CHAPTER NO. ______.

HOUSE BILL NO. 558

INTRODUCED BY BARDANOUVE

IN THE HOUSE

February 3, 1979		Introduced and referred to Committee on State Administration.
February 21, 1979		Committee recommend bill do pass as amended. Report adopted.
		Printed and placed on members' desks.
February 22, 1979		Second reading, do pass.
		Considered correctly engrossed.
February 23, 1979		Third reading, passed. Transmitted to second house.
	IN THE SEN	ATE
February 23, 1979		Introduced and referred to Committee on State Administration.
March 14, 1979		Committee recommend bill be concurred in. Report adopted.
March 15, 1979		Second reading, concurred in.
March 17, 1979		Third reading, concurred in.
	IN THE HOU	ISE
March 19, 1979		Returned from second house. Concurred in. Sent to enrolling.
		Reported correctly enrolled.

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LC 1296/01

INTRODUCED BY BOLLEND 1 2 3

4 A BILL FOR AN ACT ENTITLED: "AN ACT TO AMEND THE LAW 5 REGARDING THE MUNICIPAL POLICE OFFICERS' RETIREMENT SYSTEM 6 BY INCREASING THE CONTRIBUTIONS TO BE MADE BY CERTAIN 7 MEMBERS, CITIES, AND THE STATE AND PROVIDING FOR REDUCTION 8 OF UNFUNDED LIABILITIES; AMENDING SECTIONS 19-9-107, 9 19-9-503, 19-9-601, 19-9-702, AND 19-9-703, MCA."

10

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

12 Section 1. Section 19-9-107, MCA, is amended to read: #19-9-107. Election to join plan -- transfer of 13 assets. (1) Cities other than those participating in the 14 statewide police reserve fund administered by the department 15 16 of administration in accordance with Chapter 335, Laws of 1974, as of June 30, 1977, may elect to join the plan by 17 passing an ordinance stating the election and the consent of 18 19 the city to be bound by the provisions of this chapter. Upon the enactment of such an ordinance, the provisions of 20 this chapter become applicable to the city. Any city 21 22 enacting such an ordinance shall send a certified copy thereof to the board and shall, as soon as possible 23 24 thereafter. deposit with the board all cash and securities held by it in its local police reserve or retirement fund. 25

The value of the securities shall be determined by the
 board.

3 (2) The trustees or other administrative head of the 4 local system as of the effective date of the election shall 5 certify the proportion, if any, of the funds of the system 6 that represents the accumulated contributions of the active 7 members and the relative shares of the members as of that date. Such shares shall be charged to the employer and 8 9 credited to the respective individual accounts of the members in the plan and administered as if the contributions 10 11 had been made during membership in the plan. Any excess of employer credits over charges under this section will be 12 13 offset, with interest, against future required employer 14 contributions. Any excess of employer charges over credits 15 under this section are payable by the employer, with 16 interest, on a basis determined by the procedure described 17 in 19-9-503+2}-ond-+3}.*

18 Section 2. Section 19-9-503, MCA, is amended to read: *19-9-503. Unfunded liabilities. (1) It is found and 19 20 declared by the legislature that many cities operating under 21 prior plans have excess and unfunded liabilities under such 22 prior plans, which liabilities cannot be amortized by the 23 percentage contributions set forth in 19-9-702 and 19-9-703. 24 (2) The administrator shall, on or before October 1, 25 1977, determine the excess and unfunded liability of each

-2- HB 558 INTRODUCED BILL

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Ł city which participates in the plan created by this chaoter. The determination of the administratory-in-the-obsence-of 2 3 froudy-obuse-of-discretiony-or-orithmetic--error+--is--final 4 ond--binding--on--each--city must be negotiated between each 5 city and the administrator. Each city found by the 6 administrator to have an excess and unfunded liability under 7 a prior plan which as of July 1, 1977, is not funded by sums 8 deposit or funds available for deposit with the on 9 administrator shall pay an additional sum over a period of 10 time to amortize its excess liability as determined by the 11 seministrator agreement between the city, and the 12 administrator. If-ony-city-and-the-administrator-are-unable 13 by-danuary-ly-1978y-to-negotiste-and-reduce-to--writing--the 14 terms--of--an-agreement-setisfactory-to-both-of-thes-for-the 15 city-to-amortize-its--excess--lisbility,--the--administrator 16 shall-require-such-city-to-pay-on-additional-sum-to-amortice 17 its--excess--liebility-on-duly-ly-1977y-over-s-period-of-not 18 more-then-40-years.

19 (3) Each city found by the administrator to be paying 20 an amount in excess of the amount necessary to amortize its 21 liabilities under the prior plan and under this chapter 22 shall receive a credit in the accounts of the administrator 23 for any such excess payments.

24 <u>(4) For each city with an unfunded liability. any</u>
 25 portion of the member. employer. and state contributions

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that exceeds the amount necessary to maintain the current level of unfunded liability must be applied to the reduction

3 of the unfunded liability."

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4 Section 3. Section 19-9-601. MCA. is amended to read: #19-9-601. Hember contributions. The treasurer or 5 6 other appropriate official of each employer shall retain 7 from the monthly compensation of each active member a sum 8 equal to 6% or, in the case of a member first employed by an 9 employer as a police officer after June 30, 1979, 9% of his monthly compensation, excluding overtime, holiday payments, 10 11 shift differential payments, compensation time payments, and 12 payments in lieu of sick leave and annual leave, for his 13 services as a police officer. The wonthly deduction from the salaries of police officers shall be paid to the 14 15 administrator for the purpose of paying the retirement 16 allowances of retired police officers."

17 Section 4. Section 19-9-702, MCA, is amended to read? 18 *19-9-702. State contribution. The state of Montana 19 shall make its contributions through the state auditor out 20 of the premium tax on motor vehicle property and casualty 21 insurance policies. Such payments shall be made annually 22 from the gross premium tax after deduction for cancellations 23 and returned premiums. The administrator shall notify the 24 auditor of the annual compensation paid to all active 25 members during the preceding year, and the state's

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contribution shall be 12% 13% of such compensation." 1 Section 5. Section 19-9-703, MCA, is amended to read: 2 3 "19-9-703. Employer contribution. Each employer shall 4 make its contribution on behalf of members through the city 5 treasurer or other appropriate official out of moneys available to the city for such purpose. The employer's 6 contribution shall be 12% 13% of the total monthly 7 3 compensation paid to all active members during the preceding 9 month and shall be payable monthly to the administrator." -End-

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STATE OF MONTANA

Request No. 223-79

FISCAL NOTE

Form BD-15

In compliance with a written request received <u>February 6, 1979</u>, there is hereby submitted a Fiscal Note for <u>House Bill 558</u> 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 amend the law regarding the Municipal Police Officers' Retirement System by increasing the contributions to be made by certain members, cities, and the state and provide for the reduction of unfunded liabilities.

ASSUMPTION:

The additional state contribution is based on FY 1978 annual salaries of policemen in the Municipal Police Officers' Retirement System.

FISCAL IMPACT:

Additional cost of proposed	legislation	<u>FY 80</u>	<u>FY 80</u>
Data processing system	revision	\$10,500	\$ O
Employer contributions	and and an article and a second s	54,200	57,420
Total		\$64,700	\$57,420

The additional operating costs must be funded from the PERS earmarked Revenue Fund. The additional contributions are made from insurance premium tax collections, the excess of which is deposited into the State General Fund.

LOCAL IMPACT: One percent of the unfunded liability will be transferred from the cities to the state.

BUDGET DIRECTOR // Office of Budget and Program Planning Date: <u>J/9/79</u>

Approved by Committee on State AdminAstration

1	HOUSE BILL NO. 558
z	INTRODUCED BY BARDANOUVE
3	
4	A BILL FOR AN ACT ENTITLED: "AN ACT TO AMEND THE LAW
5	REGARDING THE MUNICIPAL POLICE OFFICERS* RETIREMENT SYSTEM
6	BY INCREASING THE CONTRIBUTIONS TO BE MADE BY CERTAIN
7	HEMBERS, CITIES, AND THE STATE AND PROVIDING FOR REDUCTION
8	OF UNFUNDED LIABILITIES; AMENDING SECTIONS 19-9-107,
9	19-9-503, 19-9-601, 19-9-702, AND 19-9-703, MCA."
10	
11	BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
12	Section 1. Section 19-9-107. MCA, is amended to read:
13	"19-9-107。 Election to join plan transfer of
14	assets. (1) Cities other than those participating in the
15	statewide police reserve fund administered by the department
16	of administration in accordance with Chapter 335, Laws of
17	1974, as of June 30, 1977, may elect to join the plan by
18	passing an ordinance stating the election and the consent of
19	the city to be bound by the provisions of this chapter.
20	Upon the enactment of such an ordinance, the provisions of
21	this chapter become applicable to the city. Any city
22	enacting such an ordinance shall send a certified copy
23	thereof to the board and shall, as soon as possible
24	thereafter, deposit with the board all cash and securities
25	held by it in its local police reserve or retirement fund.

1 The value of the securities shall be determined by the 2 board.

(2) The trustees or other administrative head of the 3 local system as of the effective date of the election shall 4 5 certify the proportion, if any, of the funds of the system 6 that represents the accumulated contributions of the active 7 members and the relative shares of the members as of that date. Such shares shall be charged to the employer and я credited to the respective individual accounts of the 9 10 members in the plan and administered as if the contributions 11 had been made during membership in the plan. Any excess of employer credits over charges under this section will be 12 offset, with interest, against future required employer 13 contributions. Any excess of employer charges over credits 14 under this section are payable by the employer, with 15 interest. on a basis determined by the procedure described 16 17 in 19-9-503+2+-and-+3+(2)_AND_(3).**

Section 2. Section 19-9-503, MCA, is amended to read: 18 19 #19-9-503. Unfunded liabilities. (1) It is found and 20 declared by the legislature that many cities operating under prior plans have excess and unfunded liabilities under such 21 22 prior plans, which liabilities cannot be amortized by the percentage contributions set forth in 19-9-702 and 19-9-703. 23 24 (2) The administrator shall+ on or before October 1+ 1977, determine the excess and unfunded liability of each 25

> -2- MB 558 SECOND READING

1	city which participates in the plan created by this chapter-
2	The determination of the administrator .in-the-absence-of
3	froudy-sbuse-of-discretiony-or-orithmeticerroryisfinal
4	endbindingoneach-city <u>e must-bernegatisted-between-eacb</u>
5	city_and_the_administrator IN_IHE_ABSENCE_OE_FRAUD+_ABUSE_OE
6	DISCREIION. OR ARIINMETIC_EBROB. IS_EINAL_AND_BINDING_ON
7	EACH_CIIY. Each city found by the administrator to have an
8	excess and unfunded liability under a prior plan which as of
9	July 1, 1977, is not funded by sums on deposit or funds
10	available for deposit with the administrator shall pay an
11	additional sum over a period of time to amortize its excess
12	liability as determined by theadministrator <u>agreement</u>
13	<u>between=the=city=and the_administrator</u> .
14	odministratorareunableby-January-lv-1978v-to-negotiate
15	ond-reduce-to-writing-the-terms -of-an-agreement-satisfactory
16	to-bothofthemforthecitytoamortizeitsexcess
17	lisbilitysthe-administrator-shall-require-such-city-to-pay
18	an-add+t+ons 1-sum- to-amort+za-+ts-excess-++ab+++tyon#u+y
19	±v±977voveraperfod-of-not-more-then-40-yearsv IF_ANY
20	CITY_AND_THE_ADMINISTRATOR_ARE_UNABLE_BY_JANUABY_1+_1978+_TO
21	NEGOTIATE AND REDUCE TO WRITING THE TERMS DE AN AGREEMENT
22	SATISEACTORY TO BOTH OF THEM FOR THE CITY TO AMORITZE ITS
23	EXCESS_LIABILITY. THE ADMINISTRATOR_SHALL_REQUIRE_SUCHCITY
24	TO PAY AN ADDITIONAL SUB TO AMORIIZE ITS EXCESS LIABILITY ON
25	JULY 1. 1977. OVER A PERIOD OF NOT MORE THAN 40 YEARS.

1	(3) Each city found by the administrator to be paying
7	an amount in excess of the amount necessary to amortize its
3	liabilities under the prior plan and under this chapter
4	shall receive a credit in the accounts of the administrator
5	for any such excess payments.
6	[4] <u>For-coch-city-with-con-unfunded-ligbilitys-any</u>
7	portion_of_the_membery_cappleyery_candstatecontributions
8	<u>that::sxcseds::tha::emount:nectasory-to-maintain:the:current</u>
9	<u>ievel-of-unfunded-ligbility_sust-be-opplied_to-the-reduction</u>
10	of=the=unfunded=ligbility, IHEEXCESSUNEUNDEDLIABILITY
11	EOREACHCITYSHALL_BE_REVALUATED_BY_THE_ADMINISTRATOR_ON
12	JULY 1. 1980. AS PART OF THE NORMAL ACTUARIAL VALUATIONS
13	REQUIRED IN 19-9-504 BEFLECTING THE CHANGE IN THE
14	CONTRIBUTION RATES MADE IN [SECTION 3. 4. AND 5 OF THIS
15	BILL]. AND EACH CITY'S EUNDING POSITION WILL BE CHANGED
16	USING_IHE_PROCEDURESDESECTION19-9-107IHERESULTING
17	REPORTWILL_BEMADE_AVAILABLE_TO_THE_CITIES_NO_LATER_THAN
18	OCIOBER_1.1980.
19	(5)IF_A_MAJORITY_OF_THE_CITIES_PARTICIPATINGINIHE
20	MUNICIPALPOLICEDEFICERS!RETIREMENT_SYSTEM_DD_NOT_AGREE
21	WITH THE RESULTS OF THE REVALUATION OUTLINED IN SUBSECTION
22	141. THEY MAY. BY MUTUAL AGREEMENT OF THE CITIES. SELECT A
23	QUALIFIEDACTUARYASDEFINEDINSECTION19-9-504ID
24	PERFORM A SECOND ACTUARIAL VALUATION AS DE JULY 1. 1980.

25 WITH THE CONCLUSIONS OF THE SECOND ACTUARIAL VALUATION TO

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REPLACE THE ACTUARIAL VALUATION DISCUSSED IN SUBSECTION (4). 1 2 THE COST OF THE SECOND ACTUARIAL VALUATION SHALL BE PAID BY ALL CITIES PARTICIPATING IN THE SYSTEM IN PROPORTION TO 3 THEIR ACTIVE MEMBERSHIP IN THE SYSTEM AS DE JULY 1. 1980. 4 5 (6) THE TIME AND METHOD OF SETTLEMENT ON THE UNEUNDED LIABILITY WILL BE AS AGREED ON BY THE ADMINISTRATOR AND THE 6 7 CITY ... THE MINIMUM ALLOWABLE __PAYMENT_ BUST_BE EQUAL TO DR GREATER THAN THE INTEREST DUE AT THE INTEREST RATE USED IN 8 THE ACTUARIAL STUDY FOR THE UNFUNDED BALANCE." 9 Section 3. Section 19-9-601, MCA, is amended to read: 10 *19-9-601. Member contributions. The treasurer or 11 other appropriate official of each employer shall retain 12 from the monthly compensation of each active member a sum 13 equal to 6% or; in the case of a member first employed by an 14 employer_as a police officer after_June_30, 1979, 98 1_1/23 15 of his monthly compensation, excluding overtime, holiday 16 17 payments, shift differential payments, compensation time payments, and payments in lieu of sick leave and annual 18 19 leave, for his services as a police officer. The monthly 20 deduction from the salaries of police officers shall be paid to the administrator for the purpose of paying the 21 22 retirement allowances of retired police officers." 23 Section 4. Section 19-9-702, MCA, is amended to read:

24 *19-9-702. State contribution. The state of Montana
25 shall make its contributions through the state auditor out

1 of the premium tax on motor vehicle property and casualty 2 insurance policies. Such payments shall be made annually from the gross premium tax after deduction for cancellations 3 and returned premiums. The administrator shall notify the 5 auditor of the annual compensation paid to all active 6 members during the preceding year, and the state's 7 contribution shall be 12% 13% 14% of such compensation." Section 5. Section 19-9-703, MCA, is amended to read: 8 9 *19-9-703. Employer contribution. Each employer shall 10 make its contribution on behalf of members through the city 11 treasurer or other appropriate official out of moneys 12 available to the city for such purpose. The employer's 13 contribution shall be 22% 23% 14% of the total monthly

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-End-

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HOUSE BILL NO. 558 1 INTRODUCED BY BARDANOUVE 2 3 A BILL FOR AN ACT ENTITLED: "AN ACT TO AMEND THE LAW 4 REGARDING THE MUNICIPAL POLICE OFFICERS. RETIREMENT SYSTEM 5 BY INCREASING THE CONTRIBUTIONS TO BE MADE BY CERTAIN 6 MEMBERS, CITIES, AND THE STATE AND PROVIDING FOR REDUCTION 7 OF UNFUNDED LIABILITIES; AMENDING SECTIONS 19-9-107+ 8 19-9-503. 19-9-601. 19-9-702. AND 19-9-703. MCA." 9 10

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The value of the securities shall be determined by the
 board.

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> -2-THIRD READING

1 city which participates in the plan created by this chapter. 2 The determination of the administratory-in-the-obsence-of 3 froudy-abuse-of-discretiony-or-orithmetic--errory--is--final and--binding--on--each-city_ gust_be_pegatisted_between_each 4 5 atty-and-the-administrator IN THE ABSENCE OF FRAND, ABUSE OF 6 DISCREIION. OR ARITHMETIC ERROR. IS EINAL AND BINDING ON 7 EACH_CITY. Each city found by the administrator to have an 8 excess and unfunded liability under a prior plan which as of 9 July 1, 1977, is not funded by sums on deposit or funds 10 available for deposit with the administrator shall pay an 11 additional sum over a period of time to amortize its excess 12 13 between-the-city-and the administrator. if-env-city-end--the 14 administrator--ore--unable--by-January-1-1-1976y-to-negotiate and-reduce-to-writing-the-terms-of-on-ogreement-setisfactory 15 16 to-both--of--them--for--the--city--to--emortize--its--excess 17 ++ob+++tyy--the-administrator-shaft-require-such-city-to-pay 18 **en-edditionsi-sum-to-amortize-its-excess-i**iabiiiity--on--july 19 20 CITY AND THE ADMINISTRATOR ARE UNABLE BY JANUARY 1+ 1978+ TO 21 MEGOTIATE AND REDUCE TO WRITING THE TERMS OF AN AGREEMENT 22 SATISFACTORY TO BOTH OF THEN FOR THE CITY TO ANORTIZE ITS 23 EXCESS LIABILITY, THE ADMINISTRATOR SHALL REQUIRE SUCH CITY IG PAY AN ADDITIONAL SUB TO AMORTIZE ITS EXCESS LIABLITY ON 24 25 JULY 1. 1977. OVER A PERIOD OF NOT MORE THAN 40 YEARS.

1	(3) Each city found by the administrator to be paying
2	an amount in excess of the amount necessary to amortize its
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6	(4) For-reach-seity-with-sea-sunfunded-lightitys-any
7	portion_of_the_perbergemployeryendstatecontributions
8	thet==scaeda==the==emeunt=necessary=to=moin=the=current
9	level-of-unfunded-liability-must-be-applied-to-the-reduction
10	sf=the=unfunded=listity= THE_EXCESS_UNEUNDED_LIABILIIIY
11	FOREACHCITYSHALL_BE_REVALUATED_BY_THE_ADMINISTRATOR_ON
12	HULY 1. 1980. AS PART OF THE NORMAL ACTUARIAL VALUATIONS
13	REQUIRED IN 19-9-204 REFLECTING THE CHANGE IN THE
14	CONTRIBUTION BATES MADE IN [SECTION 3. 4. AND 5 DE THIS
15	BILL]. AND EACH CITY'S EUNDING POSITION WILL BE CHANGED
16	USING THE PROCEDURES OF SECTION 19-9-107. THE RESULTING
17	REPORT_WILL_BE_MADE_AVAILABLE_TO_THE_CITIES_NO_LATER_THAN
18	OCTOBER 1. 1980.
19	15)IE_A_MAJORITY_OF_THE_CITIES_PARTICIPATING_INIHE
20	NUNICIPAL_POLICE_OFFICERS*_RETIREMENT_SYSTEM_DO_NOT_AGREE
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23	QUALIFIED_ACTUARYAS_DEFINED_IN_SECTION_19-9-50410
24	PEREDRMASECONDACTUARIALYALUATION_AS_DE_JULY_1+_1980;
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1 REPLACE THE ACTUARIAL VALUATION DISCUSSED IN SUBSECTION (4). THE COST OF THE SECOND ACTUABIAL VALUATION SHALL BE PAID BY 2 ALL CITIES PARTICIPATING IN THE SYSTEM IN PROPORTION TO 3 THEIR ACTIVE MEMBERSHIP IN THE SYSTEM AS DE JULY 1. 1980. 4 (6) THE TIME AND METHOD DE SETTLEMENT ON THE UNEUNDED 5 LIABILITY WILL BE AS AGREED ON BY THE ADMINISTRATOR AND THE 6 CITY. THE MINIMUM ALLOWABLE PAYNENT MUST BE EQUAL TO DR 7 8 GREATER THAN THE INTEREST DUE AT THE INTEREST RATE USED IN 9 THE ACTUARIAL STUDY FOR THE UNFUNDED BALANCE." Section 3. Section 19-9-601, MCA. is amended to read: 10 #19-9-601. Member contributions. The treasurer or 11 other appropriate official of each employer shall retain 12 13 from the monthly compensation of each active member a sum equal to 6% or: in the case of a member first employed by an 14 15 employer as a police officer after June 30, 1979, 9% 7.1/23 16 of his monthly compensation, excluding overtime, holiday 17 payments, shift differential payments, compensation time 18 payments, and payments in lieu of sick leave and annual leave, for his services as a police officer. The monthly 19 20 deduction from the salaries of police officers shall be paid 21 to the administrator for the purpose of paying the 22 retirement allowances of retired police officers." 23 Section 4. Section 19-9-702, MCA, is amended to read:

24 "19-9-702. State contribution. The state of Montana
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-End-

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H8 558

HB 0558/02

1 HOUSE BILL NO. 558 2 INTRODUCED BY BARDANOUVE 3 A BILL FOR AN ACT ENTITLED: "AN ACT TO AMEND THE LAW 4 REGARDING THE MUNICIPAL POLICE OFFICERS' RETIREMENT SYSTEM 5 BY INCREASING THE CONTRIBUTIONS TO BE MADE BY CERTAIN 6 7 MEMBERS, CITIES, AND THE STATE AND PROVIDING FOR REDUCTION OF UNFUNDED LIABILITIES: AMENDING SECTIONS 19-9-107. 8 9 19-9-503, 19-9-601, 19-9-702, AND 19-9-703, MCA... 10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA: 11 Section 1. Section 19-9-107. MCA. is amended to read: 12

13 *19-9-107. Election to join plan -- transfer of 14 assets. (1) Cities other than those participating in the 15 statewide police reserve fund administered by the department 16 of administration in accordance with Chapter 335. Laws of 17 1974, as of June 30, 1977, may elect to join the plan by passing an ordinance stating the election and the consent of 18 19 the city to be bound by the provisions of this chapter. Upon the enactment of such an ordinance, the provisions of 20 this chapter become applicable to the city. Any city 21 22 enacting such an ordinance shall send a certified copy 23 thereof to the board and shall, as soon as possible 24 thereafter, deposit with the board all cash and securities 25 held by it in its local police reserve or retirement fund.

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18 Section 2. Section 19-9-503, MCA, is amended to read: 19 #19-9-503. Unfunded liabilities. (1) It is found and 20 declared by the legislature that many cities operating under 21 prior plans have excess and unfunded liabilities under such 22 prior plans, which liabilities cannot be amortized by the 23 percentage contributions set forth in 19-9-702 and 19-9-703. 24 (2) The administrator shall, on or before October 1. 25 1977, determine the excess and unfunded liability of each

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REFERENCE BILL

HB 0558703

1 city which participates in the plan created by this chapter. The determination of the administratory-in-the-absence-of 2 3 froudy-obuse-of-discretiony-or-orithmetic--errory--is--final 4 and--binding--on--esch-city_ <u>Ruit-be-neostisted-between-coch</u> 5 citrinoditheroduioistrator IN_IHE_ABSENCE_OF_ERAUD: ABUSE_OF 6 DISCRETION: OR ARTIMETIC EROR: IS FINAL AND BINDING ON 7 EACH_CITY. Fach city found by the administrator to have an 9 excess and unfunded liability under a prior plan which as of 9 July 1, 1977, is not funded by sums on deposit or funds 10 available for deposit with the administrator shall pay an 11 additional sum over a period of time to amortize its excess 12 liability as determined by the--odministrator pareement 13 between_the_city_and the_administrator. if-any-city-and--the administrator--are--unable--by-danuery-ly-1974y-to-negotiate 14 15 and-reduce-to-writing-the-terms-of-an-agreement-satisfactory 16 to-both--of--them--for--the--city--to--smortize--its--excess 17 łistityv--the-administrator-shall-require-such-city-to-pay 18 an-additional-sum-to-emortize-its-excess-liebility--on--duly tv--t977v--over--a--period-of-not-more-than-48-yearsy IF_ANY 19 CITY_AND_THE_ADMINISTRATOR_ARE_UNABLE_BY_JANUARY_1+_1978+_TD 20 21 NEWDILATE AND REDUCE TO WRITING THE TERMS OF AN AGREEMENT 22 SALLSEACIORY TO BOTH DE THEM EDR THE CITY TO AMORTIZE ITS 23 EXCESS LIABILITY. THE ADMINISTRATOR SHALL REQUIRE SUCH CITY 24 10 PAY AN ADDITIONAL SUM TO AMORTIZE ITS EXCESS LIABLEITY OM 25 JULY 10 1977. DYER A PERIOD DE NOT BURE THAN 40 YEARS.

1 (3) Each city found by the administrator to be paying 2 an amount in excess of the amount necessary to amortize its 3 liabilities under the prior plan and under this chapter 4 shall receive a credit in the accounts of the administrator 5 for any such excess payments.

6 141 Eprementality-with-pon-unfunded-tiobilityy-ony 7 pertipatefithe-mamberg-cemployery--and--state--contributions 8 thet__streeds__the__esectory_to_seintein_the_current lexel_of_unfunded_tiobility_exat_be_applied_to_the_reduction 9 10 of the unfunded tight the INE EXCESS UNFUNDED LIABILITY 11 FOR EACH CITY SHALL BE REVALUATED BY THE ADMINISTRATOR ON JULY 1. 1980. AS PART DE. THE NORNAL ACTUARIAL VALUATIONS 12 13 REQUIRED IN 19-9-504 REFLECTING THE CHANGE IN THE 14 CONTRIBUTION RATES MADE IN I SECTION 3+ 4+ AND 5 DE THIS 15 BILL 1. AND EACH CITY'S FUNDING POSITION WILL BE CHANGED USING THE PROCEDURES OF SECTION 19-9-107. THE RESULTING 16 17 REPORT HILL BE MADE AVAILABLE TO THE CITIES NO LATER THAN OCTOBER 1. 1980. 18 19 151 IF A MAJORITY OF THE CITIES PARTICIPATING IN THE 20 HUNICIPAL_POLICE_DEFICERS*_RETIREMENT_SYSTEM_DO_NOT_AGREE 21 HITH THE RESULTS OF THE REVALUATION OUTLINED IN SUBSECTION 22 1414 ... IHEY __ HAY, BY MUTUAL AGREEMENT OF THE CITIES, SELECT A 23 QUALIFIED ACTUARY AS DEFINED IN SECTION 19-9-504. IO 26 PERFORM A SECOND ACTUARIAL VALUATION AS DE JULY 14 19804 25 WITH THE CONCLUSIONS OF THE SECOND ACTUARIAL VALUATION TO

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1 REPLACE THE ACTUARIAL VALUATION_DISCUSSED_IN_SUBSECTION_(4). THE COST OF THE SECOND ACTUARIAL VALUATION SHALL BE PAID BY 2 ٦ ALL LITIES PARTICIPATING IN THE SYSTEM IN PROPORTION TO INEIR ACTIVE MEMBERSHIP IN THE SYSTEM AS DE JULY 2. 1980. 4 5 (6) THE TIME AND METHOD OF SETTLEMENT ON THE UNFUNDED 5 LIAPILITY HILL DE AS AGREED ON BY THE ADMINISTRATOR AND THE 7 CITY. THE MINIMUM ALLOWABLE PAYMENT MUST BE EQUAL TO OP 8 GREATER THAN THE INTEREST DUE AT THE INTEREST RATE USED IN 9 THE ACTUARIAL STUDY FOR THE UNFUNDED BALANCE." 10 Section 3. Section 19-9-601, MCA, is amended to read: #19-9-601. Member contributions. The treasurer or 11 12 other appropriate official of each employer shall retain 13 from the monthly compensation of each active member a sum 14 equal to 6% or, in the case of a member first employed by an 15 emuloyer_as_a police officer_after_june_30:_1979: 9% 7.1/2% 16 of his monthly compensation, excluding overtime, holiday payments, shift differential payments, compensation time 17 16 payments, and payments in lieu of sick leave and annual 19 leaves for his services as a police officer. The monthly 20 deduction from the salaries of police officers shall be paid to the administrator for the purpose of paying the 21

2? retirement allowances of retired police officers.*

Section 4. Section 19-9-702, MCA, is amended to read:
 "19-9-702. State contribution. The state of Montana
 shall make its contributions through the state auditor out

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of the premium tax on motor vehicle property and casualty insurance policies. Such payments shall be made annually from the gross premium tax after deduction for cancellations and returned premiums. The administrator shall notify the auditor of the annual compensation paid to all active members during the preceding year, and the state's contribution shall be <u>124 131 143</u> of such compensation."

8 Section 5. Section 19-9-703. MCA+ is amended to read: 9 "19-9-703. Employer contribution. Each employer shall 10 make its contribution on behalf of wembers through the city 11 treasurer or other appropriate official out of moneys 12 available to the city for such purpose. The employer's contribution shall be 12% 13% 14% of the total monthly 13 14 compensation paid to all active members during the preceding 15 month and shall be payable monthly to the administrator."

-End-

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