

HOUSE BILL NO. 141

INTRODUCED BY PHILLIPS

BY REQUEST OF THE DEPARTMENT OF ADMINISTRATION

IN THE HOUSE

JANUARY 12, 1989	INTRODUCED AND REFERRED TO COMMITTEE ON STATE ADMINISTRATION.
JANUARY 13, 1989	FIRST READING.
JANUARY 18, 1989	COMMITTEE RECOMMEND BILL DO PASS. REPORT ADOPTED.
JANUARY 19, 1989	POSTED ON CONSENT CALENDAR. ENGROSSING REPORT.
JANUARY 21, 1989	CONSENT CALENDAR, QUESTIONS AND ANSWERS. THIRD READING, PASSED. AYES, 92; NOES, 0. TRANSMITTED TO SENATE.

IN THE SENATE

JANUARY 23, 1989	INTRODUCED AND REFERRED TO COMMITTEE ON STATE ADMINISTRATION. FIRST READING.
MARCH 1, 1989	COMMITTEE RECOMMEND BILL BE CONCURRED IN. REPORT ADOPTED.
MARCH 3, 1989	SECOND READING, CONCURRED IN.
MARCH 6, 1989	THIRD READING, CONCURRED IN. AYES, 50; NOES, 0. RETURNED TO HOUSE.

IN THE HOUSE

MARCH 7, 1989

RECEIVED FROM SENATE.

SENT TO ENROLLING.

REPORTED CORRECTLY ENROLLED.

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4
5 A BILL FOR AN ACT ENTITLED: "AN ACT REGARDING THE
6 CALCULATION OF RETIREMENT BENEFITS FOR CERTAIN PUBLIC
7 ADMINISTRATORS WHO ELECT MEMBERSHIP IN THE PUBLIC EMPLOYEES'
8 RETIREMENT SYSTEM; AMENDING SECTION 19-3-104, MCA; AND
9 PROVIDING AN EFFECTIVE DATE."

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

12 NEW SECTION. Section 1. Participation by public
13 administrators. (1) A public administrator appointed or
14 elected under 7-3-441 or 7-4-2203 who is paid on a fee basis
15 and who elects membership in the retirement system must be
16 granted creditable service on an annual basis. The member
17 shall receive 1 full year of creditable service for each
18 full year in which he serves in office.

19 (2) For the purpose of calculating a retirement
20 benefit under 19-3-904 or 19-3-1008 for a person who elects
21 membership under subsection (1), "final compensation" means
22 the member's highest average annual compensation during any
23 three calendar years in office for which creditable service
24 has been granted.

25 **Section 2.** Section 19-3-104, MCA, is amended to read:

1 "19-3-104. Definitions. Unless the context requires
2 otherwise, in this chapter the following definitions apply:

3 (1) "Accumulated contributions" means the sum of all
4 the contributions standing to the credit of a member's
5 individual account, together with the regular interest
6 thereon.

7 (2) "Actuarial equivalent" means a benefit of equal
8 value when computed upon the basis of the 1971 Group Annuity
9 Mortality Table, with ages set back 4 years and an interest
10 rate of 8% compounded annually.

11 (3) "Actuary" means the actuary retained by the board
12 in accordance with 19-3-305.

13 (4) "Additional contributions" means contributions by
14 members under the provisions of 19-3-702.

15 (5) "Annuity" means payments for life derived from
16 contributions made by a member as provided in this chapter.

17 (6) "Beneficiary" means the person so designated
18 pursuant to part 13 of this chapter.

19 (7) "Benefit" means the retirement allowance,
20 survivorship allowance, death benefit, or refund of
21 accumulated contributions provided by this chapter.

22 (8) "Board" means the public employees' retirement
23 board provided for in 2-15-1009.

24 (9) "Compensation" means remuneration paid out of
25 funds controlled by an employer. The compensation of each

member of the legislature of Montana for any year shall be considered to be that portion of the product of the daily compensation for such position multiplied by 360 upon which such member elects to pay normal contributions during the year.

(10) "Contracting employer" means any political subdivision or governmental entity which has contracted to come into the system.

(11) "Creditable service" means the aggregate of membership service and prior service.

(12) "Disability" and "incapacity for performance of duty", referred to herein as a basis of retirement, mean disability of permanent duration or disability of extended and uncertain duration, as determined by the board on the basis of competent medical opinion.

(13) "Employee" means any person who is employed by an employer in any capacity whatever and whose salary is paid either by warrant of the employer or from the fees or income of any department or agency of the employer. "Employee" means further any person considered such pursuant to 19-3-402.

(14) "Employer" means the state of Montana, its university system or any of the colleges, schools, components, or units thereof for the purposes of this chapter, or any political subdivision or governmental entity

which has contracted to come into the system.

(15) "Employer contributions" means payments to the retirement fund from appropriations of the state of Montana pursuant to 19-3-801 and from contracting employers pursuant to the contracts between them and the board.

(16) "Final compensation", except as provided in [section 1], means a member's highest average annual compensation during any 3 consecutive years of membership service. Lump-sum payments for sick leave and annual leave paid to the employee upon termination of employment may be used in the calculation of a retirement allowance only to the extent that they are used to replace, on a month for month basis, the normal compensation for a month or months included in the calculation of the final salary. A lump-sum payment may not be added to a single month's compensation.

(17) "Fiscal year" means any year commencing with July 1 and ending June 30 next following.

(18) "Head of department" means the head of any department, institution, or branch of the state service which directly pays salaries out of its income or which prepares, approves, and submits salary statements of its employees to the department of administration, state auditor, and state treasurer for payment.

(19) "Member" means any person included in the membership of the retirement system set forth in 19-3-401

and not excluded in 19-3-402, 19-3-403, or 19-3-406.

(20) "Membership service" means service with respect to which normal contributions and employer contributions are paid. A member of the legislature of Montana shall be credited with membership service for that portion of each year for which he pays normal contributions pursuant to subsection (9) of this section.

(21) "Normal contributions" means contributions required from members under this chapter and any optional contributions made under the provisions of 19-3-502 and 19-3-704.

(22) "Pension" means payments for life derived from contributions made from the state controlled funds or, in the case of members from contracting employers, from the funds of such contracting employers, as provided in this chapter.

(23) "Prior service" means all service rendered as an employee of the state before July 1, 1945, and all service rendered as an employee of a contracting employer before July 1, 1947. Prior service includes all service rendered prior to July 1, 1945, as a member of the legislative assembly or lieutenant governor of Montana.

(24) "Regular interest" means interest at the rate set from time to time by the board.

(25) "Retirement" means withdrawal from active service

with a retirement allowance granted under the provisions of this chapter.

(26) "Retirement allowance" means the periodic benefit payable following service, early, or disability retirement.

(27) "Retirement fund" means the public employees' retirement system pension trust fund.

(28) "Retirement system" means the public employees' retirement system created by this chapter.

(29) "Service" means employment of an employee, except as provided in 19-3-501 and 19-3-502.

(30) "Survivorship allowance" means payments for life to the beneficiary of a deceased member as provided in part 12 of this chapter.

(31) "Written application" means a written instrument duly executed and filed with the board and containing all information required by the board, including such proofs of age as the board considers necessary."

NEW SECTION. **Section 3.** Extension of authority. Any existing authority to make rules on the subject of the provisions of [this act] is extended to the provisions of [this act].

NEW SECTION. **Section 4.** Codification instruction. [Section 1] is intended to be codified as an integral part of Title 19, chapter 3, and the provisions of Title 19, chapter 3, apply to [section 1].

LC 0160/01

1 NEW SECTION. **Section 5.** Effective date. [This act] is
2 effective July 1, 1989.

-End-

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13 administrators. (1) A public administrator appointed or
14 elected under 7-3-441 or 7-4-2203 who is paid on a fee basis
15 and who elects membership in the retirement system must be
16 granted creditable service on an annual basis. The member
17 shall receive 1 full year of creditable service for each
18 full year in which he serves in office.

19 (2) For the purpose of calculating a retirement
20 benefit under 19-3-904 or 19-3-1008 for a person who elects
21 membership under subsection (1), "final compensation" means
22 the member's highest average annual compensation during any
23 three calendar years in office for which creditable service
24 has been granted.

25 **Section 2.** Section 19-3-104, MCA, is amended to read:

1 "19-3-104. Definitions. Unless the context requires
2 otherwise, in this chapter the following definitions apply:

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4 the contributions standing to the credit of a member's
5 individual account, together with the regular interest
6 thereon.

7 (2) "Actuarial equivalent" means a benefit of equal
8 value when computed upon the basis of the 1971 Group Annuity
9 Mortality Table, with ages set back 4 years and an interest
10 rate of 8% compounded annually.

11 (3) "Actuary" means the actuary retained by the board
12 in accordance with 19-3-305.

13 (4) "Additional contributions" means contributions by
14 members under the provisions of 19-3-702.

15 (5) "Annuity" means payments for life derived from
16 contributions made by a member as provided in this chapter.

17 (6) "Beneficiary" means the person so designated
18 pursuant to part 13 of this chapter.

19 (7) "Benefit" means the retirement allowance,
20 survivorship allowance, death benefit, or refund of
21 accumulated contributions provided by this chapter.

22 (8) "Board" means the public employees' retirement
23 board provided for in 2-15-1009.

24 (9) "Compensation" means remuneration paid out of
25 funds controlled by an employer. The compensation of each

1 member of the legislature of Montana for any year shall be
2 considered to be that portion of the product of the daily
3 compensation for such position multiplied by 360 upon which
4 such member elects to pay normal contributions during the
5 year.

6 (10) "Contracting employer" means any political
7 subdivision or governmental entity which has contracted to
8 come into the system.

9 (11) "Creditable service" means the aggregate of
10 membership service and prior service.

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12 duty", referred to herein as a basis of retirement, mean
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15 payment may not be added to a single month's compensation.

16 (17) "Fiscal year" means any year commencing with July
17 1 and ending June 30 next following.

18 (18) "Head of department" means the head of any
19 department, institution, or branch of the state service
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24 (19) "Member" means any person included in the
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HB 0141/02

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