

HOUSE BILL 808

IN THE HOUSE

February 14, 1979	Introduced and referred to Committee on State Administration.
February 19, 1979	Committee recommend bill, do pass.
February 21, 1979	Second reading, do pass.
February 22, 1979	Considered correctly engrossed. Third reading, passed.

IN THE SENATE

February 23, 1979	Introduced and referred to Committee on Local Government.
March 19, 1979	Committee recommend bill, not concurrent, as amended. On motion, Senate reconsider its action taken on adverse committee report and order placed on second reading. Motion failed.

IN THE HOUSE

March 20, 1979	Returned from Senate, not concurrent, as amended.
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1 House BILL NO. 808
 2 INTRODUCED BY Baeth Shelden
 3

4 A BILL FOR AN ACT ENTITLED: "AN ACT TO ALLOW CITIES OTHER
 5 THAN THOSE OF THE FIRST OR SECOND CLASS TO ELECT TO
 6 TERMINATE PERS COVERAGE FOR THEIR POLICE OFFICERS AND TO
 7 JOIN THE MUNICIPAL POLICE OFFICERS' RETIREMENT SYSTEM;
 8 PROVIDING FOR OPTIONS REGARDING THE TRANSFER OF CREDIT FOR
 9 SERVICE; AMENDING SECTIONS 19-9-104, 19-9-105, AND 19-9-107,
 10 MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

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

13 Section 1. Section 19-9-104, MCA, is amended to read:

14 "19-9-104. Definitions. Unless the context requires
 15 otherwise, the following definitions apply in this chapter:

16 (1) "Administrator" means the public employees'
 17 retirement division of the department of administration.

18 (2) "Board" means the retirement board described in
 19 2-15-1009.

20 (3) "Credited service" means the aggregate of a
 21 member's prior service and membership service.

22 (4) "Employer" means any city which participated in a
 23 prior plan or which elects to join this plan under 19-9-107.

24 (5) "Employer annuity" means monthly payments for life
 25 derived from employer and state contributions.

1 (6) "Final average salary" means the monthly
 2 compensation of a member, averaged over the last 36 months
 3 of his active service or, in the event he has not been a
 4 member that long, over the period of his membership.

5 (7) "Fund" means the agency account in the treasury
 6 system designated for the use of the plan.

7 (8) "Mandatory retirement date" means the first day of
 8 the month coinciding with or immediately following, if none
 9 coincides, the date on which a member attains age 65.

10 (9) "Member" means a person who is employed by an
 11 employer as a police officer or who is entitled to a
 12 retirement allowance by virtue of his service to an employer
 13 as a police officer.

14 (10) "Member contributions" means the total of the
 15 deductions from the compensation of a member, either made
 16 during a period of active membership hereunder, or made under
 17 a prior plan and transferred to this plan, standing to his
 18 credit, together with the interest thereon.

19 (11) "Member's annuity" means monthly payments for life
 20 derived from member contributions.

21 (12) "Membership service" means a period of employment
 22 with an employer occurring after June 30, 1977, during which
 23 the withholdings required by this chapter have been made
 24 from a member's monthly compensation and credited to his
 25 member contributions account. Pro rata credit shall be

1 granted for employment on a part-time basis or for
2 employment over a period of less than a complete fiscal
3 year.

4 (13) "Minimum retirement date" or "normal retirement
5 date" means the first day of the month coinciding with or
6 immediately following, if none coincides, the date on which
7 a member becomes both age 50 or older and completes 20 or
8 more years of credited service.

9 (14) "Monthly compensation" means the wages, excluding
10 overtime, holiday payments, shift differential payments,
11 compensation time payments, and payments in lieu of sick
12 leave and annual leave, a member receives as an active
13 police officer.

14 (15) Any reference to "municipality", "city", or "town"
15 includes those jurisdictions which, prior to the effective
16 date of a county-municipal consolidation, were incorporated
17 municipalities, subsequent districts created for urban law
18 enforcement services, or the entire county included in the
19 county-municipal consolidation.

20 (16) "Plan" means the municipal police officers'
21 retirement system created by this chapter.

22 (17) "Police officer" means a law enforcement officer
23 employed by an employer.

24 (18) "Prior plan" means the local police reserve or
25 retirement fund of a city which elects to join the plan

1 under 19-9-107; or the statewide police reserve fund
2 administered by the department of administration in
3 accordance with Chapter 335, Laws of 1974; ~~or the public~~
4 ~~employees' retirement system.~~

5 (19) "Prior service" means a period of employment as a
6 police officer for which credit was granted to a member
7 under a prior plan and has been transferred to this plan.

8 (20) "Retirement allowance" means the employer annuity
9 plus the member's annuity.

10 (21) "Retirement date" means the date on which the
11 first payment of the retirement, disability, or survivor
12 benefits of a member or a beneficiary is payable.

13 (22) "Totally and permanently disabled" means that the
14 board, upon certification by a licensed and practicing
15 physician, has determined that a member's disability is of
16 such a nature as to permanently impair his ability to
17 discharge his normal duties as a police officer."

18 Section 2. Section 19-9-105, MCA, is amended to read:
19 "19-9-105. Transfer of assets and liabilities from
20 prior plans. (1) All funds and obligations constituting the
21 assets and liabilities of prior plans, regardless of their
22 form or who holds them, shall be transferred to the account
23 provided for in 19-9-501. The board shall ascertain the
24 amounts to be apportioned to each account on April 19, 1977,
25 and the state treasurer shall transfer such amounts to the

1 appropriate accounts on July 1, 1977.

2 ~~(2) The transfer of funds and obligations from the~~
3 ~~public employees' retirement system is governed by~~
4 ~~19-9-107(3).~~"

5 Section 3. Section 19-9-107, MCA, is amended to read:

6 "19-9-107. Election to join plan -- transfer of
7 assets. (1) Cities other than those participating in the
8 statewide police reserve fund administered by the department
9 of administration in accordance with Chapter 335, Laws of
10 1974, as of June 30, 1977, may elect to join the plan by
11 passing an ordinance stating the election and the consent of
12 the city to be bound by the provisions of this chapter.
13 Upon the enactment of such an ordinance, the provisions of
14 this chapter become applicable to the city. Any city
15 enacting such an ordinance shall send a certified copy
16 thereof to the board and shall, as soon as possible
17 thereafter, deposit with the board all cash and securities
18 held by it in its local police reserve or retirement fund.
19 The value of the securities shall be determined by the
20 board.

21 (2) The trustees or other administrative head of the
22 local system as of the effective date of the election shall
23 certify the proportion, if any, of the funds of the system
24 that represents the accumulated contributions of the active
25 members and the relative shares of the members as of that

1 date. Such shares shall be charged to the employer and
2 credited to the respective individual accounts of the
3 members in the plan and administered as if the contributions
4 had been made during membership in the plan. Any excess of
5 employer credits over charges under this section will be
6 offset, with interest, against future required employer
7 contributions. Any excess of employer charges over credits
8 under this section are payable by the employer, with
9 interest, on a basis determined by the procedure described
10 in 19-9-503(2) and (3).

11 ~~(3) If a city is providing retirement coverage for its~~
12 ~~police officers under the Public Employees' Retirement~~
13 ~~System Act and passes an ordinance electing to discontinue~~
14 ~~participation in the public employees' retirement system~~
15 ~~(PERS) and join the plan and consenting to be bound by the~~
16 ~~provisions of this chapter, the city may, as part of the~~
17 ~~ordinance, elect one of the following options:~~

18 ~~(a) participation in the plan commencing on January 1~~
19 ~~following enactment of the ordinance without any retroactive~~
20 ~~coverage. Under this option, all prior police officers'~~
21 ~~service credited in PERS must be considered service for the~~
22 ~~purpose of qualification for retirement and death benefits~~
23 ~~but not for calculation of retirement benefits, which must~~
24 ~~be granted on a proportionate basis. All prior PERS service~~
25 ~~remains subject to the provisions of Title 19, chapter 3.~~

1 Any medical disability existing on January 1 following
2 enactment of the ordinance, as determined by the board, must
3 be considered under the laws governing PERS and may not
4 become the liability of the plan.

5 (b) participation in the plan commencing on January 1
6 following enactment of the ordinance with full retroactive
7 credit for all prior police officers' service credited in
8 PERS. Under this option, the board shall determine, on the
9 basis of the information previously reported to PERS, how
10 much credit for service and what amount of the accumulated
11 contributions and related employer contributions must be
12 transferred for each participating police officer from PERS
13 to the plan. In addition, the city shall transfer all money
14 attributable to the police officers' service held in city
15 funds and shall make payments to amortize any excess
16 unfunded liability, with interest, on a basis determined by
17 the procedure described in 19-9-503(2) and (3). Any medical
18 disability existing on January 1 following enactment, as
19 determined by the board, must be considered under the laws
20 governing PERS and may not become a liability of the plan.*

21 Section 4. Effective date. This act is effective on
22 passage and approval.

-End-

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6 "19-9-107. Election to join plan -- transfer of
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13 Upon the enactment of such an ordinance, the provisions of
14 this chapter become applicable to the city. Any city
15 enacting such an ordinance shall send a certified copy
16 thereof to the board and shall, as soon as possible
17 thereafter, deposit with the board all cash and securities
18 held by it in its local police reserve or retirement fund.
19 The value of the securities shall be determined by the
20 board.

21 (2) The trustees or other administrative head of the
22 local system as of the effective date of the election shall
23 certify the proportion, if any, of the funds of the system
24 that represents the accumulated contributions of the active
25 members and the relative shares of the members as of that

1 date. Such shares shall be charged to the employer and
2 credited to the respective individual accounts of the
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4 had been made during membership in the plan. Any excess of
5 employer credits over charges under this section will be
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7 contributions. Any excess of employer charges over credits
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10 in 19-9-503(2) and (3).

11 (3) If a city is providing retirement coverage for its
12 police officers under the Public Employees' Retirement
13 System Act and passes an ordinance electing to discontinue
14 participation in the public employees' retirement system
15 (PERS) and join the plan and consenting to be bound by the
16 provisions of this chapter, the city may, as part of the
17 ordinance, elect one of the following options:

18 (a) participation in the plan commencing on January 1
19 following enactment of the ordinance without any retroactive
20 coverage. Under this option, all prior police officers'
21 service credited in PERS must be considered service for the
22 purpose of qualification for retirement and death benefits
23 but not for calculation of retirement benefits, which must
24 be granted on a proportionate basis. All prior PERS service
25 remains subject to the provisions of Title 19, chapter 3.

1 Any medical disability existing on January 1 following
2 enactment of the ordinance, as determined by the board, must
3 be considered under the laws governing PERS and may not
4 become the liability of the plan.

5 (b) participation in the plan commencing on January 1
6 following enactment of the ordinance with full retroactive
7 credit for all prior police officers' service credited in
8 PERS. Under this option, the board shall determine, on the
9 basis of the information previously reported to PERS, how
10 much credit for service and what amount of the accumulated
11 contributions and related employer contributions must be
12 transferred for each participating police officer from PERS
13 to the plan. In addition, the city shall transfer all money
14 attributable to the police officers' service held in city
15 funds and shall make payments to amortize any excess
16 unfunded liability, with interest, on a basis determined by
17 the procedure described in 19-9-503(2) and (3). Any medical
18 disability existing on January 1 following enactments as
19 determined by the board, must be considered under the laws
20 governing PERS and may not become a liability of the plan."

21 Section 4. Effective date. This act is effective on
22 passage and approval.

-End-