

House Bill 503

In The House

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| January 27, 1981 | Introduced and referred to Committee on State Administration. |
| January 29, 1981 | Fiscal note requested. |
| February 3, 1981 | Fiscal note returned. |
| February 9, 1981 | Committee recommend bill do pass as amended. |
| February 10, 1981 | Bill printed and placed on members' desks. |
| February 11, 1981 | Rereferred to Committee on State Administration. |
| April 23, 1981 | Died in Committee. |

1 HOUSE BILL NO. 503
2 INTRODUCED BY Adams

3
4 A BILL FOR AN ACT ENTITLED: "AN ACT AMENDING SECTION
5 19-4-404, MCA, TO PROVIDE SERVICE CREDITS FREE OF CHARGE TO
6 CERTAIN MEMBERS OF THE TEACHERS' RETIREMENT SYSTEM FOR
7 MILITARY SERVICE DURING THE VIETNAM CONFLICT."

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

10 Section 1. Section 19-4-404, MCA, is amended to read:

11 "19-4-404. Creditable service for active service in
12 military, red cross, or merchant marine. ~~(1) A member may~~
13 ~~receive service credits without cost for active service in~~
14 ~~the armed forces of the United States, which includes the~~
15 ~~army, navy, marine corps, air force, and coast guard, or in~~
16 ~~the American red cross or merchant marine during the Vietnam~~
17 ~~conflict between August 5, 1964, and May 7, 1975, both dates~~
18 ~~inclusive, if, prior to his service during the conflict, he~~
19 ~~was a Montana resident as defined in 1-1-215 or a member of~~
20 ~~the retirement system and if he has 5 years or more of~~
21 ~~creditable service in the retirement system. To qualify~~
22 ~~this service, a member shall submit to the board a completed~~
23 ~~application form and proper certification of his military~~
24 ~~service.~~

25 (2) A person applying for membership if a member is

1 ~~ineligible for service credit under subsection (1), he may~~
2 ~~also apply under the provisions of this subsection for~~
3 ~~creditable service in the retirement system for active~~
4 ~~service in the armed forces of the United States, which~~
5 ~~includes the army, navy, marine corps, air force, and coast~~
6 ~~guard, or in the American red cross or merchant marine. The~~
7 ~~person shall be awarded creditable service, conditional upon~~
8 ~~his completing 5 years of active membership in Montana, for~~
9 ~~the number of years, not exceeding 2, that the retirement~~
10 ~~board determines to be creditable service, if he contributes~~
11 ~~to the retirement system an amount equal to the combined~~
12 ~~employer and employee contributions for his first full~~
13 ~~year's teaching salary earned in Montana following the~~
14 ~~active service in the armed forces of the United States or~~
15 ~~in the American red cross or merchant marine for each year~~
16 ~~of creditable service plus interest at the rate the~~
17 ~~contribution would have earned had the contribution been in~~
18 ~~his account upon completion of 5 years of membership service~~
19 ~~in Montana. The contribution rate shall be that rate in~~
20 ~~effect at the time he is eligible for such service. The~~
21 ~~contribution may be made in a lump-sum payment or in~~
22 ~~installments as agreed between the person and the retirement~~
23 ~~board."~~

-End-

INTRODUCED BILL
-2-
HB 503

STATE OF MONTANA

REQUEST NO. 246-81

FISCAL NOTE

Form BD-15

In compliance with a written request received JANUARY 30, , 19 81 , there is hereby submitted a Fiscal Note for HOUSE BILL 503 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:

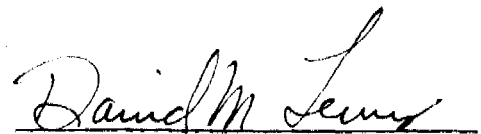
House Bill No. 503 would provide free service credits to certain members of the Teachers' Retirement System for active service in the armed forces of the United States during the Viet Nam Conflict from August 5, 1964, to May 7, 1975.

ASSUMPTIONS:

The membership records of the Teachers' Retirement System do not indicate Montana residency or military service history, therefore, the number of members who would be eligible for this service credit cannot be determined. In order to calculate a cost we have estimated that approximately 300 would be eligible and that the average length of military service credit would be 2.5 years. The costs were derived by utilizing assumptions in the latest actuarial valuation of the Teachers' Retirement System.

FISCAL IMPACT:

The lump sum cost to provide a benefit for free military service of 2.5 years is \$1,498,000.00. It must be emphasized that this lump sum cost assumes that there are 300 eligible people. This is merely an approximation, but the cost will be about \$5,000 per person.



BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 2-3-81

Approved by Committee
on State Administration

HOUSE BILL NO. 503

INTRODUCED BY MOORE

A BILL FOR AN ACT ENTITLED: "AN ACT AMENDING SECTION 19-4-404, MCA, TO PROVIDE SERVICE CREDITS FREE OF CHARGE TO CERTAIN MEMBERS OF THE TEACHERS' RETIREMENT SYSTEM FOR MILITARY SERVICE DURING THE VIETNAM CONFLICT."

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

Section 1. Section 19-4-404, MCA, is amended to read:

"19-4-404. Creditable service for active service in military, red cross, or merchant marine. (1) A member may receive service credits without cost for active service in the armed forces of the United States, which includes the army, navy, marine corps, air force, and coast guard, or in the American red cross or merchant marine during the Vietnam conflict between August 5, 1964, and May 7, 1975, both dates inclusive, if, prior to his service during the conflict, he was a Montana resident as defined in 1-1-215 or a member of the retirement system and if he has 5 years or more of creditable service in the retirement system. To qualify this service, a member shall submit to the board a completed application form and proper certification of his military service.

(2) A person applying for membership if a member is

ineligible for service credit under subsection (1), he may also apply under the provisions of this subsection for creditable service in the retirement system for active service in the armed forces of the United States, which includes the army, navy, marine corps, air force, and coast guard, or in the American red cross or merchant marine. The person shall be awarded creditable service, conditional upon his completing 5 years of active membership in Montana, for the number of years, not exceeding 2, that the retirement board determines to be creditable service, if he contributes to the retirement system an amount equal to the combined employer and employee contributions for his first full year's teaching salary earned in Montana following the active service in the armed forces of the United States or in the American red cross or merchant marine for each year of creditable service plus interest at the rate the contribution would have earned had the contribution been in his account upon completion of 5 years of membership service in Montana. The contribution rate shall be that rate in effect at the time he is eligible for such service. The contribution may be made in a lump-sum payment or in installments as agreed between the person and the retirement board."

-End-

SECOND READING