

HOUSE BILL NO. 302

INTRODUCED BY GRADY, MOORE, BROOKE, CLARK, PAVLOVICH,
MCLANE, J. BROWN, ELLISON, WEEDING

IN THE HOUSE

JANUARY 19, 1989	INTRODUCED AND REFERRED TO COMMITTEE ON STATE ADMINISTRATION.
JANUARY 20, 1989	FIRST READING.
FEBRUARY 3, 1989	COMMITTEE RECOMMEND BILL DO PASS AS AMENDED. REPORT ADOPTED.
FEBRUARY 6, 1989	PRINTING REPORT.
FEBRUARY 7, 1989	SECOND READING, DO PASS.
FEBRUARY 8, 1989	ENGROSSING REPORT.
FEBRUARY 9, 1989	THIRD READING, PASSED. AYES, 92; NOES, 7.
	TRANSMITTED TO SENATE.

IN THE SENATE

FEBRUARY 10, 1989	INTRODUCED AND REFERRED TO COMMITTEE ON STATE ADMINISTRATION.
	FIRST READING.
MARCH 3, 1989	COMMITTEE RECOMMEND BILL BE CONCURRED IN. REPORT ADOPTED.
MARCH 4, 1989	SECOND READING, CONCURRED IN.
MARCH 7, 1989	THIRD READING, CONCURRED IN. AYES, 47; NOES, 3.
	RETURNED TO HOUSE.

MARCH 8, 1989

IN THE HOUSE

RECEIVED FROM SENATE.

SENT TO ENROLLING.

REPORTED CORRECTLY ENROLLED.

1 House BILL NO. 302
 2 INTRODUCED BY Brushy Moore Brade Clark
 3 Palmt J. Brown Edison
 4 A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING A MINIMUM
 5 MONTHLY RETIREMENT ALLOWANCE FOR CERTAIN MEMBERS OF THE
 6 MONTANA STATE GAME WARDENS' RETIREMENT SYSTEM; AMENDING
 7 SECTIONS 19-8-603, 19-8-701, AND 19-8-703, MCA; AND
 8 PROVIDING AN EFFECTIVE DATE."

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

11 NEW SECTION. Section 1. Minimum monthly retirement
 12 allowance. (1) The following members who retired before July
 13 1, 1989, or their beneficiaries are eligible to receive a
 14 minimum monthly retirement allowance as provided in
 15 subsection (2):

16 (a) a member who is 55 years of age or older and who
 17 is receiving a service retirement allowance, unless he is
 18 employed in a position covered by a retirement system under
 19 Title 19, chapters 3 through 13;

20 (b) a member who is receiving a disability retirement
 21 allowance; and

22 (c) a beneficiary receiving a survivorship allowance.

23 (2) (a) Except as provided in subsection (2)(b), on
 24 July 1, 1989, the monthly retirement allowance of a member
 25 eligible under subsection (1) may not be less than 2% of a

1 probationary state game warden's base salary on July 1,
 2 1989, for each year of the member's creditable service.

3 (b) The maximum monthly retirement allowance payable
 4 under subsection (2)(a) may not exceed 60% of a probationary
 5 state game warden's base salary on July 1, 1989.

6 **Section 2.** Section 19-8-603, MCA, is amended to read:

7 "19-8-603. Service retirement allowance. (1) Upon
 8 retirement from service, the service retirement allowance
 9 consists of the state annuity plus the member's annuity.

10 (2) The Except as provided in [section 1], the amount
 11 of the retirement allowance must equal 2% of the member's
 12 final salary for each year of creditable service."

13 **Section 3.** Section 19-8-701, MCA, is amended to read:

14 "19-8-701. Disability retirement allowance. (1) If the
 15 total disability of a contributor is permanent in character,
 16 regardless of length of service of the contributor, a
 17 disability retirement allowance shall be granted the
 18 contributor in an amount calculated on the actuarial
 19 equivalent of the member's annuity and the state annuity
 20 standing to his credit at the time of his disability
 21 retirement, except as provided in [section 1].

22 (2) If the total disability is a direct result of any
 23 service to the department of fish, wildlife, and parks in
 24 line of duty and the contributor has had over 10 years of
 25 service, the state game warden who is totally and

1 permanently disabled shall be retired on total retirement
2 allowance of one-half of his final salary, except as
3 provided in [section 1]."

4 **Section 4.** Section 19-8-703, MCA, is amended to read:

5 "19-8-703. Payments upon employment-related death. If
6 the board finds that a contributor died as a direct and
7 proximate result of injury received in the course of his
8 employment, a retirement allowance shall be paid to his
9 beneficiary, consisting of:

10 (1) a member's annuity which is the actuarial
11 equivalent of the contributor's accumulated deductions; and

12 (2) a state annuity which, when added to the member's
13 annuity, will provide a total annuity equal to 50% of the
14 final salary of the contributor, except as provided in
15 [section 1], less the amount which is paid to the
16 beneficiary under the Workers' Compensation Act of the state
17 of Montana during the period such compensation is paid or
18 payable."

19 **NEW SECTION. Section 5.** Extension of authority. Any
20 existing authority to make rules on the subject of the
21 provisions of [this act] is extended to the provisions of
22 [this act].

23 **NEW SECTION. Section 6.** Codification instruction.
24 [Section 1] is intended to be codified as an integral part
25 of Title 19, chapter 8, and the provisions of Title 19,

1 chapter 8, apply to [section 1].

2 **NEW SECTION. Section 7.** Effective date. [This act] is
3 effective July 1, 1989.

-End-

STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for HB302, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

An Act providing a minimum monthly retirement allowance for certain members of the Montana State Game Wardens' Retirement System; amending Sections 19-8-603, 19-8-701, and 19-8-703, MCA; and providing an effective date.

ASSUMPTIONS:

1. Retirement benefits for current retirees would be increased, on a one-time basis (up to a maximum of 60% of a probationary game warden's base salary on July 1, 1989 -- approximately \$16,491/year x 60% = \$9,895) for all persons retired prior to July 1, 1989. It is estimated that the average monthly benefit would increase from \$856 to \$948 resulting in an annual increase of approximately \$57,000.
2. The single lump sum cost of providing this benefit enhancement would be \$581,411 if paid on July 1, 1989. The additional cost as a percentage of each active member's salary would be an increase in employer contribution rates of .86% of salary which would fund the additional cost over a 40-year period.
3. The legislation does not propose to increase employer contribution rates; therefore, the current amortization period of 11.27 years (currently required to fund the unfunded liabilities of the system would be increased to 14.70 years.
4. Calculating a one-time increase in retirement benefits would not require any computer programming nor increased staffing for the Public Employees' Retirement Division.
5. FY90 and FY91 payrolls for the Game Wardens' Retirement System are based on October 1988 payroll reports submitted to the Game Warden's Retirement System, assuming a 2% increase each year of the next biennium.
6. Twenty-four of the current 52 members of the game wardens' retirement system would be affected by this bill.

	<u>FY90</u>	<u>FY91</u>
GWRS Annualized Payroll:	\$2,195,343	\$2,239,250

FISCAL IMPACT:

1. Since no increased employer contribution rate is proposed by the bill, there will be no increased employer contributions to the Game Wardens' Retirement System during the next biennium, or thereafter. The system's actuary has calculated that this will increase the amortization period for the system's unfunded liabilities to increase from 11.27 years to 14.7 years. This will require fines and forfeitures to continue being paid to the retirement system for an additional 3.43 years (as of the 1988 valuation).

LONG-RANGE EFFECTS OF PROPOSED LEGISLATION:

As drafted, the bill does not propose to increase contribution rates to pay for benefit enhancements created by the bill. Therefore, the unfunded liabilities of the system will increase and the amortization period for paying off these liabilities will increase from 11.27 years to 14.70 years.

Ray Shackelford 1/31/89
RAY SHACKLEFORD, BUDGET DIRECTOR DATE
OFFICE OF BUDGET AND PROGRAM PLANNING

Ray Grady 2/1/89
EDWARD J. GRADY, PRIMARY SPONSOR DATE

Fiscal Note for HB302, as introduced

HB 302

Fiscal Note Request, HB302 as introduced

Form BD-15

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TECHNICAL OR MECHANICAL DEFECTS OR CONFLICTS WITH EXISTING LEGISLATION:

The bill, as drafted, appears to limit the retirement benefits of all retirees prior to July 1, 1989 to 60% of that of a newly confirmed game warden. Since some recent retirees with a number of years of service have retired on benefits which are more than this amount, the bill, as drafted would appear to require a reduction in those benefits. It is not the intent of the legislation to limit current allowances, but to limit increases to current allowances, an amendment will be proposed to clarify this provision.

HB 302

APPROVED BY COMMITTEE
ON STATE ADMINISTRATION

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

NEW SECTION. **Section 1.** Minimum monthly retirement allowance. (1) The following members who retired before July 1, 1989, or their beneficiaries are eligible to receive a minimum monthly retirement allowance as provided in subsection (2):

(a) a member who is 55 years of age or older and who is receiving a service retirement allowance, unless he is employed in a position covered by a retirement system under Title 19, chapters 3 through 13;

(b) a member who is receiving a disability retirement allowance; and

(c) a beneficiary receiving a survivorship allowance.

(2) (a) Except as provided in subsection (2)(b), on July 1, 1989, the monthly retirement allowance of a member

eligible under subsection (1) may not be less than 2% of a probationary state game warden's base salary on July 1, 1989, for each year of the member's creditable service.

(b) ~~The maximum~~ A monthly retirement allowance payable INCREASED under subsection (2)(a) may not exceed 60% of a probationary state game warden's base salary on July 1, 1989.

Section 2. Section 19-8-603, MCA, is amended to read:

"19-8-603. Service retirement allowance. (1) Upon retirement from service, the service retirement allowance consists of the state annuity plus the member's annuity.

(2) The Except as provided in [section 1], the amount of the retirement allowance must equal 2% of the member's final salary for each year of creditable service."

Section 3. Section 19-8-701, MCA, is amended to read:

"19-8-701. Disability retirement allowance. (1) If the total disability of a contributor is permanent in character, regardless of length of service of the contributor, a disability retirement allowance shall be granted the contributor in an amount calculated on the actuarial equivalent of the member's annuity and the state annuity standing to his credit at the time of his disability retirement, except as provided in [section 1].

(2) If the total disability is a direct result of any service to the department of fish, wildlife, and parks in

1 line of duty and the contributor has had over 10 years of
 2 service, the state game warden who is totally and
 3 permanently disabled shall be retired on total retirement
 4 allowance of one-half of his final salary, except as
 5 provided in [section 1]."

6 **Section 4.** Section 19-8-703, MCA, is amended to read:

7 "19-8-703. Payments upon employment-related death. If
 8 the board finds that a contributor died as a direct and
 9 proximate result of injury received in the course of his
 10 employment, a retirement allowance shall be paid to his
 11 beneficiary, consisting of:

12 (1) a member's annuity which is the actuarial
 13 equivalent of the contributor's accumulated deductions; and

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 15 annuity, will provide a total annuity equal to 50% of the
 16 final salary of the contributor, except as provided in
 17 [section 1], less the amount which is paid to the
 18 beneficiary under the Workers' Compensation Act of the state
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21 **NEW SECTION. Section 5.** Extension of authority. Any
 22 existing authority to make rules on the subject of the
 23 provisions of [this act] is extended to the provisions of
 24 [this act].

25 **NEW SECTION. Section 6.** Codification instruction.

1 [Section 1] is intended to be codified as an integral part
 2 of Title 19, chapter 8, and the provisions of Title 19,
 3 chapter 8, apply to [section 1].

4 **NEW SECTION. Section 7.** Effective date. [This act] is
 5 effective July 1, 1989.

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1 line of duty and the contributor has had over 10 years of
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