

HOUSE BILL NO. 637

INTRODUCED BY ANDREASON, JENSEN, D. O'HARA,
AZZARA, NEUMAN, KITSELMAN, LORY,
VINCENT, TEAGUE, DUSSAULT

IN THE HOUSE

February 4, 1981	Introduced and referred to Committee on State Administration.
February 12, 1981	Fiscal note requested.
February 17, 1981	Fiscal note returned.
February 20, 1981	Committee recommend bill do pass as amended. Report adopted.
February 21, 1981	Bill printed and placed on members' desks. Second reading, pass consideration.
February 23, 1981	Second reading, do pass.
February 24, 1981	Correctly engrossed.
February 25, 1981	Third reading, passed. Ayes, 96; Noes, 1. Transmitted to Senate.

IN THE SENATE

March 3, 1981	Introduced and referred to Committee on State Administration.
March 13, 1981	Committee recommend bill be concurrred in. Report adopted.
March 16, 1981	Motion pass consideration.
March 17, 1981	Second reading, concurrred in.
March 19, 1981	Third reading, concurrred in. Ayes, 47; Noes, 0.

IN THE HOUSE

March 20, 1981

Returned from Senate. Concurred
in. Sent to enrolling.

Reported correctly enrolled.

HOUSE BILL NO. 637

INTRODUCED BY *Andreason James D. O'Hara Aggen A*
Neuman Kitsetman Jay VINCENT Terque

A BILL FOR AN ACT ENTITLED: "AN ACT TO PROVIDE VETERANS OF THE VIETNAM CONFLICT ERA SERVICE CREDITS FOR THE TEACHERS' RETIREMENT SYSTEM COMPARABLE TO THOSE GRANTED VETERANS OF WORLD WAR II AND THE KOREAN CONFLICT; AMENDING SECTION 19-4-404, MCA."

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, during the Vietnam conflict between August 5, 1964, and May 7, 1975, both dates inclusive, 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-

-2- INTRODUCED BILL
HB 637

STATE OF MONTANA

REQUEST NO. 364-81

FISCAL NOTE

Form BD-15

In compliance with a written request received February 12, 19 81, there is hereby submitted a Fiscal Note for House Bill No. 637 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. 637 would provide free service credits to members of the Teachers' Retirement System who have 5 years of membership service 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 military service history, therefore, the number of members who would be eligible for this service credit cannot be determined. In order to calculate 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 \$4,993.33 per person. The costs for this bill are identical to that of House Bill 503, however, this bill would have the potential of a larger percentage of the membership having military service.



BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 2/18/81

Approved by Committee
on State Administration

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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 UP TO 4 YEARS OF CREDITABLE SERVICE 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, during the Vietnam conflict between August 5, 1964, and May 7, 1975, both dates inclusive, 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."~~

SECTION 2. SECTION 19-4-605, MCA, IS AMENDED TO READ:

1 "19-4-605. Pension accumulation fund -- employer's
2 contribution. The pension accumulation fund is the fund in
3 which the reserves for payment of pensions shall be
4 accumulated and from which pensions and benefits in lieu
5 thereof shall be paid to or on account of beneficiaries
6 credited with prior service. Contributions to and payments
7 from the pension accumulation fund shall be made as follows:

8 (1) Each employer shall pay into the pension
9 accumulation fund an amount equal to ~~6.312%~~ 6.343% of the
10 earned compensation of each member employed during the whole
11 or part of the preceding payroll period.

12 (2) If the employer is a district or community college
13 district, the trustees shall budget and pay for the
14 employer's contribution under the provisions of 20-9-501.

15 (3) If the employer is the superintendent of public
16 instruction, a public institution of the state of Montana, a
17 unit of the Montana university system, or the Montana state
18 school for the deaf and blind, the legislature shall
19 appropriate to the employer an adequate amount to allow the
20 payment of the employer's contribution.

21 (4) If the employer is a county, the county
22 commissioners shall budget and pay for the employer's
23 contribution in the manner provided by law for the adoption
24 of a county budget and for payments under the budget.

25 (5) All interest and other earnings realized on the

1 moneys of the retirement system shall be credited to the
2 pension accumulation fund, and the amounts required to allow
3 regular interest on the annuity savings fund and the annuity
4 reserve fund shall be transferred to the respective funds
5 from the pension accumulation fund.

6 (6) All pensions and benefits in lieu thereof shall be
7 paid from the pension accumulation fund.

8 (7) The retirement board may, in its discretion,
9 transfer to and from the pension accumulation fund the
10 amount of any surplus or deficit which may develop in the
11 reserve creditable to the annuity reserve fund, as shown by
12 actuarial valuation, and also an amount to cover expenses of
13 administration."

14 SECTION 3. COORDINATION SECTION. IF BOTH THIS ACT AND
15 HB 45, INTRODUCED IN THE 47TH LEGISLATURE, ARE PASSED AND
16 APPROVED, THE PERCENTAGE AMOUNT CONTAINED IN 19-4-605 SHALL
17 REFLECT THE SUM OF THE INCREASES IN THE EMPLOYER
18 CONTRIBUTION PROVIDED IN HB 45 AND THIS ACT.

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