

HOUSE BILL NO. 311

Introduced: 01/18/83

Referred to Committee on State Administration: 01/18/83

Hearing: 1/27/83

Report: 01/28/83, Do Not Pass

Bill Killed: 01/31/83

1 *House* BILL NO. *311*
 2 INTRODUCED BY *Rep. Hammond*
 3 BY REQUEST OF THE TEACHERS' RETIREMENT BOARD

4
 5 A BILL FOR AN ACT ENTITLED: "AN ACT INCREASING THE
 6 EMPLOYER'S CONTRIBUTION TO THE PENSION ACCUMULATION FUND OF
 7 THE TEACHERS' RETIREMENT SYSTEM TO REDUCE THE AMORTIZATION
 8 PERIOD OF THE ACTUARIAL ACCRUED UNFUNDED LIABILITY OF THE
 9 SYSTEM FROM 48.5 YEARS TO 40 YEARS; AMENDING SECTION
 10 19-4-605, MCA; AND PROVIDING AN EFFECTIVE DATE."

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

13 Section 1. Section 19-4-605, MCA, is amended to read:

14 "19-4-605. Pension accumulation fund -- employer's
 15 contribution. The pension accumulation fund is the fund in
 16 which the reserves for payment of pensions and annuities
 17 shall be accumulated and from which pensions, annuities, and
 18 benefits in lieu thereof shall be paid to or on account of
 19 beneficiaries credited with prior service. Contributions to
 20 and payments from the pension accumulation fund shall be
 21 made as follows:

22 (1) Each employer shall pay into the pension
 23 accumulation fund an amount equal to ~~6.463%~~ 7.183% of the
 24 earned compensation of each member employed during the whole
 25 or part of the preceding payroll period.

1 (2) If the employer is a district or community college
 2 district, the trustees shall budget and pay for the
 3 employer's contribution under the provisions of 20-9-501.

4 (3) If the employer is the superintendent of public
 5 instruction, a public institution of the state of Montana, a
 6 unit of the Montana university system, or the Montana state
 7 school for the deaf and blind, the legislature shall
 8 appropriate to the employer an adequate amount to allow the
 9 payment of the employer's contribution.

10 (4) If the employer is a county, the county
 11 commissioners shall budget and pay for the employer's
 12 contribution in the manner provided by law for the adoption
 13 of a county budget and for payments under the budget.

14 (5) All interest and other earnings realized on the
 15 moneys of the retirement system shall be credited to the
 16 pension accumulation fund, and the amount required to allow
 17 regular interest on the annuity savings fund shall be
 18 transferred to that fund from the pension accumulation fund.

19 (6) All pensions, annuities, and benefits in lieu
 20 thereof shall be paid from the pension accumulation fund.

21 (7) The retirement board may, in its discretion,
 22 transfer from the pension accumulation fund an amount
 23 necessary to cover expenses of administration."

24 NEW SECTION. Section 2. Effective date. This act is
 25 effective July 1, 1983.

-End-

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INTRODUCED BILL

STATE OF MONTANA

REQUEST NO. 159-83

FISCAL NOTE

Form BD-15

In compliance with a written request received January 20, , 19 83 , there is hereby submitted a Fiscal Note for House Bill 311 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 THE PROPOSED LEGISLATION:

House Bill 311 increases the employer contribution rate in the Teachers' Retirement System from 6.463% to 7.183%. The increase is to reduce the funding period of the actuarial accrued liability from 48.50 years to the more commonly accepted period of 40 years.

ASSUMPTIONS:

- 1) A wage base of \$304,319,281 for FY 83 was used.
- 2) Wages will increase 5% in FY 84 and FY 85.


FISCAL IMPACT:

	<u>FY 84</u>	<u>FY 85</u>
<u>Revenues:</u>		
Under Current Law	\$ 20,651,566	\$ 21,684,141
Under Proposed Law	22,952,217	24,099,827
Increased Revenue	<u>\$ 2,300,654</u>	<u>\$ 2,415,686</u>
<u>Expenditures:</u>		
State Agencies		
Under Current Law	\$ 210,693	\$ 221,228
Under Proposed Law	234,165	245,874
Increased Expenditures	<u>\$ 23,472</u>	<u>\$ 24,646</u>
University System		
Under Current Law	\$ 3,600,297	\$ 3,780,312
Under Proposed Law	4,001,382	4,201,451
Increased Expenditures	<u>\$ 401,085</u>	<u>\$ 421,139</u>

COMMENT:

The increase in expenditure to state government would be reflected in the personal services category in the form of increased employer benefits and are not included in current budget requests.

Continued



BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 1-25-83

LOCAL IMPACT:

This legislation would also have an impact on local government expenditure. The estimated increased cost to counties would be \$2,675 in FY84 and \$2,808 in FY85. The estimated increased cost to school districts would be \$1,873,423 in FY84 and \$1,967,093 in FY85.

FISCAL NOTE 6/Q/1

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