

House Bill 649

In The House

February 5, 1981

Introduced and referred
to Committee on State
Administration.

February 19, 1981

Committee recommend bill
do not pass.

1 ~~in subsection (2)(b) or (2)(c)~~
 2 ~~(iii) upon the death after April 10, 1977 of any~~
 3 ~~police officer on the retired list who was receiving~~
 4 ~~payments from a prior plan before July 1, 1975, and who is~~
 5 ~~survived by a spouse or minor children entitled to receive~~
 6 ~~payments from the plan the amount which would have been~~
 7 ~~paid to an eligible spouse of such police officer had that~~
 8 ~~spouse been receiving payments in the base fiscal year~~
 9 ~~(e) the base salary for the previous calendar year of~~
 10 ~~a newly confirmed police officer of each city or town~~
 11 ~~participating in the plan~~

12 (2) For the purposes of computing the payments in
 13 subsection (3), "base benefit" means:
 14 (i) for a member retired before July 1, 1975, the
 15 benefit received in July 1976; or
 16 (ii) for a member retired on or after July 1, 1975, the
 17 benefit received immediately following the date of
 18 retirement.

19 (3) On or before July 1 of each year, the the state
 20 auditor department of administration shall upon receipt of
 21 the report referred to in subsection (2), compute and report
 22 to the state auditor the difference between each the amount
 23 reported under subsections (2)(d)(i) through (2)(d)(iii) of
 24 each member's base benefit and one-half the base salary for
 25 the previous calendar year of a newly confirmed police

1 officer of the appropriate city or town. The difference
 2 shall be paid by the state auditor out of the premium tax
 3 collected on insurance sold in this state to insure against
 4 the risks enumerated in 19-11-512(5) to the administrator
 5 after the end of each fiscal year but no later than May 1
 6 of each year September 1. This payment is in addition to the
 7 payment to be made by the state auditor under 19-9-702. The
 8 administrator shall use the funds received under this
 9 subsection to supplement the monthly payments to persons
 10 described in subsections (2)(a) through (2)(c) so that the
 11 requirements of subsection (1) are met.

12 (4) In addition to the payments made by the auditor as
 13 provided in subsection (3), the auditor shall make annual
 14 payments of \$100,000 on or before June 30 after the end of
 15 each fiscal year but no later than September 1 until the sum
 16 of \$500,000 has been paid to the administrator for deposit
 17 in the retirement account. These payments are to be made to
 18 reimburse the retirement account for funds advanced to
 19 implement this section.

20 (5) If more than one minor child is entitled to
 21 supplementary payments under this section by virtue of the
 22 death of a common parent police officer, the minimum payment
 23 to such minor children under this section shall be
 24 determined as if there were one such minor child and the
 25 supplementary payment shall be made to the minor children

1 collectively."

2 Section 2. Section 19-10-506, MCA, is amended to read:

3 "19-10-506. Supplement to certain pensions. (1) The
4 payment for each fiscal year to the police officers,
5 spouses, or minor children ~~described in subsections (2)(a)~~
6 ~~through (2)(c)~~ may be not less than one-half of the base
7 salary paid in ~~that fiscal~~ the previous year in the
8 appropriate city or town to newly confirmed police officers.

9 (2) On or before April 1 of each year, the board of
10 trustees shall make a report to the state auditor including
11 the following information:

12 (a) the names of all police officers who are receiving
13 payments from the police retirement fund of the city or town
14 ~~as of the date of the report and were receiving such~~
15 ~~payments prior to July 1, 1975;~~

16 (b) the names of all spouses or minor children who are
17 receiving payments from the police retirement fund because
18 of the death of a police officer ~~who was receiving such~~
19 ~~payments prior to July 1, 1975;~~

20 ~~(c) the names of all spouses or minor children who are~~
21 ~~receiving payments from the police retirement fund and who~~
22 ~~were receiving such payments prior to July 1, 1975, or in~~
23 ~~the case of minor children whose parents, the spouse of a~~
24 ~~police officer, was receiving such payments prior to July 1,~~
25 ~~1975;~~

1 ~~(d)(c)~~ for the purpose of determining the base figure
2 for the computations set forth in subsection (4), the
3 following information relating to the base fiscal year
4 commencing July 1, 1976, or on the date of a member's
5 retirement, whichever is later:

6 (i) the amount of the payments made in the base fiscal
7 year to each police officer described in subsection (2)(a);

8 (ii) the amount of the payments made in the base fiscal
9 year to each spouse or minor child (or children) described
10 in subsection (2)(b) ~~or (2)(c);~~

11 ~~(iii) upon the death after April 1, 1977, of any~~
12 ~~police officer on the retired list who was receiving~~
13 ~~payments from the police retirement fund prior to July 1,~~
14 ~~1975 and who is survived by a spouse or minor children~~
15 ~~entitled to receive payments therefrom, the amount which~~
16 ~~would have been paid to an eligible spouse of such police~~
17 ~~officer had that spouse been receiving payments in the base~~
18 ~~fiscal year;~~

19 (3) Each fiscal year immediately after the adoption by
20 a city or town having a police retirement fund of its budget
21 for that fiscal year, each such city or town shall report to
22 the state auditor the salary for that fiscal year of a newly
23 confirmed police officer of that city or town.

24 (4) The state auditor shall, upon receipt of the
25 reports referred to in subsections (2) and (3), compute the

1 difference between each amount reported under subsections
2 ~~(2)(d)(i)~~ through and ~~(2)(d)(iii)(i)~~ and one-half the
3 salary for the current fiscal year of a newly confirmed
4 police officer of the appropriate city or town. The
5 difference shall be paid by the state auditor out of the
6 premium tax collected on insurance, as provided in
7 19-10-305(2), to the treasurer of the appropriate city or
8 town at the same time as and in addition to the payment to
9 be made by the state auditor under 19-10-305(1).

10 (5) The treasurer of each city or town receiving funds
11 under subsection (4) shall immediately deposit them to the
12 credit of the city or town's police retirement fund. The
13 board of trustees of the fund shall use the funds to
14 supplement the monthly payments to persons described in
15 subsections (2)(a) through and ~~(2)(e)(b)~~ so that the
16 requirements of subsection (1) are met.

17 (6) If more than one minor child is entitled to
18 supplementary payments under this section by virtue of the
19 death of a common parent police officer, the minimum payment
20 to such minor children under this section shall be
21 determined as if there were one such minor child and the
22 supplementary payment shall be made to the minor children
23 collectively."

24 Section 3. Effective date. This act is effective on
25 passage and approval.

STATE OF MONTANA

REQUEST NO. 366-81

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 649 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.

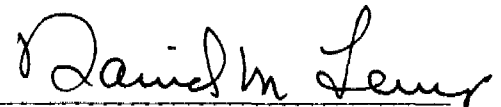
Description of Proposed Legislation

This bill would provide a cost of living increase to those police officers who retire after July 1, 1975 based on half of the current salary of a newly confirmed police officer.

Fiscal Impact

The cost of this bill in the early years is not significant and funds would be available in the insurance premium tax fund in 1982 and 1983, however, by 1992, this proposal would cost \$1.88 million and continue to grow until the 20th year it would cost about \$3.45 million annually.

	<u>FY 1982</u>	<u>FY 1983</u>
Increased cost to the Police Officers' Retirement System	\$39,710	\$70,015



BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 2-18-81
