

HB 306 INTRODUCED BY HARPER, ET AL.  
REVISE RETIREMENT ELIGIBILITY REQUIREMENTS UNDER  
SHERIFFS' RETIREMENT SYSTEM

1/20 INTRODUCED  
1/20 REFERRED TO STATE ADMINISTRATION  
1/21 FISCAL NOTE REQUESTED  
1/29 FISCAL NOTE RECEIVED  
1/30 HEARING  
2/06 COMMITTEE REPORT--BILL NOT PASSED  
2/09 REREFERRED TO STATE ADMINISTRATION  
2/20 TABLED IN COMMITTEE

1 House BILL NO. 306  
2 INTRODUCED BY Thayer NATL

3  
4 A BILL FOR AN ACT ENTITLED: "AN ACT REVISING ELIGIBILITY  
5 REQUIREMENTS FOR SERVICE AND EARLY RETIREMENT UNDER THE  
6 SHERIFFS' RETIREMENT SYSTEM; AMENDING SECTIONS 19-7-501 AND  
7 19-7-502, MCA; AND PROVIDING AN EFFECTIVE DATE."  
8

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

10 Section 1. Section 19-7-501, MCA, is amended to read:

11 "19-7-501. Eligibility and application for service  
12 retirement -- commencement of allowance. (1) (a) A member  
13 initially elected or appointed before July 1, 1987, who has  
14 completed at least 20 years of service may retire on a  
15 service retirement allowance.

16 (b) A sheriff-in-service member initially elected or  
17 appointed on or after July 1, 1987, who has completed at  
18 least 25 20 years of service and who has reached the age of  
19 55 50 years may retire on a service retirement allowance.  
20 upon-written-application

21 (2) A member electing to retire shall apply in writing  
22 to the board, ~~submitted~~ not less than 30 days or more than  
23 90 days from the desired date of retirement.

24 (3) The retirement allowance must commence on the  
25 first day of the month following the member's last day of

1 membership service."

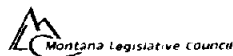
2 Section 2. Section 19-7-502, MCA, is amended to read:

3 "19-7-502. Early retirement option. If a member has  
4 served ~~20~~ 15 years of creditable service as a sheriff and  
5 has reached the age of ~~55~~ 50 years, he is granted the option  
6 and privilege of retiring, and in such case his retirement  
7 allowance shall be the actuarial equivalent of his  
8 retirement allowance as otherwise accrued, based upon  
9 payment commencing when he would have completed ~~25~~ 20 years  
10 of creditable service or reached age 65, whichever is less."

11 NEW SECTION. Section 3. Extension of authority. Any  
12 existing authority of the public employees' retirement board  
13 to make rules on the subject of the provisions of this act  
14 is extended to the provisions of this act.

15 NEW SECTION. Section 4. Effective date. This act is  
16 effective July 1, 1987.

-End-



STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for HB306, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

An act revising eligibility requirements for service and early retirement under the Sheriffs' Retirement System.

ASSUMPTIONS:

1. The actuarial cost of providing the benefit enhancement would be 2.82% of each active member's salary if paid by the employer.
2. The current contribution rate into the system is 14.67% of salaries while the 1986 actuarial valuation recommends a contribution rate of 11.13% of salaries. Therefore, the cost of this proposal will not require an increase in employer contributions during the next biennium.
3. Salaries for current members of the Sheriffs' Retirement System after July 1, 1987 are assumed to remain at their July 1, 1986 levels during the next biennium. (\$11,509,790 per year)
4. There may be savings appreciated with members retiring earlier and having their positions refilled with persons of less seniority which may or may not be offset by any lump-sum vacation and/or sick leave payouts. Since no data is available to calculate any savings/(cost), this has not been attempted.)

FISCAL IMPACT:

No fiscal impact on the state.

EFFECT ON COUNTY OR OTHER LOCAL REVENUE OR EXPENDITURES:

The cost of the benefit enhancement is \$324,576 per year for forty years. The amount of cash that would have to be deposited to the system to pay for the benefit (the present value) is \$3,389,000. Since the current contribution rate is adequate to cover the costs, no increase in employer contribution will be required. Alternatively, according to the most recent actuarial valuation the employer contribution could be reduced to 11.13%, resulting in a savings of \$407,446 per year to counties.

LONG-RANGE EFFECTS OF PROPOSED LEGISLATION:

This legislation will provide increased retirement benefits to members of the Sheriffs' Retirement System and will result in earlier retirements than had the bill not become law, at a cost of 2.82% of members' salaries.

David L. Hunter DATE 1/29/87

DAVID L. HUNTER, BUDGET DIRECTOR  
Office of Budget and Program Planning

Hal Harper DATE 1/30/87  
HAL HARPER, PRIMARY SPONSOR

Fiscal Note for HB306, as introduced.

HB-306