

HOUSE BILL NO. 57

Introduced: 01/03/83

Referred to Committee on State Administration: 01/03/83

Hearing: 1/7/83

Report: 01/18/83, Do Not Pass

Reconsidered Action Sent to Printing: 1/20/83

Rereferred to Committee on State Administration: 01/21/83

Died in Committee

1                    HOUSE    BILL NO. 57  
2    INTRODUCED BY PAVLOVICH  
3  
4    A BILL FOR AN ACT ENTITLED: "AN ACT TO PROVIDE VETERANS OF  
5    WORLD WAR II AND THE KOREAN AND VIETNAM CONFLICTS SERVICE  
6    CREDITS FOR THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM  
7    COMPARABLE TO CREDIT GRANTED FOR MILITARY SERVICE UNDER THE  
8    TEACHERS' RETIREMENT SYSTEM; PROVIDING FUNDING FOR THESE  
9    CREDITS THROUGH EMPLOYER CONTRIBUTIONS; AMENDING SECTIONS  
10  19-3-503 AND 19-3-801, MCA; AND PROVIDING AN EFFECTIVE  
11  DATE."

12  
13  BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

14        Section 1. Section 19-3-503, MCA, is amended to read:  
15        "19-3-503. Election to qualify military service for  
16        full credit. (1) If a member has 5 years or more of  
17        creditable service in the retirement system, he may receive  
18        up to 4 years of creditable service without cost for active  
19        service in the armed forces of the United States, which  
20        includes the army, navy, marine corps, air force, and coast  
21        guard, during World War II beginning October 1, 1940, and  
22        ending June 30, 1947; the Korean conflict beginning June 1,  
23        1950, and ending January 31, 1955; and the Vietnam conflict  
24        beginning August 5, 1964, and ending May 7, 1975. To qualify  
25        this service, a member shall submit to the board at any time

1    prior to retirement a completed application form and proper  
2    certification of his military service.

3            ~~(1)~~(2) (a) A member with 10 years or more of state  
4    service qualified under this chapter may, at any time prior  
5    to retirement, make a written election with the board to  
6    qualify all or any portion of his active service in the  
7    armed forces of the United States for the purpose of  
8    calculating retirement benefits, up to a maximum of 5 years,  
9    if he is not otherwise eligible to receive credit for this  
10  same service pursuant to 19-3-502 or subsection (1) of this  
11  section.

12            (b) To qualify this service he must contribute to the  
13  retirement fund the amount determined by the board to be due  
14  based on his compensation and normal contribution rate as of  
15  his 11th year and as many succeeding years as are required  
16  to qualify this service, with interest from the date he  
17  becomes eligible for this benefit to the date he so  
18  contributes. He may not qualify more of this service than he  
19  has state service in excess of 10 years.

20            ~~(2)~~(3) If a member has retired from active duty in the  
21  armed forces of the United States with a normal service  
22  retirement benefit, he may not qualify his military service  
23  under subsection (1) or (2) of this section. However, a  
24  member who is serving or has served in the military reserves  
25  with the expectation of receiving a military service pension

1 may qualify his active military service under subsection (1)  
2 ~~or (2)~~ of this section if his active duty in the armed  
3 forces of the United States is not more than 25% of the  
4 total sum of all years of military service including reserve  
5 and active duty time."

6 Section 2. Section 19-3-801, MCA, is amended to read:

7 "19-3-801. Employer contribution rates — actuarial  
8 determination. (1) Each employer shall contribute to the  
9 cost of benefits under the system. The amount of the  
10 employer contributions shall be computed by applying to  
11 member's compensation the sum of the current service  
12 contribution rate and the unfunded liability contribution  
13 rate. The sum of these rates shall be 6.32% [ ] from July  
14 1, ~~1981~~ 1983, and thereafter.

15 (2) The actuary shall determine the current service  
16 contribution rate to be that level percentage of the present  
17 value of the future compensation of the average new member  
18 entering the system which equals the then present value of  
19 the excess of all prospective benefits in respect of such  
20 member over the member's own normal contributions.

21 (3) The actuary shall determine the minimum unfunded  
22 liability contribution rate to be that level percentage of  
23 the present value of the prospective compensation of all  
24 members for the 40-year period following the date of the  
25 determination which is equal to the unfunded liability on

1 that date. The unfunded liability at any time is the excess  
2 of the present value of all future benefits payable in  
3 respect of all persons then entitled to benefits under the  
4 system over the sum of the retirement fund and the present  
5 values of the future current service contributions and  
6 normal contributions payable in respect of all such  
7 persons."

8 NEW SECTION. Section 3. Effective date. This act is  
9 effective July 1, 1983.

-End-

## STATE OF MONTANA

REQUEST NO. 049-83

## FISCAL NOTE

Form BD-15

In compliance with a written request received January 6, 19 83, there is hereby submitted a Fiscal Note for House Bill 57 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 57 is a proposal to provide free military service credit in the PERS for veterans of World War II and the Korean and Vietnam conflicts.

ASSUMPTIONS:

(From 1982 PERS Actuarial Valuation adjusted by consulting actuary):

- 1) 26,879 members.
- 2) Cost assumes 6,000 members will be eligible with average of 2½ years military service.
- 3) Two accounting technicians will be required for a two year period to process refunds from current to proposed military service processing plus processing of new applications.
- 4) Funding will extend forty years requiring 6% of total PERS salaries for each year.

FISCAL IMPACT:Proposed Employer Contributions To Pers Trust Fund

		<u>FY 84</u>	<u>FY 85</u>	<u>Biennium</u>
State	(45%)	\$13,070,828	\$13,789,724	\$26,860,552
Political Subdivisions	(55%)	15,975,456	16,854,107	32,829,563
TOTAL	(100%)	\$29,046,284	\$30,643,831	\$59,690,115

Less Current Level:

State	(45%)	\$11,937,519	\$12,594,083	\$24,531,602
Political Subdivisions	(55%)	14,590,301	15,392,768	29,983,069
TOTAL	(100%)	\$26,527,820	\$27,986,851	\$54,514,671

Increase:

State	(45%)	\$ 1,133,309	\$ 1,195,641	\$ 2,328,950
Political Subdivisions	(55%)	1,385,155	1,461,339	2,846,494
TOTAL		\$ 2,518,464	\$ 2,656,980	\$ 5,175,444

Additional (2) FTE

Continued

BUDGET DIRECTOR

Office of Budget and Program Planning

Date:

*David M. Lewis*  
1-11-83

-2-

	<u>FY 84</u>	<u>FY 85</u>	<u>Biennium</u>
Personal Services	\$ 34,916	\$ 36,661	\$ 73,077
Equipment	<u>1,500</u>		<u>1,500</u>
TOTAL	\$ <u>36,416</u>	\$ <u>36,661</u>	\$ <u>74,577</u>

FISCAL NOTE 3:I/2

HB 0057/02  
Committee  
on State Administration  
recommend do not pass  
On motion, printed and  
placed on Second Reading.

## HOUSE BILL NO. 57

INTRODUCED BY PAVLOVICH, VINCENT, DAILY, DOZIER,

HARRINGTON, LYNCH, NILSON, ZABROCKI, JACOBSON,

MENAHAN, SPAETH, WINSLOW, IVERSON, ROUSH, HARPER,

KEYSER, SCHULTZ, D. BROWN, QUILICI, MANUEL, DRISCOLL,

MCCORMICK, ABRAMS, NISBET, HEMSTAD, HARRINGTON, STIMATZ

A BILL FOR AN ACT ENTITLED: "AN ACT TO PROVIDE VETERANS OF  
WORLD WAR II AND THE KOREAN AND VIETNAM CONFLICTS SERVICE  
CREDITS FOR THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM  
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retirement fund the amount determined by the board to be due  
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armed forces of the United States with a normal service

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