House Bill 649

In The House

| February 5, 1981 | | 1981 | Introduced and referred to Committee on State Administration. | | |
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| February | 19, | 1981 | Committee recommend bill do not pass. | | |

HOUSE 1 BILL ND. 649 INTRODUCED BY Kledal 2 3

A BILL FOR AN ACT ENTITLED: "AN ACT EXTENDING THE ESCALATOR 4 PROVISION FOR SERVICE, DISABILITY, AND SURVIVORSHIP 5 ALLOWANCES TO MEMORIES OF THE MUNICIPAL POLICE OFFICERS! ъ RETIREMENT SYSTEM AND PARTICIPANTS IN LOCAL POLICE 7 З RETIREMENT FUNDS RETIRED ON OR AFTER JULY 1, 1975, AND PROVIDING FUNDING FROM THE INSURANCE PREMIUM TAXES; AMENDING 9 SECTIONS 19-9-1007 AND 19-10-506, MCA; AND PROVIDING AN 10 IMMEDIATE EFFECTIVE DATE." 11

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13 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA: 14 Section 1. Section 19-9-1007, MCA, is amended to read: 15 "19-9-1007. Supplement to certain pensions. (1) The payment for each fiscal year to the police officers, 16 spouses, or minor children described-in-subsections-(2)(a) 17 through-(2)(c) may be not less than one-half of the base 1ε 19 salary paid in the previous calendar year in the appropriate 20 city or town to newly confirmed police officers_y-except 21 that-for--the--fiscal--year--beginning--July--ly--1979y--all retirees--and--their-beneficiaries-who-received-a-supplement 22 to-their-retirement-ellowence--on--july--ly--1978y--and--are 23 24 receiving--an--attowance-on-July-1y-1979y-shatt-receive-o-3% 25 increase-in-their-retirement-allowance-in-lieu-of-eny--other

| 1 | fnereaser |
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| 2 | {2}Onor-before-April-l-of-each-yeary-the-department |
| З | of-administration-shall-make-a-report-to-thestateauditor |
| 4 | including-the-following-information+ |
| 5 | {a}the-names-of-all-police-officers-who-are-receiving |
| 6 | payments-from-the-plan-as-of-the-date-of-the-report-and-were |
| 7 | receiving-payments-from-a-prior-plan-before-duly-ly-ly-1975; |
| 8 | {b}the-names-of-all-spouses-or-minor-children-who-are |
| 9 | receivingpaymentsfrom-the-plan-because-of-the-death-of-a |
| 10 | police-officer-who-was-receiving-payments-from-a-priorplan |
| 11 | before-duty-1y-1975; |
| 12 | {c}the-names-of-ell-spouses-or-minor-children-who-are |
| 13 | receivingpaymentsfromtheplanand-who-were-receiving |
| 14 | payments-from-a-prior-plan-before-duly-ly-1975yorinthe |
| 15 | case-of-minor-childreny-whose-parenty-the-spouse-of-a-police |
| 16 | officerywasreceivingpaymentsfrom-a-prior-plan-before |
| 17 | July-19-1975† |
| 18 | (d) for-the-purpose-of-determining-the-base-figure-for |
| 19 | the-computations-set-forth-in-subsection-{3}y-thefollowing |
| 20 | information-relating-to-the-base-fiscal-year-commencing-July |
| 21 | 1 |
| 22 | (i)the-amount-of-the-payments-made-in-the-base-fiscal |
| 23 | yearto-each-police-officer-described-in-subsection-{2}{a} |
| 24 | (ii)-the-emount-of-the-payments-made-in-the-bese-fiscal |
| 25 | year-to-each-spouse-or-minor-child-forchildren}described |
| | INTRODUCED BILL -2- HB649 |

1 in-subsection-(2)(b)-or-(2)(c); 2 tifi)-upon--the--death--after--April--18---1977-of-anv 3 police--officer--on--the--retired--list--who--was--receiving 4 payments--from--a-prior-plan-before-July-1y-1975y-and-who-is 5 survived-by-a-spouse-or-minor-children-entitled--to--receive 6 payments--from--the--plany--the-amount-which-wauld-have-been 7 paid-to-on-eligible-spouse-of-such-police-officer--had--that 8 spouse-been-receiving-payments-in-the-base-fiscal-yeart 9 te}--the--base-salary-for-the-previous-celender-year-of 10 e-newly-confirmed--police--officer--of--eech--city--of--town 11 participating-in-the-plane 12 12) 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 ouditor department of administration shally-upon-receipt-of the-report-referred-to-in-subsection-f2jy compute and report 21 22 to the state auditor the difference between each the amount 23 reported--under-subsections-{2}{d}{i}-through-{2}{d}{i}+i++ of 24 each member's base benefit and one-half the base salary for 25 the previous catendar year of a newly confirmed police

officer of the appropriate city or town. The difference 1 shall be paid by the state auditor out of the premium tax 2 3 collected on insurance sold in this state to insure against 4 the risks enumerated in 19-11-512151 to the administrator 5 after the end of each fiscal year but no later than Mey----of-each-year September 1. This payment is in addition to the 6 payment to be made by the state auditor under 19-9-702. The 7 8 administrator shall use the funds received under this 9 subsection to-supplement-the--monthly--payments--to--persons 10 described--in--subsections-f2)fa)-through-f2)fe) so that the 11 requirements of subsection (1) are met. 12 (4) In addition to the payments made by the auditor as

12 (4) In addition to the payments made by the additor as 13 provided in subsection (3), the auditor shall make annual 14 payments of \$100,000 on-or-before-dune-36 <u>after the end</u> of 15 each <u>fiscal</u> year <u>but no_later than September I</u> 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

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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, spouses, or minor children described-in-subsections--(2)(a) 5 through--f2ifet may be not less than one-half of the base o 7 salary paid in thet--fised the previous year in the appropriate city or town to newly confirmed police officers. 8 (2) On or before April 1 of each year, the board of 9 trustees shall make a report to the state auditor including 10 11 the following information:

(a) the names of all police officers who are receiving
payments from the police retirement fund of the city or town
es--of--the--date--of--the--report--and--were-receiving-such
payments-prior-to-duly-ly-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 psyments-prior-to-July-1y-1975;

20 (c)--the-nemes-of-all-spouses-or-minor-children-who-are 21 receiving-payments-from-the-police-retirement-fund--end--who 22 were--receiving--such--payments-prior-to-duly-ly-1975y-or-in 23 the-case-of-minor-childreny-whose-parenty-the--spouse--of--e 24 police-officery-was-receiving-such-payments-prior-to-duly-ly 25 1975;

1 tdt(c) for the purpose of determining the base figure for the computations set forth in subsection (4), the 2 following information relating to the base fiscal year 3 commencing July 1, 1976, or on the date of a member's 4 5 retirement. whichever is later: (i) the amount of the payments made in the base fiscal 6 7 year to each police officer described in subsection (2)(a); (ii) the amount of the payments made in the base fiscal 8 9 year to each spouse or minor child (or children) described 10 in subsection (2)(5) or-f2)feit. (iii)-upon--the--death--after--April--18y--1977y-of-any 11 12 police--officer--on--the--retired--list--who--was--receiving 13 payments--from--the--police-retirement-fund-prior-to-july-ly 1975y-and-who-is-survived-by--a--spouse--or--minor--children 14 15 entitled--to--receive--payments--therefromy-the-amount-which 15 would-have-been-paid-to-an-eligible-spouse--of--such--police 17 officer--had-that-spouse-been-receiving-payments-in-the-base 18 fisesl-years 19 (3) Each fiscal year immediately after the adoption by a city or town having a police retirement fund of its budget 20 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 the25 reports referred to in subsections (2) and (3), compute the

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1 difference between each amount reported under subsections 2 (2)(d)(c)(i) through and (2)(d)(iii) 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 premium tax collected on insurance, as provided in ó 19-10-305(2), to the treasurer of the appropriate city or 7 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 parsons 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."

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

-End--7-

STATE OF MONTANA

REQUEST NO. 366-81

FISCAL NOTE

Form BD-15

In compliance with a written request received <u>February 12</u>, 19 <u>81</u>, there is hereby submitted a Fiscal Note for <u>House Bill 649</u> 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.

| | FY 1982 | <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: ______ 8 - 8 |