

HOUSE BILL NO. 557

INTRODUCED BY BACHINI, LYNCH, PECK, STRIZICH, MENAHAN,  
RANEY, PAVLOVICH, CONNELLY, REGAN, THOMAS, J. BROWN,  
JERGESON, STIMATZ, ADDY, DRISCOLL, RAMIREZ, DAILY,  
GRADY, SWYSGOOD, B. BROWN, O'KEEFE, BRADLEY, WALKER,  
VAN VALKENBURG, HALLIGAN, REAM, COCCHIARELLA, MCCORMICK,  
JENKINS, SPRING, GOOD, O'CONNELL, WYATT, HARRINGTON,  
SQUIRES, SCHYE, VINCENT, SMITH, WALLIN, CLARK, MANNING,  
JOHNSON, GIACOMETTO, HANNAH, QUILICI

IN THE HOUSE

FEBRUARY 2, 1989	INTRODUCED AND REFERRED TO COMMITTEE ON BUSINESS & ECONOMIC DEVELOPMENT.
FEBRUARY 3, 1989	FIRST READING.
FEBRUARY 10, 1989	COMMITTEE RECOMMEND BILL DO PASS AS AMENDED. REPORT ADOPTED.
FEBRUARY 11, 1989	PRINTING REPORT.
FEBRUARY 13, 1989	SECOND READING, DO PASS.
FEBRUARY 14, 1989	ENGROSSING REPORT.
FEBRUARY 15, 1989	THIRD READING, PASSED. AYES, 98; NOES, 0.
	TRANSMITTED TO SENATE.

IN THE SENATE

FEBRUARY 16, 1989	INTRODUCED AND REFERRED TO COMMITTEE ON LOCAL GOVERNMENT.
	FIRST READING.
MARCH 15, 1989	COMMITTEE RECOMMEND BILL BE CONCURRED IN. REPORT ADOPTED.
MARCH 17, 1989	SECOND READING, CONCURRED IN.
MARCH 20, 1989	THIRD READING, CONCURRED IN. AYES, 48; NOES, 0.

RETURNED TO HOUSE.

IN THE HOUSE

MARCH 21, 1989

RECEIVED FROM SENATE.

SENT TO ENROLLING.

REPORTED CORRECTLY ENROLLED.

1 *House* BILL NO. *557* *Calcutt*  
2 INTRODUCED BY *Debbie L. Smith* *Member*  
3 *Agnes Thomas* *Jergeson* *Smith* *Insight* *Rasmussen*  
4 A BILL FOR AN ACT ENTITLED: "AN ACT REQUIRING A DEDUCTION  
5 FROM A POLICE OFFICER'S MONTHLY COMPENSATION FOR PAYMENT OF  
6 GROUP LIFE INSURANCE PREMIUMS AND TO DEFRAY CERTAIN EXPENSES  
7 INCURRED BY THE MONTANA POLICE PROTECTIVE ASSOCIATION;  
8 ALLOWING FOR NONPARTICIPATION OF POLICE OFFICERS OF A CITY  
9 OR TOWN UPON APPROVAL OF THREE-FOURTHS OF THEIR MEMBERSHIP,  
10 AND AMENDING SECTIONS 19-9-304, 19-9-601, AND 19-9-602,  
11 MCA."

12  
13 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

14 **Section 1.** Section 19-9-601, MCA, is amended to read:

15 "19-9-601. Member contributions. (1) The normal  
16 contribution of each active member is 6% of his monthly  
17 compensation or, in the case of a member first employed by  
18 an employer as a police officer after June 30, 1979, 7 1/2%  
19 of his monthly compensation, excluding overtime, holiday  
20 payments, shift differential payments, compensation time  
21 payments, and payments in lieu of sick leave and annual  
22 leave, for his services as a police officer.

23 (2) Each employer, pursuant to section 414(h)(2) of  
24 the federal Internal Revenue Code of 1954, as amended and  
25 applicable on July 1, 1985, shall pick up and pay the

1 contributions which would be payable by the member under  
2 subsection (1) for service rendered after June 30, 1985.

3 (3) The member's contributions picked up by the  
4 employer must be designated for all purposes of the  
5 retirement system as the member's contributions, except for  
6 the determination of a tax upon a distribution from the  
7 retirement system. These contributions must become part of  
8 the member's accumulated contributions but must be accounted  
9 for separately from those previously accumulated.

10 (4) The member's contributions picked up by the  
11 employer must be payable from the same source as is used to  
12 pay compensation to the member and must be included in the  
13 member's wages as defined in 19-1-102 and his monthly  
14 compensation as defined in 19-9-104. The employer shall  
15 deduct from the member's compensation an amount equal to the  
16 amount of the member's contributions picked up by the  
17 employer and remit the total of the contributions to the  
18 board.

19 (5) (a) Unless the police protective association of  
20 the city or town chooses not to participate as provided in  
21 [section 2], an employer shall deduct from each member's  
22 monthly compensation, except a police chief, assistant  
23 chief, or captain, in addition to the contribution required  
24 under subsection (1), an amount equal to 0.5% of the base  
25 salary paid to newly confirmed police officers in the city

1 or town. The employer shall pay this amount on a monthly  
 2 basis to the treasurer of the Montana police protective  
 3 association to be used to pay premiums on a group life  
 4 insurance policy for contributing members of participating  
 5 city and town associations and to defray expenses incurred  
 6 by the association when representing members of the plan.

7 (b) An employer may not deduct the amount provided for  
 8 in subsection (5)(a) from the monthly compensation of a  
 9 police chief, assistant chief, or captain unless that person  
 10 notifies his employer in writing to make the deduction.

11 (c) A person who contributes under this subsection (5)  
 12 is a full member of the Montana police protective  
 13 association and is entitled to all membership rights and  
 14 benefits, including those benefits provided in subsection  
 15 (5)(a)."

16 NEW SECTION. Section 2. Nonparticipation. (1) The  
 17 members of a city or town police protective association may  
 18 by a vote of three-fourths of the membership cease the  
 19 participation of all the members in the provision of group  
 20 life insurance through salary deductions. Salary deductions  
 21 for payment of group life insurance premiums and  
 22 representation may not be made by the city or town of the  
 23 nonparticipating association. An association may resume  
 24 participation by a vote of three-fourths of the membership  
 25 of the city or town police protective association.

1 (2) Notice of nonparticipation or resumption of  
 2 participation must be provided to the governing body of the  
 3 city or town, to the Montana police protective association,  
 4 and to the administrator of the public employee's retirement  
 5 division of the department of administration.

6 **Section 3.** Section 19-9-304, MCA, is amended to read:

7 **"19-9-304. Termination of employment prior to**  
 8 **retirement.** Upon termination of the employment of an active  
 9 member prior to his retirement date, he shall withdraw the  
 10 amount of his ~~member~~ member's contributions in lieu of all  
 11 other benefits under the plan. If he has 10 years or more of  
 12 service, the amount paid shall include regular interest, at  
 13 a rate to be determined by the board, on such amounts. If he  
 14 has less than 10 years of service, he shall receive only the  
 15 amount paid through salary deductions, without interest. If  
 16 an active member's employment terminates by reason of his  
 17 death, his beneficiaries are entitled to the benefits  
 18 prescribed in 19-9-911."

19 **Section 4.** Section 19-9-602, MCA, is amended to read:

20 **"19-9-602. Vesting and withdrawal of contributions.** A  
 21 member is at all times fully vested in the deductions made  
 22 from his compensation as a member and paid to the board or  
 23 made as a member of a prior plan standing to his credit and  
 24 may, at his discretion, withdraw the full amount of these  
 25 deductions upon his termination of employment in accordance

1 with 19-9-304 and forfeit all rights and interest with  
2 respect to any benefits which would otherwise become payable  
3 under the plan."

4 NEW SECTION. **Section 5.** Codification instruction.  
5 [Section 2] is intended to be codified as an integral part  
6 of Title 19, chapter 9, and the provisions of Title 19,  
7 chapter 9, apply to [section 2].

8 NEW SECTION. **Section 6.** Extension of authority. Any  
9 existing authority to make rules on the subject of the  
10 provisions of [this act] is extended to the provisions of  
11 [this act].

-End-

In compliance with a written request, there is hereby submitted a Fiscal Note for HB557, as introduced.

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DESCRIPTION OF PROPOSED LEGISLATION:

HB557 would require a deduction from a police officer's monthly compensation for payment of group life insurance premiums and of certain expenses incurred by the Montana Police Protective Association; and allow for nonparticipation of police officers upon approval of 3/4 of the membership of a city or town.

ASSUMPTIONS:

1. The Dept. of Administration does administer the police officers retirement fund, but will not administer the group life insurance program for city and town police officers, so there is no fiscal impact.
2. There is no fiscal impact on the Dept. of Commerce or any other state agencies.
3. The Montana Police Protective Association, which was incorporated April 25, 1955, and is registered with the Secretary of State, will develop policies and procedures for monthly receipt of contributions from class 1 cities and towns and others who elect to participate.

FISCAL IMPACT: None to the State

*Ray Shackleford*

*2/9/89*

RAY SHACKLEFORD, BUDGET DIRECTOR      DATE  
OFFICE OF BUDGET AND PROGRAM PLANNING

*Bob Bachini*

*2/15/89*

BOB BACHINI, PRIMARY SPONSOR      DATE

Fiscal Note for HB557, as introduced

***HB 557***

APPROVED BY COMM. ON BUSINESS  
AND ECONOMIC DEVELOPMENT

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~~AND--AMENDING--SECTIONS--19-9-3047--19-9-6017--AND--19-9-6027~~  
MEA."

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

(Refer to introduced bill)

Strike everything after the enacting clause and insert:

NEW SECTION. Section 1. Contributions for group life  
insurance and representation. (1) Unless the police  
protective association of the city or town chooses not to

participate, as provided in [section 2], an employer shall  
deduct from each police officer's monthly compensation,  
except a police chief, assistant chief, or captain, an  
amount equal to 0.5% of the base salary paid to newly  
confirmed police officers in the city or town. The employer  
shall pay this amount on a monthly basis to the treasurer of  
the Montana police protective association to be used to pay  
premiums on a group life insurance policy for contributing  
police officers of participating city and town associations  
and to defray expenses incurred by the association when  
representing members of the plan.

(2) An employer may not deduct the amount provided for  
in subsection (1) from the monthly compensation of a police  
chief, assistant chief, or captain unless that person  
notifies his employer in writing to make the deduction.

(3) A person who contributes under this section is a  
full member of the Montana police protective association and  
is entitled to all membership rights and benefits, including  
those benefits provided in subsection (1).

(4) For the purposes of this section, "police officer"  
means an officer who participates in the police officers'  
retirement system under Title 19, chapter 9.

NEW SECTION. Section 2. Nonparticipation. (1) The  
members of a city or town police protective association may  
by a vote of three-fourths of the membership cease the

1 participation of all the members in the provision of group  
2 life insurance through salary deductions. Salary deductions  
3 for payment of group life insurance premiums and  
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5 nonparticipating association. An association may resume  
6 participation by a vote of three-fourths of the membership  
7 of the city or town police protective association.

8 (2) Notice of nonparticipation or resumption of  
9 participation must be provided to the governing body of the  
10 city or town and to the Montana police protective  
11 association.

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-End-