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 2 INTRODUCED BY *Senate* BILL NO. *240*  
 3 *Walter Nisbet O'Donnell Lynch*  
*Meyer Suzanne Rasmussen Harding*

4 A BILL FOR AN ACT ENTITLED: "AN ACT REQUIRING A PUBLIC  
 5 EMPLOYER TO PICK UP A MEMBER'S CONTRIBUTION UNDER THE  
 6 FIREFIGHTERS' UNIFIED RETIREMENT SYSTEM; REQUIRING THE  
 7 EMPLOYER TO DEDUCT FROM THE MEMBER'S COMPENSATION AN AMOUNT  
 8 EQUAL TO THE AMOUNT OF THE MEMBER'S CONTRIBUTION PICKED UP  
 9 BY THE EMPLOYER; REQUIRING A MEMBER TO PAY STATE AND LOCAL  
 10 TAXES ON A REFUND OF CERTAIN CONTRIBUTIONS; AMENDING  
 11 SECTIONS 19-13-304, 19-13-601, AND 19-13-1003, MCA; AND  
 12 PROVIDING AN EFFECTIVE DATE."

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

15 Section 1. Section 19-13-601, MCA, is amended to read:

16 "19-13-601. Member Deduction remitted to firemen's  
 17 association -- member's contributions. (1) Each employer  
 18 shall retain from the monthly compensation of each active  
 19 member a sum equal to 7% 1% of his monthly compensation for  
 20 his services as a firefighter and shall report--and remit  
 21 this amount on a monthly basis:

22 ~~{a}--6%--of--the--monthly--compensation--of--each--member--to~~  
 23 ~~the--administrator--for--deposit--in--the--fund;--and~~

24 ~~{b}--1%--of--the--monthly--compensation--of--each--member~~ to  
 25 the Montana state firemen's association for the payment of

1 premiums on a group life and accidental death and  
 2 dismemberment insurance policy for members and to defray  
 3 expenses incurred by the association when representing  
 4 members of the plan.

5 (2) The member's contribution to the retirement system  
 6 for each active member is 6% of his monthly compensation.

7 ~~{2}(3)~~ If a member receives compensation under the  
 8 provisions of the Workers' Compensation Act, Title 39,  
 9 chapter 71, the amount received must be included as part of  
 10 his monthly compensation for purposes of determining  
 11 contributions and service credits under the retirement  
 12 system. Contributions made under this section, 19-13-604,  
 13 and 19-13-605 must be based on the total compensation  
 14 received by the member from his employer and from the  
 15 workers' compensation division during the period of  
 16 disability.

17 (4) Each employer, pursuant to section 414(h)(2) of  
 18 the federal Internal Revenue Code, as amended and applicable  
 19 on July 1, 1987, shall pick up and pay the contributions  
 20 which would be payable by the member under subsection (2)  
 21 for service rendered after June 30, 1987.

22 (5) The member's contributions picked up by the  
 23 employer must be designated for all purposes of the  
 24 retirement system as the member's contributions, except for  
 25 the determination of a tax upon a distribution from the



1 retirement system. These contributions must become part of  
 2 the member's accumulated contributions but must be accounted  
 3 for separately from those previously accumulated.

4 (6) The member's contributions picked up by the  
 5 employer must be payable from the same source as is used to  
 6 pay compensation to the member and must be included in the  
 7 member's monthly compensation as defined in 19-13-104. The  
 8 employer shall deduct from the member's compensation an  
 9 amount equal to the amount of the member's contributions  
 10 picked up by the employer and remit the total of the  
 11 contributions to the board."

12 Section 2. Section 19-13-304, MCA, is amended to read:

13 "19-13-304. Termination of employment prior to  
 14 retirement. (1) Except as provided in subsection (2), an  
 15 active member may withdraw the amount of his ~~member~~ member's  
 16 contributions, plus regular interest as determined by the  
 17 board, in lieu of all other benefits under the plan upon his  
 18 termination of employment prior to his retirement. If an  
 19 active member's employment terminates by reason of his  
 20 death, his beneficiaries are entitled to the benefits  
 21 prescribed in 19-13-902.

22 (2) If a member has 10 years or more of creditable  
 23 service before termination, he may keep his contributions on  
 24 deposit and be eligible for a service retirement at age 50."

25 Section 3. Section 19-13-1003, MCA, is amended to

1 read:

2 "19-13-1003. Exemption from taxes. Any money received  
 3 ~~as-a-retirement-allowance~~ paid in accordance with the  
 4 provisions of this chapter is exempt from any state, county,  
 5 or municipal tax except refunds paid under 19-13-602 of the  
 6 member's contributions picked up by an employer after June  
 7 30, 1987, as provided in 19-13-601."

8 NEW SECTION. Section 4. Extension of authority. Any  
 9 existing authority of the public employees' retirement board  
 10 to make rules on the subject of the provisions of this act  
 11 is extended to the provisions of this act.

12 NEW SECTION. Section 5. Effective date. This act is  
 13 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 SB240, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

An act requiring a public employer to pick up a member's contribution under the Firefighters' Unified Retirement System; requiring the employer to deduct from the member's compensation an amount equal to the amount of the member's contribution picked up by the employer; requiring a member to pay state and local taxes on a refund of certain contributions; providing an effective date.

ASSUMPTIONS:

1. Individual income tax revenues under current law are \$208,088,000 in FY88, and \$229,991,000 in FY89. (REAC)
2. Member's contributions, net of refunds, to the Firefighters' Unified Retirement System are \$575,000 in FY88, and \$600,000 in FY89. (PERD)
3. The 1985 average effective income tax rate of 5.344 percent remains constant over the biennium.
4. Employee contributions made to the Firefighters' Unified Retirement System on or after July 1, 1987 must be accounted for separately for state and federal tax purposes. Increased computer programming charges are estimated at \$1,000 in FY88.

FISCAL IMPACT:

Revenue Impact:

	FY88			FY89		
	Current Law	Proposed Law	Difference	Current Law	Proposed Law	Difference
Individual Income Tax	\$208,088,000	\$208,057,300	\$( 30,700)	\$229,991,000	\$229,959,000	\$( 32,000)

Expenditure Impact:

Public Employees					
Retirement Division	\$ 0	\$ 1,000	\$ 1,000	No Impact	

Fund Information:

General Fund	\$133,176,000	\$133,156,350	\$( 19,650)	\$147,194,000	\$147,173,520	\$( 20,480)
Foundation Program	52,022,000	52,014,325	( 7,675)	57,498,000	57,490,000	( 8,000)
Sinking Fund	22,890,000	22,886,625	( 3,375)	25,299,000	25,295,480	( 3,520)
TOTAL	\$208,088,000	\$208,057,300	\$( 30,700)	\$229,991,000	\$229,959,000	\$( 32,000)

David L. Hunter DATE 2/3/87  
 DAVID L. HUNTER, BUDGET DIRECTOR  
 Office of Budget and Program Planning

Mike Walker DATE \_\_\_\_\_  
 MIKE WALKER, PRIMARY SPONSOR

Fiscal Note for SB240, as introduced.

**SB 240**

APPROVED BY COMMITTEE  
ON STATE ADMINISTRATION

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2 INTRODUCED BY *Senate* BILL NO. *240*  
*Walter Nield O'Connell Lynch*  
*Meyer Aguiar Ramon Harding*

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6 EMPLOYER TO DEDUCT FROM THE MEMBER'S COMPENSATION AN AMOUNT  
7 EQUAL TO THE AMOUNT OF THE MEMBER'S CONTRIBUTION PICKED UP  
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9 TAXES ON A REFUND OF CERTAIN CONTRIBUTIONS; AMENDING  
10 SECTIONS 19-13-304, 19-13-601, AND 19-13-1003, MCA; AND  
11 PROVIDING AN EFFECTIVE DATE."  
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14 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:  
15 Section 1. Section 19-13-601, MCA, is amended to read:

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17 association -- member's contributions. (1) Each employer  
18 shall retain from the monthly compensation of each active  
19 member a sum equal to ~~7%~~ 1% of his monthly compensation for  
20 his services as a firefighter and shall ~~report--and~~ remit  
21 this amount on a monthly basis:

22 ~~(a)--6%--of--the--monthly--compensation--of--each--member--to~~  
23 ~~the--administrator--for--deposit--in--the--fund;--and~~

24 ~~(b)--1%--of--the--monthly--compensation--of--each--member~~ to  
25 the Montana state firemen's association for the payment of

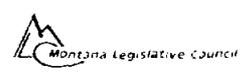
1 premiums on a group life and accidental death and  
2 dismemberment insurance policy for members and to defray  
3 expenses incurred by the association when representing  
4 members of the plan.

5 (2) The member's contribution to the retirement system  
6 for each active member is 6% of his monthly compensation.

7 ~~(2)~~ (3) If a member receives compensation under the  
8 provisions of the Workers' Compensation Act, Title 39,  
9 chapter 71, the amount received must be included as part of  
10 his monthly compensation for purposes of determining  
11 contributions and service credits under the retirement  
12 system. Contributions made under this section, 19-13-604,  
13 and 19-13-605 must be based on the total compensation  
14 received by the member from his employer and from the  
15 workers' compensation division during the period of  
16 disability.

17 (4) Each employer, pursuant to section 414(h)(2) of  
18 the federal Internal Revenue Code, as amended and applicable  
19 on July 1, 1987, shall pick up and pay the contributions  
20 which would be payable by the member under subsection (2)  
21 for service rendered after June 30, 1987.

22 (5) The member's contributions picked up by the  
23 employer must be designated for all purposes of the  
24 retirement system as the member's contributions, except for  
25 the determination of a tax upon a distribution from the



1 retirement system. These contributions must become part of  
 2 the member's accumulated contributions but must be accounted  
 3 for separately from those previously accumulated.

4 (6) The member's contributions picked up by the  
 5 employer must be payable from the same source as is used to  
 6 pay compensation to the member and must be included in the  
 7 member's monthly compensation as defined in 19-13-104. The  
 8 employer shall deduct from the member's compensation an  
 9 amount equal to the amount of the member's contributions  
 10 picked up by the employer and remit the total of the  
 11 contributions to the board."

12 Section 2. Section 19-13-304, MCA, is amended to read:

13 "19-13-304. Termination of employment prior to  
 14 retirement. (1) Except as provided in subsection (2), an  
 15 active member may withdraw the amount of his ~~member~~ member's  
 16 contributions, plus regular interest as determined by the  
 17 board, in lieu of all other benefits under the plan upon his  
 18 termination of employment prior to his retirement. If an  
 19 active member's employment terminates by reason of his  
 20 death, his beneficiaries are entitled to the benefits  
 21 prescribed in 19-13-902.

22 (2) If a member has 10 years or more of creditable  
 23 service before termination, he may keep his contributions on  
 24 deposit and be eligible for a service retirement at age 50."

25 Section 3. Section 19-13-1003, MCA, is amended to

1 read:

2 "19-13-1003. Exemption from taxes. Any money received  
 3 as-a--retirement--allowance paid in accordance with the  
 4 provisions of this chapter is exempt from any state, county,  
 5 or municipal tax except refunds paid under 19-13-602 of the  
 6 member's contributions picked up by an employer after June  
 7 30, 1987, as provided in 19-13-601."

8 NEW SECTION. Section 4. Extension of authority. Any  
 9 existing authority of the public employees' retirement board  
 10 to make rules on the subject of the provisions of this act  
 11 is extended to the provisions of this act.

12 NEW SECTION. Section 5. Effective date. This act is  
 13 effective July 1, 1987.

-End-

INTRODUCED BY *Senate* BILL NO. *240*  
*Walter Noel O'Connell Lynch*  
*Moya Aguirre Rasmusson Harding*

A BILL FOR AN ACT ENTITLED: "AN ACT REQUIRING A PUBLIC EMPLOYER TO PICK UP A MEMBER'S CONTRIBUTION UNDER THE FIREFIGHTERS' UNIFIED RETIREMENT SYSTEM; REQUIRING THE EMPLOYER TO DEDUCT FROM THE MEMBER'S COMPENSATION AN AMOUNT EQUAL TO THE AMOUNT OF THE MEMBER'S CONTRIBUTION PICKED UP BY THE EMPLOYER; REQUIRING A MEMBER TO PAY STATE AND LOCAL TAXES ON A REFUND OF CERTAIN CONTRIBUTIONS; AMENDING SECTIONS 19-13-304, 19-13-601, AND 19-13-1003, MCA; AND PROVIDING AN EFFECTIVE DATE."

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

Section 1. Section 19-13-601, MCA, is amended to read:

"19-13-601. Member Deduction remitted to firemen's association -- member's contributions. (1) Each employer shall retain from the monthly compensation of each active member a sum equal to ~~7%~~ 1% of his monthly compensation for his services as a firefighter and shall ~~report--and~~ remit this amount on a monthly basis:

~~(a)--6%--of--the--monthly--compensation--of--each--member--to--the--administrator--for--deposit--in--the--fund;--and~~

~~(b)--1%--of--the--monthly--compensation--of--each--member~~ to the Montana state firemen's association for the payment of

premiums on a group life and accidental death and dismemberment insurance policy for members and to defray expenses incurred by the association when representing members of the plan.

(2) The member's contribution to the retirement system for each active member is 6% of his monthly compensation.

~~(2)(3)~~ If a member receives compensation under the provisions of the Workers' Compensation Act, Title 39, chapter 71, the amount received must be included as part of his monthly compensation for purposes of determining contributions and service credits under the retirement system. Contributions made under this section, 19-13-604, and 19-13-605 must be based on the total compensation received by the member from his employer and from the workers' compensation division during the period of disability.

(4) Each employer, pursuant to section 414(h)(2) of the federal Internal Revenue Code, as amended and applicable on July 1, 1987, shall pick up and pay the contributions which would be payable by the member under subsection (2) for service rendered after June 30, 1987.

(5) The member's contributions picked up by the employer must be designated for all purposes of the retirement system as the member's contributions, except for the determination of a tax upon a distribution from the

1 retirement system. These contributions must become part of  
 2 the member's accumulated contributions but must be accounted  
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SENATE BILL NO. 240

INTRODUCED BY WALKER, NISBET, O'CONNELL, LYNCH, MEYER,  
SQUIRES, RASMUSSEN, HARDING

A BILL FOR AN ACT ENTITLED: "AN ACT REQUIRING A PUBLIC  
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Section 1. Section 19-13-601, MCA, is amended to read:

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