

Senate Bill 82

In The Senate

January 8, 1981

Introduced and referred
to Committee on State
Administration.

Fiscal note requested.

January 13, 1981

Fiscal note returned.

January 20, 1981

Committee recommend bill
do not pass.

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Sen. Smith BILL NO. *82*
Sen. Smith

INTRODUCED BY _____

A BILL FOR AN ACT ENTITLED: "AN ACT ALLOWING A MEMBER TO QUALIFY SERVICE IN THE PUBLIC HEALTH SERVICE COMMISSIONED CORPS FOR CREDIT IN THE PUBLIC EMPLOYEES' AND TEACHERS' RETIREMENT SYSTEMS; AMENDING SECTIONS 19-3-503, 19-4-401, AND 19-4-404, MCA."

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

Section 1. Section 19-3-503, MCA, is amended to read:

"19-3-503. Election to qualify military or public health service commissioned corps service for full credit.

(1) (a) A member with 10 years or more of state service qualified under this chapter may, at any time prior to retirement, make a written election with the board to qualify all or any portion of his active service in the armed forces of the United States or in the public health service commissioned corps for the purpose of calculating retirement benefits, up to a maximum of 5 years, if he is not otherwise eligible to receive credit for this same service pursuant to 19-3-502.

(b) To qualify this service he must contribute to the retirement fund the amount determined by the board to be due based on his compensation and normal contribution rate as of

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his 11th year and as many succeeding years as are required to qualify this service, with interest from the date he becomes eligible for this benefit to the date he so contributes. He may not qualify more of this service than he has state service in excess of 10 years.

(2) If a member has retired from active duty in the armed forces of the United States with a normal service retirement benefit, he may not qualify his military service under subsection (1) of this section. However, a member who is serving or has served in the military reserves with the expectation of receiving a military service pension may qualify his active military service under subsection (1) of this section if his active duty in the armed forces of the United States is not more than 25% of the total sum of all years of military service including reserve and active duty time."

Section 2. Section 19-4-401, MCA, is amended to read:

"19-4-401. Creditable service. (1) The creditable service of a member begins on the date of his employment in a capacity prescribed for his eligibility in 19-4-302 and accumulates to the member's credit on the basis of the retirement board's policy governing creditable service.

(2) The creditable service of a member includes the following:

(a) each year of service for which contributions to

1 the retirement system were deducted from his compensation
 2 under the provisions of Chapter 37, Laws of 1937, Chapter
 3 215, Laws of 1939, this chapter, and their subsequent
 4 amendments, except that no credit may be awarded for those
 5 years of service for which the contributions have been
 6 withdrawn and not replaced;

7 (b) any service awarded by a prior service certificate
 8 issued under the provisions of Chapter 37, Laws of 1937,
 9 Chapter 215, Laws of 1939, and their subsequent amendments
 10 or under the provisions of 19-4-406;

11 (c) any out-of-state employment service awarded by the
 12 retirement board under the provisions of 19-4-402;

13 (d) any service awarded for employment while on leave
 14 under 19-4-403; and

15 (e) any service in the military, red cross, or
 16 merchant marine, or public health service commissioned corps
 17 awarded by the retirement board under 19-4-404.

18 (3) The retirement board's determination of creditable
 19 service under this section is final and conclusive for the
 20 purposes of the retirement system unless, at any time, the
 21 board discovers an error or fraud in the establishment of
 22 creditable service, in which case the board shall
 23 redetermine the creditable service."

24 Section 3. Section 19-4-404, MCA, is amended to read:
 25 "19-4-404. Creditable service for active service in

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

-End-

FISCAL NOTE

Form BD-15

In compliance with a written request received 1-11, 19 81, there is hereby submitted a Fiscal Note for S.B. 82 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.

Description of S.B. 82: A proposal to allow members of Public Employee's Retirement System to qualify service in the Public Health Service Commissioned Corps and provide for payment of only the employee contributions.

Assumption: Based on the fact that retirement contributions are paid by both the employee and the employer, this bill provides for only the employee contribution and does not allow for the payment of the employer contributions. The number of individuals affected by this act cannot be determined.

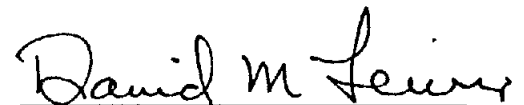
The cost to the retirement system is based on an average salary of \$11,126 annually and employer rate of 6.2%.

Impact on Retirement System Funding:

Each year of service qualified by a member of the system will be a cost to the retirement system of approximately \$690.

Impact on Teacher's Retirement System:

The number of members having this service cannot be determined, however, it is estimated that the cost would be somewhat higher per member than the figure given for the Retirement System Fund.



BUDGET DIRECTOR

Office of Budget and Program Planning

Date: _____