

House Bill 303

In The House

January 17, 1981	Introduced and referred to Committee on State Administration.
January 20, 1981	Fiscal note requested.
January 22, 1981	Fiscal note returned.
January 26, 1981	Fiscal note revised.
April 23, 1981	Died in committee.

1 HOUSE BILL NO. 303
 2 INTRODUCED BY Donovan Eckley, Meyaher Anderson
 3 VINCENT, Haffertson, Hey - Sunday

4 A BILL FOR AN ACT ENTITLED: "AN ACT INCREASING THE STATE
 5 CONTRIBUTION TO THE DISABILITY AND PENSION FUNDS OF THE FIRE
 6 DEPARTMENT RELIEF ASSOCIATIONS; PROVIDING FUNDING FOR THE
 7 ESCALATOR PROVISION FOR SERVICE, DISABILITY, AND
 8 SURVIVORSHIP PENSIONS FROM THE INSURANCE PREMIUM TAXES FOR
 9 FIREFIGHTERS RETIRED AFTER JULY 1, 1973; AND AMENDING
 10 SECTIONS 19-11-512, 19-11-602, 19-11-604, AND 19-11-605,
 11 MCA."

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

14 Section 1. Section 19-11-512, MCA, is amended to read:
 15 "19-11-512. State auditor to pay association out of
 16 insurance premium taxes. (1) ~~At~~ After the end of the fiscal
 17 year, the state auditor shall issue and deliver the payment
 18 described in this subsection to the board of investments to
 19 be credited to the account of each fire department relief
 20 association of any city or town of the first or second class
 21 which has a fire department relief association entitled by
 22 law to receive payments. The state auditor shall, at the
 23 same time, report to the treasurer of the association the
 24 amount of the payment. The payment shall be for the use and
 25 benefit of the association. It shall be paid out of the

1 premium taxes on insurance risks enumerated in subsection
 2 (6) collected by the state auditor and shall be equal to ~~10%~~
 3 14% of the total annual compensation paid by the city or
 4 town to its paid or part-paid firefighters for services in
 5 the previous calendar year. The city clerk of the city or
 6 town shall certify in writing to the state auditor, on or
 7 before April 1 of each year, the amount paid by the city or
 8 town as compensation for services to paid or part-paid
 9 firefighters.

10 (2) When there is a disaster resulting in death or
 11 injury sufficient to draw the pensions of 10% of the active
 12 force and the fund, after receiving all moneys provided for
 13 in 19-11-501, 19-11-503, 19-11-504, and subsection (1) of
 14 this section, does not show at least the 1-mill growth
 15 referred to in 19-11-504, the treasurer of the association
 16 shall request and the state auditor shall issue and deliver
 17 an additional payment under the same conditions described in
 18 subsection (1). The payment shall be in an amount sufficient
 19 to cause at least the above-mentioned 1-mill growth in the
 20 fund.

21 (3) If a city is not entitled to receive a sum equal
 22 to 1 1/2 mills of its total taxable value under subsections
 23 (1) and (2), the payment shall be made in the amount
 24 provided in subsections (4) and (5) for cities of the third
 25 class and in the manner described in subsection (1).

1 (4) ~~At~~ After the end of the fiscal year, the state
2 auditor shall issue and deliver the warrant described in
3 this subsection to the treasurer of every city or town,
4 except cities and towns of the first or second class, which
5 has a fire department relief association entitled by law to
6 receive payments. The warrant shall be for the use and
7 benefit of the association. It shall be for an amount equal
8 to 1 1/2 mills of the total taxable value of the city or
9 town and shall be paid out of the premium taxes on insurance
10 risks enumerated in subsection (6) collected by the state
11 auditor.

12 (5) If the payment provided for in subsection (4) is
13 less than \$100, an additional payment shall be made from the
14 same tax moneys so that the total amount received is \$100.

15 (6) The risks referred to in subsections (1) and (4)
16 are:

17 (a) insurance of houses, buildings, and all other
18 kinds of property against loss or damage by fire or other
19 casualty;

20 (b) all kinds of insurance on goods, merchandise, or
21 other property in the course of transportation, whether by
22 land, water, or air;

23 (c) insurance against loss or damage to motor vehicles
24 resulting from accident, collision, or marine and inland
25 navigation and transportation perils;

1 (d) insurance of growing crops against loss or damage
2 resulting from hail or the elements;

3 (e) insurance against loss or damage by water to any
4 goods or premises arising from the breakage or leakage of
5 sprinklers, pumps, or other apparatus;

6 (f) insurance against loss or legal liability for loss
7 because of damage to property caused by the use of teams or
8 vehicles, whether by accident or collision or by explosion
9 of any engine, tank, boiler, pipe, or tire of any vehicle;
10 and

11 (g) insurance against theft of the whole or any part
12 of any vehicle."

13 Section 2. Section 19-11-602, MCA, is amended to read:

14 "19-11-602. Service pension. (1) Each association
15 shall pay, out of its disability and pension fund, a service
16 pension to each of its members who elects to retire from
17 active service after having completed 20 years or more of
18 active duty and has reached the age of 50 years as a fully
19 paid member of a paid or partly paid and partly volunteer
20 fire department of the city or town in which the association
21 was formed. The pension shall be equal to one-half of the
22 sum last received by the member as a monthly compensation,
23 excluding overtime and payments in lieu of sick leave and
24 annual leave, for his services as an active member of the
25 fire department.

1 (2) Effective July 1, 1974, a member who completes 20
 2 years of service and elects to serve additional years shall
 3 receive the pension provided for in subsection (1) increased
 4 at the rate of 1% per year for each additional year of
 5 service completed, up to a maximum of 60% of the sum last
 6 received by the member as a monthly compensation, excluding
 7 overtime and payments in lieu of sick leave and annual
 8 leave, for his services as an active member of the fire
 9 department. No member is eligible to receive a service
 10 pension prior to attaining the age of 50 years.

11 (3) (a) The monthly pension paid to members retiring
 12 on or after July 1, 1973, must be at least one-half the
 13 regular monthly salary, excluding overtime and payments in
 14 lieu of sick leave and annual leave, paid to a confirmed
 15 active firefighter of that city, as provided each year in
 16 the budget of that city. The monthly pension paid to a
 17 member retiring prior to July 1, 1974, must be at least
 18 \$200. In the case of volunteer firefighters, the pension may
 19 not exceed \$100 a month.

20 (b) On or before April 1 of each year, the treasurer
 21 of each association shall report to the state auditor the
 22 difference between the amount originally received by members
 23 retired after July 1, 1973, or their surviving spouses and
 24 children from the fund under subsections (1) and (2) of this
 25 section and one-half of the salary paid by the respective

1 city or town to a confirmed active firefighter for the
 2 preceding year. This difference must be paid by the state
 3 auditor after the end of the fiscal year from the premium
 4 taxes on insurance risks enumerated in 19-11-512(6). For a
 5 municipality other than a city of the first or second class,
 6 the state auditor shall deliver the payment to the treasurer
 7 of the respective city or town. For a first or second class
 8 city, the auditor shall deliver the payment to the board of
 9 investments to be credited to the account of the fire
 10 department relief association. He shall, at the same time,
 11 report to the treasurer of the appropriate association the
 12 amount of payment delivered to the board of investments.

13 (c) The treasurer of a city or town receiving funds
 14 shall immediately disburse them to the treasurer of the
 15 respective association.

16 (d) The treasurer of the association shall use these
 17 funds to increase the monthly pension of members retired
 18 after July 1, 1973, or their surviving spouses and children
 19 to an amount equal to one-half of the salary that was paid
 20 to a confirmed active firefighter in the city or town for
 21 the preceding year.

22 (4) As of July 1, 1977, a member is not eligible to
 23 receive a service pension under this section unless he is
 24 making a monthly contribution to the disability and pension
 25 fund, as required by 19-11-501, and is on active duty as a

1 fully paid member of a fire department when he reaches the
2 age of 50 years.

3 (5) A member of a pure volunteer fire department who
4 has served 20 years or more as an active member of the fire
5 department is entitled to the benefits provided for in this
6 chapter regardless of his age. A member of a pure volunteer
7 fire department who has completed 10 years' service as an
8 active member of the fire department but who is prevented
9 from completing 20 years' service by dissolution or
10 discontinuance of his volunteer fire department, personal
11 relocation due to transfer or loss of employment, personal
12 disability, or any other factor beyond his reasonable
13 control may nevertheless qualify for a partial or reduced
14 pension in an amount and to the extent determined by the
15 board of trustees of the association, regardless of his
16 age."

17 Section 3. Section 19-11-604, MCA, is amended to read:
18 "19-11-604. Disability pension. (1) Each association
19 shall pay a disability pension, out of its disability and
20 pension fund, to each of its members who has become disabled
21 by reason of sickness or injury. The pension shall be equal
22 to one-half of the sum last received by the member as a
23 monthly compensation, excluding overtime and payments in
24 lieu of sick leave and annual leave, for his services to the
25 fire department of the city or town in which the association

1 was formed.

2 (2) Effective July 1, 1974, a member who completes 20
3 years of service and elects to serve additional years shall
4 receive the pension provided for in subsection (1) increased
5 at the rate of 1% per year for each additional year of
6 service completed, up to a maximum of 60% of the sum last
7 received by the member as a monthly compensation, excluding
8 overtime and payments in lieu of sick leave and annual
9 leave, for his services as an active member of the fire
10 department.

11 (3) (a) The monthly pension paid to members retiring
12 on or after July 1, 1973, must be at least one-half the
13 regular monthly salary paid to a confirmed active
14 firefighter of that city, as provided each year in the
15 budget of that city. The monthly pension paid to a member
16 retiring prior to July 1, 1974, must be at least \$200. In
17 the case of volunteer firefighters, the disability pension
18 may not exceed \$75 a month.

19 (b) On or before April 1 of each year, the treasurer
20 of each association shall report to the state auditor the
21 difference between the amount originally received by members
22 retired after July 1, 1973, or their surviving spouses and
23 children from the fund under subsections (1) and (2) of this
24 section and one-half of the salary paid by the respective
25 city or town to a confirmed active firefighter for the

1 preceding year. This difference must be paid by the state
 2 auditor after the end of the fiscal year from the premium
 3 taxes on insurance risks enumerated in 19-11-512(6). For a
 4 municipality other than a city of the first or second class,
 5 the state auditor shall deliver the payment to the treasurer
 6 of the respective city or town. For a first or second class
 7 city, the auditor shall deliver the payment to the board of
 8 investments to be credited to the account of the fire
 9 department relief association. He shall, at the same time,
 10 report to the treasurer of the appropriate association the
 11 amount of payment delivered to the board of investments.

12 (c) The treasurer of a city or town receiving funds
 13 shall immediately disburse them to the treasurer of the
 14 respective association.

15 (d) The treasurer of the association shall use these
 16 funds to increase the monthly pension of members retired
 17 after July 1, 1973, or their surviving spouses and children
 18 to an amount equal to one-half of the salary that was paid
 19 to a confirmed active firefighter in the city or town for
 20 the preceding year."

21 Section 4. Section 19-11-605, MCA, is amended to read:

22 "19-11-605. Pensions to surviving spouses and
 23 children. (1) Each association shall pay, out of its
 24 disability and pension fund, a monthly pension to the
 25 surviving spouse or children of a deceased member of the

1 association who on the date of his death was an active
 2 member of the fire department in the city or town in which
 3 the association was formed, who had elected to retire from
 4 active service in the fire department and receive a service
 5 pension as provided for by 19-11-602, or who, prior to
 6 death, had suffered a sickness or injury and was receiving
 7 or was qualified to receive a disability pension as provided
 8 by 19-11-604. The pension shall be equal to one-half of the
 9 last month's salary received as a monthly compensation,
 10 excluding overtime and payments in lieu of sick leave and
 11 annual leave, by the deceased member for services rendered
 12 as an active member of the fire department in the city or
 13 town in which the association was formed.

14 (2) Effective July 1, 1974, if the deceased member had
 15 completed 20 years of service and had elected to serve
 16 additional years, the pension provided for in subsection (1)
 17 shall be increased at the rate of 1% per year for each
 18 additional year of service completed, up to a maximum of 60%
 19 of the last month's salary received as a monthly
 20 compensation, excluding overtime and payments in lieu of
 21 sick leave and annual leave, by the deceased member for his
 22 services as an active member of the fire department.

23 (3) (a) The monthly pension paid to the surviving
 24 spouse or children of an active member who dies after July
 25 1, 1973, or an active member who elects to retire after July

1 1, 1973, must be at least one-half the regular monthly
 2 salary paid to a confirmed active firefighter of that city,
 3 as provided each year in the budget of that city. The
 4 monthly pension paid to the surviving spouse or children of
 5 an active member who died prior to July 1, 1974, or who
 6 elected to retire before July 1, 1974, must be at least
 7 \$200. In the case of volunteer firefighters, the pension may
 8 not exceed \$75 per month.

9 (b) On or before April 1 of each year, the treasurer
 10 of each association shall report to the state auditor the
 11 difference between the amount originally received by members
 12 retired after July 1, 1973, or their surviving spouses and
 13 children from the fund under subsections (1) and (2) of this
 14 section and one-half of the salary paid by the respective
 15 city or town to a confirmed active firefighter for the
 16 preceding year. This difference must be paid by the state
 17 auditor after the end of the fiscal year from the premium
 18 taxes on insurance risks enumerated in 19-11-512(6). For a
 19 municipality other than a city of the first or second class,
 20 the state auditor shall deliver the payment to the treasurer
 21 of the respective city or town. For a first or second class
 22 city, the auditor shall deliver the payment to the board of
 23 investments to be credited to the account of the fire
 24 department relief association. He shall, at the same time,
 25 report to the treasurer of the appropriate association the

1 amount of payment delivered to the board of investments.

2 (c) The treasurer of a city or town receiving funds
 3 shall immediately disburse them to the treasurer of the
 4 respective association.

5 (d) The treasurer of the association shall use these
 6 funds to increase the monthly pension of members retired
 7 after July 1, 1973, or their surviving spouses and children
 8 to an amount equal to one-half of the salary that was paid
 9 to a confirmed active firefighter in the city or town for
 10 the preceding year.

11 (4) A pension may be paid to the surviving spouse only
 12 so long as such spouse remains unmarried. A surviving spouse
 13 is not entitled to a pension under this section if the
 14 marriage was entered into after the firefighter had elected
 15 to retire from active service and had begun to receive a
 16 service pension as provided for by 19-11-602 or if the
 17 marriage was entered into after the firefighter had
 18 qualified for and had begun to receive a disability pension
 19 as provided for by 19-11-604. The pension provided for in
 20 this section may not be paid to the children of deceased
 21 firefighters after they have attained the age of 18."

-End-

STATE OF MONTANA

REQUEST NO. 162-81

FISCAL NOTE

Form BD-15

In compliance with a written request received January 20, 19 81, there is hereby submitted a Fiscal Note for House Bill 303 pursuant to Title 5, Chapter 4, Part 2 of the Montana Code Annotated (MCA).

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

To increase the state contribution to the disability and pension funds of the fire department relief associations and provide funding for the escalator provision for pensions from the insurance premium taxes.

Fiscal Impact

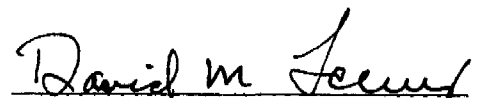
The outlay required in the next two years will depend upon the base pay for confirmed firemen as established by the individual cities. Based upon actuarial assumptions, it is estimated that the outlay for fiscal year 1982 will be \$25,000 and for fiscal year 1983 it will be \$30,000.

Long Term Effect

It is estimated that the long term effect will be an outlay of approximately 6% of the active firemen's salaries from the tax fund.

Comment

The bill does not increase any benefits to the firemen and as such the overall cost to the taxpayers is zero. The bill merely removes the liability for benefit increases from the cities and places the liability on the premium tax fund. It does however, provide immediate funding rather than relying upon undefined future contributions.



BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 1-21-81

STATE OF MONTANA

REQUEST NO. 162-81

FISCAL NOTE

Form BD-15

In compliance with a written request received January 20, 19 81, there is hereby submitted a Fiscal Note for House Bill 303 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.

THIS IS A REVISED FISCAL NOTE.

DESCRIPTION OF PROPOSED LEGISLATION:

To increase the state contribution to the disability and pension funds of the fire department relief associations and provide funding for the escalator provision for pensions from the insurance premium taxes.

FISCAL IMPACT:

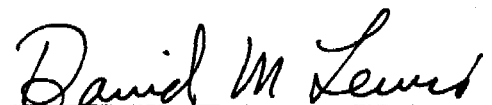
The outlay required in the next two years will depend upon the base pay for confirmed firemen as established by the individual cities. Based upon actuarial assumptions, it is estimated that the outlay for fiscal year 1982 will be \$325,000 and for fiscal year 1983 it will be \$354,000.

LONG TERM EFFECT:

It is estimated that the long term effect will be an outlay of approximately 10% of the active firemen's salaries from the tax fund.

COMMENT:

The bill does not increase any benefits to the firemen and as such the overall cost to the taxpayers is zero. The bill merely removes the liability for benefit increases from the cities and places the liability on the premium tax fund. It does, however, provide immediate funding rather than relying upon undefined future contributions.



BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 1-26-81