

HOUSE BILL NO. 863

Introduced: 02/15/83

Referred to Committee on Local Government: 02/15/83

Hearing: 2/19/83

Died in Committee

1 House BILL NO. 863  
2 INTRODUCED BY Fager  
3  
4 A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING FOR THE  
5 ABOLISHMENT OF THE MUNICIPAL POLICE OFFICERS' RETIREMENT  
6 SYSTEM, THE FIREFIGHTERS' UNIFIED RETIREMENT SYSTEM, AND THE  
7 LOCALLY ADMINISTERED POLICE AND FIREFIGHTERS' RETIREMENT  
8 FUNDS; PERMITTING CITIES TO ESTABLISH LOCAL POLICE AND  
9 FIREFIGHTER PENSION PLANS FUNDED THROUGH LOCAL REVENUES AND  
10 EMPLOYEE CONTRIBUTIONS; AND PROVIDING AN EFFECTIVE DATE."

11  
12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

13 Section 1. Membership in plan prohibited -- employer  
14 and state contributions to continue -- transfer of system  
15 assets -- abolishment of system. (1) Effective July 1,  
16 1983, no police officer may become a member of the municipal  
17 police officers' retirement system under Title 19, chapter  
18 9.

19 (2) A municipality and the state shall continue to  
20 contribute to the retirement system until sufficient funds  
21 exist to insure payment of benefits to each police officer  
22 joining the retirement system before July 1, 1983, and his  
23 beneficiary, as determined by an actuarial valuation.

24 (3) When no member of the retirement system or his  
25 beneficiary is entitled to receive a service, disability, or

1 survivorship allowance under the provisions of the  
2 retirement system, the board shall transfer to each city  
3 participating in the plan that portion of the system's  
4 assets attributable to the city as determined by an  
5 actuarial valuation.

6 (4) Following the transfer provided in subsection (3),  
7 the retirement system is abolished.

8 Section 2. Option to establish local pension plan or  
9 participate in the public employees' retirement system. (1)  
10 Effective July 1, 1983, a municipality may by ordinance  
11 establish a local pension plan funded through local revenues  
12 and employee contributions for those police officers  
13 prohibited from participating in the municipal police  
14 officers' retirement system under [section 1]. Funding for  
15 any pension plan established under this subsection must be  
16 sufficient to meet the normal cost of the plan.

17 (2) In lieu of establishing a pension plan as provided  
18 in subsection (1), a municipality may become a contracting  
19 employer under the public employees' retirement system to  
20 provide retirement benefits for those police officers  
21 prohibited from participating in the municipal police  
22 officers' retirement system under [section 1].

23 Section 3. Membership in local police retirement plan  
24 prohibited -- employer and state contributions to continue  
25 -- transfer of fund's assets -- abolishment of fund. (1)

1 Effective July 1, 1983, no police officer may become a  
2 member of a local police retirement plan established under  
3 Title 19, chapter 10.

4 (2) A municipality and the state shall continue to  
5 contribute to a local plan until sufficient funds exist to  
6 insure payment of benefits to each police officer joining  
7 the plan before July 1, 1983, and his beneficiary, as  
8 determined by an actuarial valuation.

9 (3) When no member of a local plan or his beneficiary  
10 is entitled to receive a service, disability, or  
11 survivorship allowance under the provisions of the plan, the  
12 board of trustees of the police retirement fund shall  
13 transfer the assets of the retirement fund to the city.

14 (4) Following the transfer provided in subsection (3),  
15 the board of trustees and the police retirement fund are  
16 abolished.

17 Section 4. Option to establish local pension plan or  
18 participate in the public employees' retirement system. (1)  
19 Effective July 1, 1983, a municipality may by ordinance  
20 establish a local pension plan funded through local revenues  
21 and employee contributions for those police officers  
22 prohibited from participating in a local police retirement  
23 plan under [section 3]. Funding for any pension plan  
24 established under this subsection must be sufficient to meet  
25 the normal cost of the plan.

1 (2) In lieu of establishing a pension plan as provided  
2 in subsection (1), a municipality may become a contracting  
3 employer under the public employees' retirement system to  
4 provide retirement benefits for those police officers  
5 prohibited from participating in a local police retirement  
6 plan under [section 3].

7 Section 5. Membership in fire department relief  
8 association prohibited -- employer and state contributions  
9 to continue -- transfer of fund's assets -- abolishment  
10 of association. (1) Effective July 1, 1983, no firefighter  
11 may become a member of a fire department relief association  
12 established under Title 19, chapter 11.

13 (2) A municipality and the state shall continue to  
14 contribute to a fire department disability and pension fund  
15 until sufficient funds exist to insure payment of benefits  
16 to each firefighter joining the fire department relief  
17 association before July 1, 1983, and his beneficiary, as  
18 determined by an actuarial valuation.

19 (3) When no member of a fire department relief  
20 association or his beneficiary is entitled to receive a  
21 service, disability, or survivorship allowance under the  
22 provisions of the retirement plan, the board of trustees of  
23 the relief association shall transfer the assets of the  
24 disability and pension fund to the city.

25 (4) Following the transfer provided in subsection (3),

1 the relief association and the disability and pension fund  
2 are abolished.

3 Section 6. Option to establish local pension plan or  
4 participate in the public employees' retirement system. (1)  
5 Effective July 1, 1983, a municipality may by ordinance  
6 establish a local pension plan funded through local revenues  
7 and employee contributions for those firefighters prohibited  
8 from participating in a fire department relief association  
9 under [section 5]. Funding for any pension plan established  
10 under this subsection must be sufficient to meet the normal  
11 cost of the plan.

12 (2) In lieu of establishing a pension plan as provided  
13 in subsection (1), a municipality may become a contracting  
14 employer under the public employees' retirement system to  
15 provide retirement benefits for those firefighters  
16 prohibited from participating in a fire department relief  
17 association under [section 5].

18 Section 7. Membership in plan prohibited -- employer  
19 and state contributions to continue -- transfer of system  
20 assets -- abolishment of system. (1) Effective July 1,  
21 1983, no firefighter may become a member of the  
22 firefighters' unified retirement system under Title 19,  
23 chapter 13.

24 (2) A municipality and the state shall continue to  
25 contribute to the retirement system until sufficient funds

1 exist to insure payment of benefits to each firefighter  
2 joining the retirement system before July 1, 1983, and his  
3 beneficiary, as determined by an actuarial valuation.

4 (3) When no member of the retirement system or his  
5 beneficiary is entitled to receive a service, disability, or  
6 survivorship allowance under the provisions of the  
7 retirement system, the board shall transfer to each city  
8 participating in the plan that portion of the system's  
9 assets attributable to the city as determined by an  
10 actuarial valuation.

11 (4) Following the transfer provided in subsection (3),  
12 the retirement system is abolished.

13 Section 8. Option to establish local pension plan or  
14 participate in the public employees' retirement system. (1)  
15 Effective July 1, 1983, a city may by ordinance establish a  
16 local pension plan funded through local revenues and  
17 employee contributions for those firefighters prohibited  
18 from participating in the firefighters' unified retirement  
19 system under [section 7]. Funding for any pension plan  
20 established under this subsection must be sufficient to meet  
21 the normal cost of the plan.

22 (2) In lieu of establishing a pension plan as provided  
23 in subsection (1), a municipality may become a contracting  
24 employer under the public employees' retirement system to  
25 provide retirement benefits for those firefighters

1 prohibited from participating in the firefighters' unified  
2 retirement system under [section 7].

3 Section 9. Codification instruction. (1) Sections 1  
4 and 2 are intended to be codified as an integral part of  
5 Title 19, chapter 9, and the provisions of Title 19, chapter  
6 9, apply to sections 1 and 2.

7 (2) Sections 3 and 4 are intended to be codified as an  
8 integral part of Title 19, chapter 10, and the provisions of  
9 Title 19, chapter 10, apply to sections 3 and 4.

10 (3) Sections 5 and 6 are intended to be codified as an  
11 integral part of Title 19, chapter 11, and the provisions of  
12 Title 19, chapter 11, apply to sections 5 and 6.

13 (4) Sections 7 and 8 are intended to be codified as an  
14 integral part of Title 19, chapter 13, and the provisions of  
15 Title 19, chapter 13, apply to sections 7 and 8.

16 Section 10. Effective date. This act is effective July  
17 1, 1983.

-End-

## STATE OF MONTANA

REQUEST NO. 475-83

## FISCAL NOTE

Form BD-15

In compliance with a written request received February 19, , 19 83 , there is hereby submitted a Fiscal Note for House Bill 863 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 PROPOSED LEGISLATION:

House Bill 863 provides for the abolishment of the state administered and locally administered fire fighter and police officer retirement systems. It permits replacement of this coverage for all fire fighters and police officers through new locally administered fully funded systems or participation in the PERS.

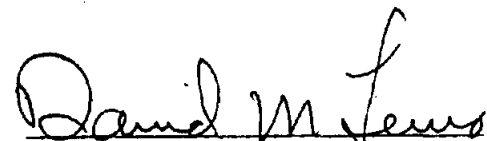
ASSUMPTIONS:

- 1) Basis for all assumptions in state administered systems 1982 actuarial calculations.
- 2) 10 Fire Fighters and 10 Police Officers will be replaced during the biennium.
- 3) All cities will elect to join PERS and not form a new retirement system.

FISCAL IMPACT:

	<u>FY84</u>	<u>FY85</u>
Police and Fire:		
Under Current Law	\$ 3,282,526	\$ 3,506,727
Under Proposed Law	3,248,058	3,442,545
Estimated Decrease	<u>(34,468)</u>	<u>(64,182)</u>
State		
Under Current Law	4,437,092	4,731,406
Under Proposed Law	4,390,502	4,644,821
Estimated Decrease	<u>(46,590)</u>	<u>(86,585)</u>
PERS		
City Under Current Law	-0-	-0-
Under Proposed Law	8,892	17,784
Estimated Increase	<u>8,892</u>	<u>17,784</u>
State		
No Impact	-0-	-0-

FISCAL NOTE 16:EE/1



BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 2-21-83