

SENATE BILL NO. 366

2/08 Introduced
2/09 Referred to State Administration
2/12 Fiscal Note Requested
2/18 Fiscal Note Received
2/20 Hearing
2/21 Committee Report-Bill Do Pass
2/23 2nd Reading Indefinitely Postponed

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Senate BILL NO. *366*
Christians *Richard E. Manning* *Julius*
Hoffey

INTRODUCED BY
A BILL FOR AN ACT ENTITLED: "AN ACT TO INCLUDE AN EMPLOYER'S MONTHLY CONTRIBUTION FOR GROUP INSURANCE AS PART OF CERTAIN MEMBERS' MONTHLY COMPENSATION FOR THE PURPOSE OF DETERMINING RETIREMENT BENEFITS AND CONTRIBUTIONS UNDER THE MONTANA FIREFIGHTERS' UNIFIED RETIREMENT ACT; AMENDING SECTION 19-13-104, MCA; AND PROVIDING AN EFFECTIVE DATE."

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

Section 1. Section 19-13-104, MCA, is amended to read:

"19-13-104. Definitions. Unless the context requires otherwise, the following definitions apply in this chapter:

(1) "Administrator" means the public employees' retirement division of the department of administration.

(2) "Board" means the retirement board described in 2-15-1009.

(3) "Credited service" means the aggregate of a member's prior service and membership service.

(4) "Dependent child" means a child of a deceased member who is:

(a) unmarried and under age 18; or

(b) unmarried, under age 24, and attending an accredited postsecondary educational institution as a

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full-time student in anticipation of receiving a certificate or degree.

(5) "Employer" means any city that is of the first or second class or that elects to join this plan under 19-13-108.

(6) "Final average salary" means the monthly compensation of a member hired on or after July 1, 1981, averaged over the last 36 months of his active service or, if he has not been a member that long, over the period of his membership.

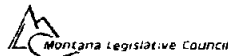
(7) "Firefighter" means a person employed as a full- or part-paid firefighter by an employer.

(8) "Full-paid firefighter" means a person appointed as a firefighter under 7-33-4106.

(9) "Fund" means the pension trust fund in the state treasury system designated for the use of the plan.

(10) "Member" means a person who is employed by an employer as a full- or part-paid firefighter or who is entitled to a retirement allowance by virtue of his service to an employer as a firefighter.

(11) "Member contributions" means the total of the deductions from a member's compensation made during a period of active membership under this chapter or made under a prior plan and transferred to this plan, standing to his credit, together with the interest thereon.



1 (12) "Membership service" means a period of employment
 2 with an employer occurring after July 1, 1981, during which
 3 the withholdings required by this chapter have been made
 4 from a member's monthly compensation and credited to his
 5 member contributions account. Pro rata credit shall be
 6 granted for employment on a part-time basis or for
 7 employment over a period of less than a complete fiscal
 8 year.

9 (13) "Minimum retirement date" means the first day of
 10 the month coinciding with or immediately following, if none
 11 coincides, the date on which a member becomes both age 50 or
 12 older and completes 10 or more years of credited service.

13 (14) "Monthly compensation" means:

14 (a) for a full-paid firefighter:

15 (i) retired before July 1, 1985, the regular monthly
 16 compensation, excluding overtime, holiday payments, shift
 17 differential payments, compensatory time payments, and
 18 payments in lieu of sick leave, paid by an employer for his
 19 service as a firefighter; or

20 (ii) retired on or after July 1, 1985, the monthly
 21 contribution for group insurance provided for in 7-33-4130
 22 and the regular monthly compensation, excluding overtime,
 23 holiday payments, shift differential payments, compensatory
 24 time payments, and payments in lieu of sick leave, paid by
 25 an employer for his services as a firefighter;

1 (b) for a part-paid firefighter employed by a city of
 2 the second class:

3 (i) 15% of the regular monthly compensation, excluding
 4 overtime, holiday payments, shift differential payments,
 5 compensatory time payments, and payments in lieu of sick
 6 leave, paid on July 1 of each year to a newly confirmed,
 7 full-paid firefighter of the city that employs the part-paid
 8 firefighter; or

9 (ii) if that city does not employ a full-paid
 10 firefighter, 15% of the average regular monthly
 11 compensation, excluding overtime, holiday payments, shift
 12 differential payments, compensatory time payments, and
 13 payments in lieu of sick leave, paid on July 1 of each year
 14 to all newly confirmed, full-paid firefighters employed by
 15 cities of the second class.

16 (15) Any reference to "municipality", "city", or "town"
 17 includes those jurisdictions which, prior to the effective
 18 date of a county-municipal consolidation, were incorporated
 19 municipalities, subsequent districts created for urban
 20 firefighting services, or the entire county included in the
 21 county-municipal consolidation.

22 (16) "Part-paid firefighter" means a person employed
 23 under 7-33-4109 who receives compensation in excess of \$300
 24 a year for his service as a firefighter.

25 (17) "Plan" means the municipal firefighters'

1 retirement system created by this chapter.

1 effective July 1, 1985.

2 (18) "Prior plan" means the fire department relief
3 association plan of a city that elects to join the plan
4 under 19-13-108 or the fire department relief association
5 plan of a city of the first or second class.

-End-

6 (19) "Prior service" means a period of employment as a
7 firefighter for which credit was granted to a member under a
8 prior plan and has been transferred to this plan.

9 (20) "Retirement allowance" means the monthly benefit
10 payable after service or disability retirement.

11 (21) "Retirement date" means the date on which the
12 first payment of the retirement or disability benefits of a
13 member or a beneficiary is payable.

14 (22) "Surviving spouse" means the spouse married to a
15 member at the time of the member's death.

16 (23) "Totally and permanently disabled" means that the
17 board, upon certification by a licensed and practicing
18 physician, has determined that a member's disability is of
19 such a nature as to permanently impair his ability to
20 discharge his normal duties as a firefighter."

21 NEW SECTION. Section 2. Extension of authority. Any
22 existing authority of the public employees' retirement board
23 to make rules on the subject of the provisions of this act
24 is extended to the provisions of this act.

25 NEW SECTION. Section 3. Effective date. This act is

STATE OF MONTANA
FISCAL NOTE

REQUEST NO. FNN 417-85

Form BD-15

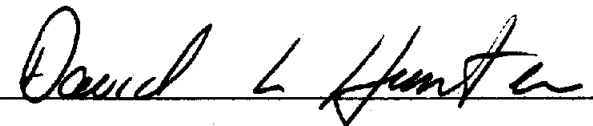
In compliance with a written request received February 12, 19 85, there is hereby submitted a Fiscal Note for S.B. 366 pursuant to Title 5, Chapter 4, Part 2 of the Montana Code Annotated (MCA). Background information used in developing this Fiscal Note is available from the Office of Budget and Program Planning, to members of the Legislature upon request.

DESCRIPTION OF PROPOSED LEGISLATION:

Senate Bill No. 366 redefines "Monthly Compensation" for all members after July 1, 1985 to include employer contributed group insurance premiums for the purpose of determining retirement benefits and contributions under the Firefighters' Unified Retirement System.

ASSUMPTIONS:

- 1) For cities contributing to the firefighters insurance based upon the type of coverage, assume 80% of the employees have family coverage, 20% have single coverage or an average monthly contribution of \$136.28/mo.
- 2) 399 active full-paid firefighters as of 12-31-84.
- 3) Employee, employer and state contribution rates 6%, 13.02% and 22.98% respectively.
- 4) 15% increase in group insurance premiums.
- 5) 176 retirees eligible on 7-1-84 for supplemental benefits under 19-13-1006, MCA and 145 eligible under 19-13-1007; average increase \$600/year; annual benefit under current laws increase 9%; annual benefit payments as of July 1, 1984, \$2,996,403.
- 6) 2% salary adjustment/year; salary as of July 1, 1984, \$8,071,909; FY 86 \$8,398,014 and FY 87 \$8,565,974.
- 7) Annual compensation as used in 19-13-604 would equal the sum of monthly compensation as redefined in Senate Bill No. 366.
- 8) Assume monthly compensation for all full-paid firefighters is the same as defined under current law; plus insurance premiums.
- 9) It is not possible to calculate the effect of this legislation on the compensation of the part-paid firefighters, but it is believed to be immaterial.



BUDGET DIRECTOR
Office of Budget and Program Planning

Date: Feb 18 1985

SB 366

FISCAL IMPACT:

Revenue

Employee Contributions 6%

	<u>FY 86</u>	<u>FY 87</u>
Under Current Law	\$503,881	\$513,958
Under Proposed Law	<u>543,032</u>	<u>558,981</u>
Increase	\$ 39,151	\$ 45,023

Employer Contributions 13.02%

	<u>FY 86</u>	<u>FY 87</u>
Under Current Law	\$1,093,421	\$1,115,290
Under Proposed Law	<u>1,178,378</u>	<u>1,212,990</u>
Increase	\$ 84,957	\$ 97,700

State Contributions 22.98%

Under Current Law	\$1,929,864	\$1,968,461
Under Proposed Law	<u>2,079,811</u>	<u>2,140,899</u>
Increase	\$ 149,947	\$ 172,438

Supplemental Benefit Cont. (19-13-1006)

Under Current Law	\$1,056,836	\$1,151,951
Under Proposed Law	<u>1,162,436</u>	<u>1,273,391</u>
Increase	\$ 105,600	\$ 121,440

The state contributions and the supplemental benefit are paid by the State Auditor's Office out of the Premium Tax Fund. Increased costs to the Premium Tax Fund reduces General Fund Revenue by:

	<u>FY 86</u>	<u>FY 87</u>
General Fund Cost:	\$255,547	\$293,878

EXPENDITURES:

Retirement Benefits

	<u>FY 86</u>	<u>FY 87</u>
Under Current Law	\$3,560,026	\$3,880,428
Under Proposed Law	<u>3,752,626</u>	<u>4,101,918</u>
Increase	\$ 192,600	\$ 221,490

Increased retirement benefits for retirees retired before July 1, 1973 are funded by the State Auditor's Office out of the Premium Tax. Increase for retirees retired after July 1, 1973 are funded through monthly contributions as a percentage of monthly compensation as defined under current law.

LOCAL IMPACT:

Each city participating under the Montana Firefighters' Unified Retirement System will be required to contribute 13.02% of their monthly contributions for group insurance provided under 7-33-4130, MCA to the retirement system. FY 86 \$84,957; FY 87 \$97,700.

LONG-RANGE IMPACT:

Expenditures for both state and local government will continue to increase each year in direct relation to group insurance premium increases. Currently, any balance from the Premium Tax goes to the General Fund. Any increase demands put on the Premium Tax reduces the General Fund revenue by the same amount.

TECHNICAL NOTE:

- 1) Monthly compensation as redefined in this legislation may be inconsistent with annual compensation as defined in 19-13-604 WHICH COULD RESULT IN UNDER FUNDING.
- 2) Monthly compensation as redefined eliminates the definition of monthly compensation for an active full-paid firefighter.
- 3) Based on the above assumptions, the cost expressed as a percentage of salary would be approximately .45%. The additional cost is not provided for in the proposed bill.

APPROVED BY COMMITTEE
ON STATE ADMINISTRATION

1 Senate BILL NO. 366
2 INTRODUCED BY *Christians Richard E. Manning Gulini*
3 *Hobby*

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