State Administration

HOUSE BILL NO. 236

INTRODUCED BY FINLEY, JAMES MOORE, R. BAETH

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