

1 *Senate* BILL NO. *299*  
 2 INTRODUCED BY *Loyd H. Nealy Seibal Jergeson*  
 3 *Moody Deane Dumble Paskie Story*

4 A BILL FOR AN ACT ENTITLED: "AN ACT TO INCLUDE DAILY  
 5 EXPENSES AS COMPENSATION FOR LEGISLATORS IN THE PUBLIC  
 6 EMPLOYEES RETIREMENT SYSTEM; TO MAKE MINOR CHANGES IN  
 7 LANGUAGE; AMENDING SECTION 68-1503, R.C.M. 1947."

8  
 9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:  
 10 Section 1. Section 68-1503, R.C.M. 1947, is amended to  
 11 read as follows:

12 "68-1503. Definitions. Unless the context requires  
 13 otherwise, in this act:

- 14 (1) "Retirement system" means the public employees'  
 15 retirement system created by this act.
- 16 (2) "Head of department" means the head of any  
 17 department, institution or branch of the state service which  
 18 directly pays salaries out of its income or which prepares,  
 19 approves and submits salary statements of its employees to  
 20 the department of administration, state auditor and state  
 21 treasurer for payment.
- 22 (3) "Member" means any person included in the  
 23 membership of the retirement system set forth in section  
 24 68-1601 and not excluded in section 68-1602, 68-1603 or  
 25 68-2510.

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

3 (5) "Employee" means any person employed by an employer  
 4 in any capacity whatever and whose salary is paid either by  
 5 warrant of the employer or from the fees or income of any  
 6 department or agency of the employer. "Employee" means  
 7 further any person deemed such pursuant to section 68-2510.

8 (6) "Retirement fund" means the public employees'  
 9 retirement account in the agency fund.

10 (7) "Service" means employment of an employee, except  
 11 as provided in sections 68-1604 and 68-1605.

12 (8) "Prior service" shall mean all service rendered as  
 13 an employee of the state before July 1, 1945, and all  
 14 service rendered as an employee of a contracting employer  
 15 before July 1, 1947. Prior service includes all service  
 16 rendered prior to July 1, 1945, as a member of the  
 17 legislative assembly or lieutenant governor of the state of  
 18 Montana.

19 (9) "Beneficiary" means the person so designated  
 20 pursuant to section 68-2401.

21 (10) "Compensation" means remuneration paid out of  
 22 funds controlled by an employer. The compensation of each  
 23 member of the ~~legislative--assembly--and--the--lieutenant~~  
 24 ~~governor--of--the--state--of--Montana~~ legislature for any year  
 25 ~~shall-be-deemed-to-be~~ is that portion of the product of the

1 daily compensation plus expenses for such position  
2 multiplied by three hundred sixty (360), upon which such  
3 member elects to pay normal contributions during the year.

4 (11) "Final compensation" means a member's highest  
5 average annual compensation during any three (3) consecutive  
6 years of membership service.

7 (12) "Regular interest" means interest at the rate set  
8 from time to time by the board.

9 (13) "Normal contributions" means contributions  
10 required by members under this act and any optional  
11 contributions, made under the provisions of sections 68-1605  
12 and 68-1906.

13 (14) "Additional contributions" means contributions by  
14 members under the provisions of section 68-1903.

15 (15) "Accumulated normal contributions" means the sum  
16 of all the normal contributions standing to the credit of a  
17 member's individual account without interest.

18 (16) "Accumulated additional contributions" means the  
19 sum of all the additional contributions standing to the  
20 credit of a member's individual account, together with the  
21 regular interest thereon.

22 (17) "Accumulated contributions" means the sum of  
23 accumulated normal contributions and accumulated additional  
24 contributions.

25 (18) "Pension" means payments for life derived from

1 contributions made from the state controlled funds, or in  
2 the case of members from contracting employers, from the  
3 funds of such contracting employers, as provided in this  
4 act.

5 (19) "Annuity" means payments for life derived from  
6 contributions made by a member as provided in this act.

7 (20) "Retirement allowance" means the periodic benefit  
8 payable following service, early or disability retirement.

9 (21) "Actuarial equivalent" means a benefit of equal  
10 value when computed upon the basis of the actuarial tables  
11 in use by the system.

12 (22) "Actuary" means the actuary retained by the board  
13 in accordance with section 68-1804.

14 (23) "Benefit" means the retirement allowance,  
15 survivorship allowance, death benefit or refund of  
16 accumulated contributions provided by this act.

17 (24) "Contracting employer" means any political  
18 subdivision or governmental entity which has contracted to  
19 come into the system.

20 (25) "Employer" means the state of Montana, its  
21 university or any of the colleges, schools, components or  
22 units thereof for the purposes of this act, or any political  
23 subdivision or governmental entity which has contracted to  
24 come into the system.

25 (26) "Membership service" means service with respect to

1 which normal contributions and employer contributions are  
 2 paid. A member of the legislative assembly and a lieutenant  
 3 governor of the state of Montana shall be credited with  
 4 membership service for that portion of each year for which  
 5 he pays normal contributions pursuant to section 68-1503  
 6 (10).

7 (27) "Survivorship allowance" means payments for life  
 8 to the beneficiary of a deceased member as provided in Title  
 9 68, chapter 23.

10 (28) "Creditable service" means the aggregate of  
 11 membership service and prior service. A member employed on a  
 12 part-time basis shall receive credit for a year of service  
 13 for each fiscal year during which such member was employed  
 14 throughout the year and was engaged in his duties the full  
 15 amount of time he was required by his employment to be so  
 16 engaged.

17 (29) "Employer contributions" means payments to the  
 18 retirement fund from appropriations of the state of Montana  
 19 pursuant to section 68-2504 and from contracting employers  
 20 pursuant to the contracts between them and the board.

21 (30) "Written application" means a written instrument  
 22 duly executed and filed with the board and containing all  
 23 information required by the board, including such proofs of  
 24 age as the board shall deem necessary.

25 (31) "Retirement" means withdrawal from active service

1 with a retirement allowance granted under the provisions of  
 2 this act.

3 (32) "Disability" and "incapacity for performance of  
 4 duty" referred to herein as a basis of retirement, means  
 5 disability of permanent duration or disability of extended  
 6 and uncertain duration, as determined by the board on the  
 7 basis of competent medical opinion.

8 (33) "Fiscal year" means any year commencing with July  
 9 1 and ending June 30 next following."

-End-

## STATE OF MONTANA

REQUEST NO. 131-75

## FISCAL NOTE

Form BD-15

In compliance with a written request received January 30, 19 75, there is hereby submitted a Fiscal Note for Senate Bill 299 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:

Senate Bill 299 includes daily expenses as compensation for legislators in the Public Employees Retirement System.

## ASSUMPTIONS:

1. Legislators comprise less than 1% of public employee membership.
2. The Public Employees Retirement System is optional for legislators.
3. The employer will contribute 5.2% of gross salary to the Public Employees Retirement fund effective July 1, 1975.

## FISCAL IMPACT:

Enactment of Senate Bill 299 would increase the Public Employees Retirement System contribution and expenditures since the "compensation" basis for legislators would be expanded to include daily expenses. The exact amount of increase cannot be estimated since the number of legislators who would elect voluntary enrollment in the public employees retirement system is unknown.

The following fiscal impact per individual is provided:

	FY Current Law	FY 76 Proposed Law	Difference
Employee contributions per year	\$ 414	\$ 1,097	\$ 683
Employer contributions per year	<u>374</u>	<u>992</u>	<u>618</u>
Total contributions	<u>\$ 788</u>	<u>\$ 2,089</u>	<u>\$ 1,301</u>
Monthly benefit after 10 years	\$92.30 per mo.	\$242.40 per mo.	

## CONCLUSION:

Enactment of Senate Bill 299 would have very little effect on the funding of the Public Employees Retirement System due to the relatively small portion of the membership affected.

*Michael H. Bellings*  
by *Karen Wilson*  
BUDGET DIRECTOR

Office of Budget and Program Planning

Date: February 4, 1975

Approved by Committee  
on State Administration

*Senate* BILL NO. *299*  
*L.V.C.H. Nealey Seibel Jorgeson*  
*Greely Deane Dunde Raskie Story*

1 INTRODUCTION BY  
2 A BILL FOR AN ACT ENTITLED: "AN ACT TO INCLUDE DAILY  
3 EXPENSES AS COMPENSATION FOR LEGISLATORS IN THE PUBLIC  
4 EMPLOYEES RETIREMENT SYSTEM; TO MAKE MINOR CHANGES IN  
5 LANGUAGE; AMENDING SECTION 68-1503, R.C.M. 1947."  
6  
7

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

9 Section 1. Section 68-1503, R.C.M. 1947, is amended to  
10 read as follows:

11 "68-1503. Definitions. Unless the context requires  
12 otherwise, in this act:

13 (1) "Retirement system" means the public employees'  
14 retirement system created by this act.

15 (2) "Head of department" means the head of any  
16 department, institution or branch of the state service which  
17 directly pays salaries out of its income or which prepares,  
18 approves and submits salary statements of its employees to  
19 the department of administration, state auditor and state  
20 treasurer for payment.

21 (3) "Member" means any person included in the  
22 membership of the retirement system set forth in section  
23 68-1601 and not excluded in section 68-1602, 68-1603 or  
24 68-2510.  
25

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

3 (5) "Employee" means any person employed by an employer  
4 in any capacity whatever and whose salary is paid either by  
5 warrant of the employer or from the fees or income of any  
6 department or agency of the employer. "Employee" means  
7 further any person deemed such pursuant to section 68-2510.

8 (6) "Retirement fund" means the public employees'  
9 retirement account in the agency fund.

10 (7) "Service" means employment of an employee, except  
11 as provided in sections 68-1604 and 68-1605.

12 (8) "Prior service" shall mean all service rendered as  
13 an employee of the state before July 1, 1945, and all  
14 service rendered as an employee of a contracting employer  
15 before July 1, 1947. Prior service includes all service  
16 rendered prior to July 1, 1945, as a member of the  
17 legislative assembly or lieutenant governor of the state of  
18 Montana.

19 (9) "Beneficiary" means the person so designated  
20 pursuant to section 68-2401.

21 (10) "Compensation" means remuneration paid out of  
22 funds controlled by an employer. The compensation of each  
23 member of the ~~legislative--assembly--and--the--lieutenant~~  
24 ~~governor--of--the--state--of--Montana~~ legislature for any year  
25 ~~shall-be-deemed-to-be~~ is that portion of the product of the

1 daily compensation plus expenses for such position  
2 multiplied by three hundred sixty (360), upon which such  
3 member elects to pay normal contributions during the year.

4 (11) "Final compensation" means a member's highest  
5 average annual compensation during any three (3) consecutive  
6 years of membership service.

7 (12) "Regular interest" means interest at the rate set  
8 from time to time by the board.

9 (13) "Normal contributions" means contributions  
10 required by members under this act and any optional  
11 contributions, made under the provisions of sections 68-1605  
12 and 68-1906.

13 (14) "Additional contributions" means contributions by  
14 members under the provisions of section 68-1903.

15 (15) "Accumulated normal contributions" means the sum  
16 of all the normal contributions standing to the credit of a  
17 member's individual account without interest.

18 (16) "Accumulated additional contributions" means the  
19 sum of all the additional contributions standing to the  
20 credit of a member's individual account, together with the  
21 regular interest thereon.

22 (17) "Accumulated contributions" means the sum of  
23 accumulated normal contributions and accumulated additional  
24 contributions.

25 (18) "Pension" means payments for life derived from

1 contributions made from the state controlled funds, or in  
2 the case of members from contracting employers, from the  
3 funds of such contracting employers, as provided in this  
4 act.

5 (19) "Annuity" means payments for life derived from  
6 contributions made by a member as provided in this act.

7 (20) "Retirement allowance" means the periodic benefit  
8 payable following service, early or disability retirement.

9 (21) "Actuarial equivalent" means a benefit of equal  
10 value when computed upon the basis of the actuarial tables  
11 in use by the system.

12 (22) "Actuary" means the actuary retained by the board  
13 in accordance with section 68-1804.

14 (23) "Benefit" means the retirement allowance,  
15 survivorship allowance, death benefit or refund of  
16 accumulated contributions provided by this act.

17 (24) "Contracting employer" means any political  
18 subdivision or governmental entity which has contracted to  
19 come into the system.

20 (25) "Employer" means the state of Montana, its  
21 university or any of the colleges, schools, components or  
22 units thereof for the purposes of this act, or any political  
23 subdivision or governmental entity which has contracted to  
24 come into the system.

25 (26) "Membership service" means service with respect to

1 which normal contributions and employer contributions are  
 2 paid. A member of the legislative assembly and a lieutenant  
 3 governor of the state of Montana shall be credited with  
 4 membership service for that portion of each year for which  
 5 he pays normal contributions pursuant to section 68-1503  
 6 (10).

7 (27) "Survivorship allowance" means payments for life  
 8 to the beneficiary of a deceased member as provided in Title  
 9 68, chapter 23.

10 (28) "Creditable service" means the aggregate of  
 11 membership service and prior service. A member employed on a  
 12 part-time basis shall receive credit for a year of service  
 13 for each fiscal year during which such member was employed  
 14 throughout the year and was engaged in his duties the full  
 15 amount of time he was required by his employment to be so  
 16 engaged.

17 (29) "Employer contributions" means payments to the  
 18 retirement fund from appropriations of the state of Montana  
 19 pursuant to section 68-2504 and from contracting employers  
 20 pursuant to the contracts between them and the board.

21 (30) "Written application" means a written instrument  
 22 duly executed and filed with the board and containing all  
 23 information required by the board, including such proofs of  
 24 age as the board shall deem necessary.

25 (31) "Retirement" means withdrawal from active service

1 with a retirement allowance granted under the provisions of  
 2 this act.

3 (32) "Disability" and "incapacity for performance of  
 4 duty" referred to herein as a basis of retirement, means  
 5 disability of permanent duration or disability of extended  
 6 and uncertain duration, as determined by the board on the  
 7 basis of competent medical opinion.

8 (33) "Fiscal year" means any year commencing with July  
 9 1 and ending June 30 next following."

-End-

1 *Senate* BILL NO. *299*  
2 INTRODUCED BY *L.V.C.H. Healy Feibel Jorgeson*

3 *Healy Deane Dumble Kosko Story*

4 A BILL FOR AN ACT ENTITLED: "AN ACT TO INCLUDE DAILY  
5 EXPENSES AS COMPENSATION FOR LEGISLATORS IN THE PUBLIC  
6 EMPLOYEES RETIREMENT SYSTEM; TO MAKE MINOR CHANGES IN  
7 LANGUAGE; AMENDING SECTION 68-1503, R.C.M. 1947."

8  
9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

10 Section 1. Section 68-1503, R.C.M. 1947, is amended to  
11 read as follows:

12 "68-1503. Definitions. Unless the context requires  
13 otherwise, in this act:

14 (1) "Retirement system" means the public employees'  
15 retirement system created by this act.

16 (2) "Head of department" means the head of any  
17 department, institution or branch of the state service which  
18 directly pays salaries out of its income or which prepares,  
19 approves and submits salary statements of its employees to  
20 the department of administration, state auditor and state  
21 treasurer for payment.

22 (3) "Member" means any person included in the  
23 membership of the retirement system set forth in section  
24 68-1601 and not excluded in section 68-1602, 68-1603 or  
25 68-2510.

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

3 (5) "Employee" means any person employed by an employer  
4 in any capacity whatever and whose salary is paid either by  
5 warrant of the employer or from the fees or income of any  
6 department or agency of the employer. "Employee" means  
7 further any person deemed such pursuant to section 68-2510.

8 (6) "Retirement fund" means the public employees'  
9 retirement account in the agency fund.

10 (7) "Service" means employment of an employee, except  
11 as provided in sections 68-1604 and 68-1605.

12 (8) "Prior service" shall mean all service rendered as  
13 an employee of the state before July 1, 1945, and all  
14 service rendered as an employee of a contracting employer  
15 before July 1, 1947. Prior service includes all service  
16 rendered prior to July 1, 1945, as a member of the  
17 legislative assembly or lieutenant governor of the state of  
18 Montana.

19 (9) "Beneficiary" means the person so designated  
20 pursuant to section 68-2401.

21 (10) "Compensation" means remuneration paid out of  
22 funds controlled by an employer. The compensation of each  
23 member of the ~~legislative assembly and the lieutenant~~  
24 ~~governor of the state of Montana~~ legislature for any year  
25 ~~shall be deemed to be~~ is that portion of the product of the

*SB 299*



1 daily compensation plus expenses for such position  
 2 multiplied by three hundred sixty (360), upon which such  
 3 member elects to pay normal contributions during the year.

4 (11) "Final compensation" means a member's highest  
 5 average annual compensation during any three (3) consecutive  
 6 years of membership service.

7 (12) "Regular interest" means interest at the rate set  
 8 from time to time by the board.

9 (13) "Normal contributions" means contributions  
 10 required by members under this act and any optional  
 11 contributions, made under the provisions of sections 68-1605  
 12 and 68-1906.

13 (14) "Additional contributions" means contributions by  
 14 members under the provisions of section 68-1903.

15 (15) "Accumulated normal contributions" means the sum  
 16 of all the normal contributions standing to the credit of a  
 17 member's individual account without interest.

18 (16) "Accumulated additional contributions" means the  
 19 sum of all the additional contributions standing to the  
 20 credit of a member's individual account, together with the  
 21 regular interest thereon.

22 (17) "Accumulated contributions" means the sum of  
 23 accumulated normal contributions and accumulated additional  
 24 contributions.

25 (18) "Pension" means payments for life derived from

1 contributions made from the state controlled funds, or in  
 2 the case of members from contracting employers, from the  
 3 funds of such contracting employers, as provided in this  
 4 act.

5 (19) "Annuity" means payments for life derived from  
 6 contributions made by a member as provided in this act.

7 (20) "Retirement allowance" means the periodic benefit  
 8 payable following service, early or disability retirement.

9 (21) "Actuarial equivalent" means a benefit of equal  
 10 value when computed upon the basis of the actuarial tables  
 11 in use by the system.

12 (22) "Actuary" means the actuary retained by the board  
 13 in accordance with section 68-1804.

14 (23) "Benefit" means the retirement allowance,  
 15 survivorship allowance, death benefit or refund of  
 16 accumulated contributions provided by this act.

17 (24) "Contracting employer" means any political  
 18 subdivision or governmental entity which has contracted to  
 19 come into the system.

20 (25) "Employer" means the state of Montana, its  
 21 university or any of the colleges, schools, components or  
 22 units thereof for the purposes of this act, or any political  
 23 subdivision or governmental entity which has contracted to  
 24 come into the system.

25 (26) "Membership service" means service with respect to

1 which normal contributions and employer contributions are  
 2 paid. A member of the legislative assembly and a lieutenant  
 3 governor of the state of Montana shall be credited with  
 4 membership service for that portion of each year for which  
 5 he pays normal contributions pursuant to section 68-1503  
 6 (10).

7 (27) "Survivorship allowance" means payments for life  
 8 to the beneficiary of a deceased member as provided in Title  
 9 68, chapter 23.

10 (28) "Creditable service" means the aggregate of  
 11 membership service and prior service. A member employed on a  
 12 part-time basis shall receive credit for a year of service  
 13 for each fiscal year during which such member was employed  
 14 throughout the year and was engaged in his duties the full  
 15 amount of time he was required by his employment to be so  
 16 engaged.

17 (29) "Employer contributions" means payments to the  
 18 retirement fund from appropriations of the state of Montana  
 19 pursuant to section 68-2504 and from contracting employers  
 20 pursuant to the contracts between them and the board.

21 (30) "Written application" means a written instrument  
 22 duly executed and filed with the board and containing all  
 23 information required by the board, including such proofs of  
 24 age as the board shall deem necessary.

25 (31) "Retirement" means withdrawal from active service

1 with a retirement allowance granted under the provisions of  
 2 this act.

3 (32) "Disability" and "incapacity for performance of  
 4 duty" referred to herein as a basis of retirement, means  
 5 disability of permanent duration or disability of extended  
 6 and uncertain duration, as determined by the board on the  
 7 basis of competent medical opinion.

8 (33) "Fiscal year" means any year commencing with July  
 9 1 and ending June 30 next following."

-End-

SB 299

March 10, 1975

SENATE COMMITTEE ON EDUCATION  
AMENDMENTS TO HOUSE BILL NO. 299

That House Bill No. 299, third reading, be amended as follows:

1. Amend page 1, section 1, line 23.

Following: line 23

Insert: "Section 2. There is a new R.C.M. section that reads as follows:

The vocational-technical secondary school constructed under the preceding section shall be jointly owned by the school districts contributing to its construction in proportion to the contribution of each district. The sale or other disposition of a district's interest in the school shall be made in accordance with section 75-8205. Moneys received from the sale or disposition of a district's interest in a vocational-technical secondary school shall be credited to the debt service fund, building fund, general fund or any combination of these three funds, at the discretion of the trustees."

Renumber: Subsequent section

HOUSE OF REPRESENTATIVES

Date: March 13, 1975

HOUSE COMMITTEE ON STATE ADMINISTRATION AMENDMENT TO SENATE BILL 299

1. Amend page 2, section 1, subsection (10), line 24.  
Folloiwng: "for"  
Strike: "any year"  
Insert: "all years of legislative service"
2. Amend page 3, section 1, subsection (10), line 3.  
Following: "contributions"  
Strike: "during the year"

AS SO AMENDED  
BE CONCURRED IN