HOUSE BILL NO. 23

INTRODUCED BY HARPER, METCALF, SABROCKI, KEENAN, O'CONNELL, J. BROWN, MCCORNICK, MCBRIDE, PISTORIA, NISBET, VELEBER, HAND, FARRIS, BACHINI, PECK, BERG, MOHAR, PULLER, MAZUREK, R. MANNING, QUILICI, LYNCH, DRISCOLL, JACOBSON, VINCENT, J. HAMMOND, STIMATE, HEMSTAD, ROUSH

IN THE HOUSE

January 3, 1983	Introduced and referred to Committee on State Administration.
January 11, 1983	On motion by Chief Sponsor, Representatives Metcalf, Sabrocki, et al., were added as sponsors to the bill.
Pebruary 14, 1983	Committee recommend bill do pass as amended. Report adopted.
Pebruary 15, 1983	Bill printed and placed on members' desks.
	On motion, taken from printing and referred to Committee on Appropriations.
March 28, 1983	Committee recommend bill do not pass.
	Objection to adverse committee report.
	On motion rules suspended and bill placed on second reading this day.
March 29, 1983	Second reading, do pass as amended.
March 30, 1983	Correctly engrossed.
	Third reading, passed.

Transmitted to Senate.

IN THE SENATE

April 7, 1983	Introduced and referred to Committee on Finance and Claims.
April 16, 1983	On motion taken from Committee on Finance and Claims and placed on second reading.
April 18, 1983	Second reading, concurred in.
April 19, 1983	Third reading, concurred in. Ayes, 39; Noes, 8.

IN THE HOUSE

April 19, 1983	Returned to House.
April 20, 1983	Sent to enrolling.
	Reported correctly enrolled.

LC 0346/01

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allowance;

and

1	HOUSE BILL NO. 23
S	INTRODUCED BY HARPER
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4	A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING AD HOC
5	COST-OF-LIVING INCREASES IN SERVICE AND DISABILITY
6	RETIREMENT ALLOWANCES AND SURVIVORSHIP ALLOWANCES FOR
7	MEMBERS OF THE PUBLIC EMPLOYEES RETIREMENT SYSTEM AND THEIR
8	BENEFICIARIES; INCREASING THE MINIMUM MONTHLY BENEFIT
9	ALLOWANCE FOR MEMBERS AND THEIR BENEFICIARIES; PROVIDING
10	FUNDING FOR THESE BENEFIT INCREASES THROUGH EMPLOYER
11	CONTRIBUTIONS; AMENDING SECTION 19-3-801, MCA; AND PROVIDING
12	AN EFFECTIVE DATE.*
13	
14	BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
15	NEW SECTION. Section 1. Cost-of-living increase.
16	Effective July 1, 1983, each monthly service or disability
17	retirement allowance or survivorship allowance payable to a
18	member of the public employees' retirement system or his
19	beneficiary must be increased as follows:
20	(1) \$35 for a member with 15 or more years of
21	creditable service, retired before July 1, 1983;
22	(2) \$15 for a member with less than 15 years of
23	creditable service, retired before July 1, 1983;
24	(3) \$2.50 for each year of creditable service, up to a
25	maximum of \$75, for a member retired before July 1, 1981;

2 (4) \$2.00 for each full year of retirement for a 3 member retired before July 1, 1977. NEW_SECTION a Section 2. Minimum monthly benefit allowance. (1) A member retired before July 1, 1983, who is receiving a service or disability retirement allowance, or his beneficiary who is receiving a service or disability retirement allowance, or his surviving spouse or dependent child who is receiving a survivorship allowance, is eligible 10 for a minimum monthly benefit allowance based on the ratio of a member's years of creditable service to 30 multiplied 11 12 by \$400 and subject to the following adjustments. The 13 benefit must be: 14 (a) based on 30 years of creditable service for a

17 (b) adjusted by the actuarial factors determined by
18 the public employees' retirement board for a member or
19 beneficiary receiving an optional or early retirement
20 allowance or for a surviving spouse or dependent child
21 receiving a survivorship allowance; and

member or beneficiary receiving a disability or survivorship

(c) multiplied by a ratio equal to the member's final average salary to \$4,800 (such ratio not to exceed 1) for elected officials, Montana national guardsmen, and independent contractors.

(2) A member or his beneficiary who is eligible for a minimum monthly benefit allowance under subsection (1) is entitled to receive this benefit increase before his allowance is adjusted under [section 1].

- Section 3. Section 19-3-801, MCA, is amended to read:

 "19-3-801. Employer contribution rates -- actuarial determination. (1) Each employer shall contribute to the cost of benefits under the system. The amount of the employer contributions shall be computed by applying to member's compensation the sum of the current service contribution rate and the unfunded liability contribution rate. The sum of these rates shall be 6-328 6-173 from duly ty-1961 July 1, 1983, and thereafter.
- (2) The actuary shall determine the current service contribution rate to be that level percentage of the present value of the future compensation of the average new member entering the system which equals the then present value of the excess of all prospective benefits in respect of such member over the member's own normal contributions.
- (3) The actuary shall determine the minimum unfunded liability contribution rate to be that level percentage of the present value of the prospective compensation of all members for the 40-year period following the date of the determination which is equal to the unfunded liability on that date. The unfunded liability at any time is the excess

-3-

of the present value of all future benefits payable in respect of all persons then entitled to benefits under the system over the sum of the retirement fund and the present values of the future current service contributions and normal contributions payable in respect of all such persons.*

7 NEW SECTION. Section 4. Coordination section. If both
8 this act and ___Bill No.___ [LC 177], introduced in the
9 48th legislature, are passed and approved, the percentage
10 amount contained in 19-3-801 must reflect the sum of the
11 increases in the employer contribution provided in ___Bill
12 No. ___ [LC 177] and this act.

13 <u>NEW SECTION.</u> Section 5. Effective date. This act is 14 effective July 1, 1983.

-End-

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STATE OF MONTANA

		029-83
REDUEST	NO.	

FISCAL NOTE

Form BD-15

in	compliance with a	written	request received	ł
for	House Bill	23	pursuant to Title 5, Chapter 4, Part 2 of the Montana Code Annotated (MCA).	
Ba	ckground informati	on used in	developing this Fiscal Note is available from the Office of Budget and Program Planning, to member	S
of	the Legislature upo	on request	·	

DESCRIPTION OF PROPOSED LEGISLATION:

House Bill 23 is an act providing ad hoc cost-of-living increases in service and disability retirement allowances and survivorship allowances for members of the Public Employees' Retirement System (PERS) and their beneficiaries.

ASSUMPTIONS:

- 1) All calculations are based on 1982 PERS Actuarial Valuation 40-year funding basis.
 2) The 1982 annual salary base of \$377,120,013 was increased on 5 1/2% compounded basis.
- The 1982 annual salary base of \$377,120,013 was increased on 5 1/2% compounded basis.
 Based on 1982 PERS payroll reports, the employer contributions were projected to be 45% state and 55% political subdivisions. Employer contributions are currently 6.32% of salary.

FY 1984

Proposed

FISCAL IMPACT:

ployer contributions to PERS Trust Fund:

Current

	Law	Law	Increase	Law	Law	Increas
State (45%)	\$11,937,519	\$12,787,501	\$ 849,982	\$12,594,083	\$13,490,813	\$ 896,7
Local Government (55%) Total	$\frac{14,590,301}{\$26,527,820}$	15,629,167 \$28,416,668	1,038,866 \$1,888,848	15,392,768 \$27,986,851	16,488,772 \$29,979,585	1,096,0 \$1,992,7
Benefits Paid By PERS Trust Fund: TOTAL	\$27,960,000	<u>\$34,604,956</u>	\$6,644,956	\$30,756,000	\$37,201,607	\$6,445,6

COMMENT:

Agencies are not budgeted for the increase in the Executive and LFA budget requests.

Benefits for all agencies would have to be increased.

FISCAL NOTE 3:E/1

BUDGET DIRECTOR

Office of Budget and Program Planning

FY 1985

Proposed

Current

Date: 1-11- X 3

Approved by Committee on State Adminastration

1	HOUSE BILL NO. 23
2	INTRODUCED BY HARPER, METCALF, ZABROCKI, KEENAN, O'CONNELL,
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10	RETIREMENT ALLOWANCES AND SURVIVORSHIP ALLOWANCES FOR
11	MEMBERS OF THE PUBLIC EMPLOYEES* RETIREMENT SYSTEM AND THEIR
12	SENEFICIARIES: INCREASINGTHEMINIMUMMONTHEYBENEFIT
13	ALLOWANCE-FOR-MEMBERSANDTHEIRBENEFICIARIES; PROVIDING
14	FUNDING FOR THESE INE BENEFIT THEREASES INCREASE THROUGH
15	EMPLOYER CONTRIBUTIONS; AMENDING SECTION 19-3-801, MCA; AND
16	PROVIDING AN EFFECTIVE DATE.*
17	
18	BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
19	<u>YEW_SECTION</u> * Section 1. Cost-of-living increase.
20	Effective July 1, 1983, each monthly service or disability
21	retirement allowance or survivorship allowance payable to a
22	member of the public employees' retirement system or his
23	beneficiary must be increased as follows:
24	11)435foramemberwith15ormareyearsof
25	creditable-servicey-retired-before-duly-ly-1983t

1	{2}\$15-for-amemberwithlessthan15yearsa
2	craditable-servicey-retired-before-duly-ly-1983;
3	{3}\$2 =58
4	111\$2_00 for each year of creditable service, up to
5	maximum of \$75 <u>\$60</u> , for a member retired before July 1
6	1981; and QR
7	121_\$1.00_EDR_EACH_YEAR_OF_CREDITABLE_SERVICE: UP_IO_
В	MAXIMUM_DE_\$30. FOR_A_MEMBER_RETIRED_ON_OR_AFTERJULY_1
9	1981. BUT BEFORE JANUARY 1. 1963.
10	f4}\$2*86foreachfullyearofretirement-for-
11	member-retired-before-July-ly-1977*
12	NEW_SECTIONsSection-2Ninimammonthlybenefi
13	allowancew(i)Amember-retired-before-duly-ly-1983y-wh
14	ta-receiving-o-service-or-disabilityretirementallowance
15	orhis-beneficiory-who-is-receiving-a-service-or-disabilit
16	retirement-allowancay-ar-his-surviving-spouseardependen
17	child-who-is-receiving-s-survivorship-allowancey-is-eligibl
18	forminimum-monthly-benefit-allowance-based-on-the-rati
19	of-o-member*s-years-of-creditable-service-to30multiplie
20	by\$400andsubjecttothefollowing-adjustments*Fh
21	benefit-must-be:
22	tajbased-on-30-yearsofcreditableservicefor
23	member-or-beneficiary-receiving-a-disability-or-survivorshi
24	allowancet

fb}--adjusted--by--the--actuaria}-factors-determined-by

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- the-public-employees4--retirement--board--for--o--member--or
 beneficiary--receiving--an--optional--or--early--retirement
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 receiving-a-survivorship-ollowancet-ond
- 5 tc?--multipited--by-a-ratio-equal-to-the-member*s-final
 6 average-salary-to-44*866-fsuch-ratio-not-to--exceed--t}--for
 7 alected---officialsy---Montana---national---guardsmeny---and
 independent-contractorsy

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- t2)--A-member-or-his-beneficiary-who-is-eligible-for-a
 minimum--monthly--benefit--allowance-under-subsection-ti)-is
 entitled--to--receive--this--benefit--increase--before--his
 allowance-is-adjusted-under-facetion-ti*
- Section 2. Section 19-3-801, MCA, is amended to read:

 #19-3-801. Employer contribution rates -- actuarial
 determination. (1) Each employer shall contribute to the
 cost of banefits under the system. The amount of the
 employer contributions shall be computed by applying to
 member's compensation the sum of the current service
 contribution rate and the unfunded liability contribution
 rate. The sum of these rates shall be 6*32% 6x77% 6.514%
 from 3x14-1-1981 July 1. 1983, and thereafter.
- (2) The actuary shall determine the current service contribution rate to be that level percentage of the present value of the future compensation of the average new member entering the system which equals the then present value of

- the excess of all prospective benefits in respect of such
 member over the member's own normal contributions.
- 3 (3) The actuary shall determine the minimum unfunded liability contribution rate to be that level percentage of the present value of the prospective compensation of all members for the 40-year period following the date of the determination which is equal to the unfunded liability on that date. The unfunded liability at any time is the excess 9 of the present value of all future benefits payable in 10 respect of all persons then entitled to benefits under the 11 system over the sum of the retirement fund and the present 12 values of the future current service contributions and 13 normal contributions payable in respect of all such 14 persons.*
 - NEW_SECTION. Section 3. Coordination section. If both this act and ____B+++Nov_____fte-177] HOUSE_BILL_NO._57. introduced in the 48th legislature, are passed and approved, the percentage amount contained in 19-3-801 must reflect the sum of the increases in the employer contribution provided in ____B++Nov-____fte-177] HOUSE_BILL_NO._57 and this act.
- 22 NEW_SECTION* Section 4. Effective date. This act is 23 effective July 1, 1983.

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3	(3)12:58
4	Lil
5	to a maximum of \$75 <u>\$60</u> <u>\$30</u> , for a member retired before
6	July 1, 1981; and Ω8
7	121 22 ABB 50 CENTS FOR EACH YEAR OF CREDITABLE
8	SERVICE. UP TO A MAXIMUM OF #38 \$15. FOR A MEMBER RETIRED OF
9	OR AETER JULY 1: 1981: BUT REFORE JANUARY 1: 1983.
10	tt)12:00-for-eachfullyearofrettrementfor
11	member-retired-before-duly-ly-1977.
12	<u> MEM_SECTRONu</u> Section-2**-Minimummonthlybenefit
13	allowance(1)A-member-retired-before-July-ly1963ywho
14	isreceivinga-service-or-disability-retirement-allowance
15	or-his-beneficiary-who-is-receiving-a-service-ordisability
16	retirementallowencevor-his-surviving-spouse-or-dependent
17	chiłd-who-is-receiving-a-survivorship-allowancev-is-eligible
18	for-a-minimum-monthly-benefit-allowance-bosed-ontheratio
19	ofmember*s-years-of-creditable-service-to-38-multiplied
29	by-\$400-andsubjecttothefollowingadjustmentsThe
21	benefit-must-be-
22	ta}basedon30yearsofcreditable-service-for-a
23	member-or-beneficiary-receiving-a-disability-or-survivorship
24	allowances
25	fb}adjusted-by-the-octuarialfactorsdeterminedby

thepublicemployees*retirementboardfara-member-or
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 elected---officialsy---Montana---national---guardsmeny---and
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- t2)--A--member-or-his-beneficiary-who-is-eligible-for-a
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-3-

the excess of all prospective benefits in respect of such member over the member's own normal contributions.

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NEW_SECTIONs -- Section-3 -- Coordination -- section -- -- if both-this-act-and -- -- Bill-Nov -- -- -- [te-tff] MBMSE -- BILL-MMs SIv -- introduced -- in -- the -- 48th -- legislature v -- or e-passed and approved v -- the -- percentage - amount -contained -- in -- 19-3-881 -- must reflect -- -- the -- -- sum --- of --- the -- increases -- in -- the -- amployer contribution -- provided -- in -- sittle Nov -- -- -- [te--177] MBMSE BILL-MMs=51-ond-this-act v

22 <u>NEW SECTION.</u> Section 3. Effective date. This act is 23 effective July 1, 1983.

-End-

48th Legislature

HB 0023/03

HB 0023/03

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HB 2

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allowanceorforasarvivingspouseor-dependent-child
receiving-a-survivorship-allowance;-and

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(c)--multiplied-by-a-ratio-equal-to-the-member*s--final average--salary--to--\$4v888-(such-ratio-not-to-exceed-1)-for elected---officialsy---Montane---national---guardsmeny---and independent-contractorsy

#2)--A-member-or-his-beneficiary-who-is-eligible-for-a
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NEW_SEETIONx--Section-3x--Goordination---sectionx----if

both-this-act-and-___bith-Nov___-[t6-177] HBMSE_-Bitt=_MBx

Six--introduced--in--the--48th--legislaturex--are-passed-and

approxedy-the-percentage-amount-contained-in--t9-3-88t--must

reflect---the---sum---of---the--increases--in--the--employer

contribution-provided-in-___Bith-Nov-___-[t6--177] HBMSE

BILE_MMx=SI-and-this-acts

22 <u>NEW SECTION</u>. Section 3. Effective date. This act is 23 effective July 1, 1983.

-End-

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