

SENATE BILL NO. 178

INTRODUCED BY YELLOWTAIL, MCLANE, HARP, LYNCH,
MCDONOUGH, MANNING, GOULD, RASMUSSEN, WALKER

IN THE SENATE

JANUARY 18, 1989	INTRODUCED AND REFERRED TO COMMITTEE ON STATE ADMINISTRATION.
	FIRST READING.
FEBRUARY 10, 1989	COMMITTEE RECOMMEND BILL DO PASS. REPORT ADOPTED.
FEBRUARY 11, 1989	PRINTING REPORT.
FEBRUARY 14, 1989	SECOND READING, DO PASS.
FEBRUARY 15, 1989	ENGROSSING REPORT.
FEBRUARY 16, 1989	THIRD READING, PASSED. AYES, 48; NOES, 0.
	TRANSMITTED TO HOUSE.

IN THE HOUSE

FEBRUARY 16, 1989	INTRODUCED AND REFERRED TO COMMITTEE ON STATE ADMINISTRATION.
FEBRUARY 20, 1989	FIRST READING.
MARCH 18, 1989	COMMITTEE RECOMMEND BILL BE CONCURRED IN. REPORT ADOPTED.
MARCH 27, 1989	SECOND READING, CONCURRED IN.
MARCH 29, 1989	THIRD READING, CONCURRED IN. AYES, 91; NOES, 6.
	RETURNED TO SENATE.

MARCH 29, 1989

IN THE SENATE

RECEIVED FROM HOUSE.

SENT TO ENROLLING.

REPORTED CORRECTLY ENROLLED.

1 *Senate* BILL NO. *178*
 2 INTRODUCED BY *Yellowtail Nelson HARP Lynch*
 3 *McKinnis Richardson E. Wammy Rasmussen Hallen*
 4 A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING A
 5 SUPPLEMENTAL ALLOWANCE TO CERTAIN MEMBERS OF THE MONTANA
 6 FIREFIGHTERS' UNIFIED RETIREMENT SYSTEM HIRED ON OR AFTER
 7 JULY 1, 1981; AMENDING SECTION 19-11-606, MCA; AND PROVIDING
 8 AN EFFECTIVE DATE."
 9

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

11 **Section 1.** Section 19-11-606, MCA, is amended to read:

12 "19-11-606. Supplement to certain pensions. (1) In
 13 addition to the taxes on premiums required by law to be paid
 14 by each insurer doing business in this state that is
 15 authorized to effect insurance on risks enumerated in
 16 19-11-512, there is a tax of 1 1/2% on the fire portion of
 17 the direct premiums received during the calendar year of
 18 ~~1975~~ 1989 and each succeeding year, with allowance for
 19 cancellations and returned premiums. The insurance
 20 commissioner shall collect the tax during March of each year
 21 and deposit the moneys in the state special revenue fund.
 22 The proceeds of such tax are statutorily appropriated, as
 23 provided in 17-7-502, to the auditor, who shall pay claims
 24 as provided in subsection (2) of this section and
 25 19-13-1006. ~~As those persons who are to receive the fund~~

1 ~~die; the tax shall be reduced proportionately, and when no~~
 2 ~~eligible person, as defined by subsection (2) and~~
 3 ~~19-13-1006, survives, the tax terminates and the remaining~~
 4 ~~fund, if any, shall be transferred to the general fund. If~~
 5 ~~sufficient cash remains in the fund each year after the~~
 6 ~~payment of claims as provided in subsection (2) of this~~
 7 ~~section and 19-13-1006, the state auditor shall deposit any~~
 8 ~~excess amount in the account provided for in [section 3].~~

9 (2) Effective January 1, 1976, each association shall
 10 pay to the firefighters retired before July 1, 1973, or
 11 their surviving spouses and children a monthly pension of
 12 not less than one-half the regular monthly salary paid to a
 13 confirmed active firefighter of that city, as provided each
 14 year in the budget of that city. In the case of volunteer
 15 firefighters, the pension may not exceed \$75 per month.
 16 Distribution of the funds provided for this purpose under
 17 subsection (1) shall be made as follows:

18 (a) At the beginning of each fiscal year the treasurer
 19 of each association shall request and the state auditor
 20 shall issue from the state special revenue fund and deliver
 21 to the treasurer of the respective city or town an amount
 22 certified to be equal to the total annual dollar difference
 23 between what the retirees or their surviving spouses and
 24 children received from the fund and one-half of the salary
 25 paid by the respective city or town to a confirmed active

1 firefighter for the fiscal year just preceding. The state
2 auditor shall, at the same time, report to the treasurer of
3 the appropriate association the amount of any payment
4 delivered to the board of investments.

5 (b) The treasurer of a city or town receiving funds
6 shall immediately disburse them to the treasurer of the
7 respective association.

8 (c) The treasurer of the association shall utilize
9 these funds to increase the monthly pension of retirees or
10 their surviving spouses and children to an amount equal to
11 one-half of the salary that was paid to a confirmed active
12 firefighter in the city or town for the preceding year."

13 NEW SECTION. Section 2. Supplement to certain
14 retirement allowances. (1) The administrator shall pay a
15 supplemental allowance from the account provided for in
16 [section 3] to each member hired on or after July 1, 1981,
17 who has both completed 25 years of service and reached age
18 50 as an active firefighter or to his surviving spouse or
19 dependent children. Except as provided in subsection (2),
20 the supplemental allowance, when added to the service
21 retirement allowance, must equal one-half the regular
22 monthly compensation paid to a newly confirmed full-paid
23 active firefighter of the city that last employed him as a
24 firefighter as provided each year in the budget of that
25 city. If after a member retires, the city that last employed

1 him no longer employs a full-paid firefighter, the member's
2 supplemental allowance must be calculated on the basis of
3 the average monthly compensation paid to all newly confirmed
4 full-paid firefighters, as provided each year in the budgets
5 of those cities that participate in the plan and employ a
6 full-paid firefighter.

7 (2) If the amount available to the account is
8 insufficient to fully fund the supplemental allowance
9 provided for in subsection (1), the supplemental allowance
10 for each eligible member must be reduced by an equal
11 percentage so that the amount contained in the account is
12 not exceeded.

13 NEW SECTION. Section 3. Separate account for certain
14 supplementary allowances. There is created in the state
15 treasury an account within the pension trust fund provided
16 for in 19-13-501 to which must be credited all amounts
17 transferred under 19-11-606(1). The money in the account
18 must be used to pay the supplementary allowances provided
19 for in [section 2].

20 NEW SECTION. Section 4. Extension of authority. Any
21 existing authority to make rules on the subject of the
22 provisions of [this act] is extended to the provisions of
23 [this act].

24 NEW SECTION. Section 5. Codification instruction. (1)
25 [Section 2] is intended to be codified as an integral part

1 of Title 19, chapter 13, part 10, and the provisions of
2 Title 19, chapter 13, part 10, apply to [section 2].

3 (2) [Section 3] is intended to be codified as an
4 integral part of Title 19, chapter 13, part 5, and the
5 provisions of Title 19, chapter 13, part 5, apply to
6 [section 3].

7 NEW SECTION. **Section 6.** Effective date. [This act] is
8 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 SB178, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

An Act providing a supplemental allowance to certain members of the Montana firefighters' unified retirement system hired on or after July 1, 1981; amending Section 19-11-606, MCA; and providing an effective date.

ASSUMPTIONS:

1. Effective July 1, 1989.
2. Supplemental benefits currently paid from this fund decreased during August 1988 when pension increases were offset by deaths resulting in a net reduction of \$6,815 in the amount requested from this fund. Since the oldest members have the highest pension supplements paid from this fund, it can be assumed that the spread will continue to grow in succeeding years.
3. The supplemental benefits currently funded by this portion of the insurance tax premium fund will cease to be paid when the last eligible retiree and their beneficiary become deceased. The average age of the 140 remaining retirees is 76; the average age of current beneficiaries drawing supplemental benefits is 78.4. If it is assumed that the remaining retirees have beneficiaries an average of 3 years younger, the final benefits paid under current statute should end after the year 2000.
4. The 1.5% tax on the fire portion of the direct premiums received during calendar year 1989 will equal calendar year 1988 and remain constant through calendar years 1990 and 1991.
5. Supplemental benefits paid in FY90 and FY91 will equal FY88 actual.

FISCAL IMPACT:

	Current	FY90		Current	FY91	
Revenue:	Law	Proposed	Difference	Law	Proposed	Difference
General Fund	\$49,000	\$ -0-	(\$49,000)	\$49,000	\$ -0-	(\$49,000)
Pension Trust-Supplementary	-0-	49,000	49,000	-0-	49,000	49,000
Total	\$49,000	\$49,000	\$ -0-	\$49,000	\$49,000	\$ -0-

LONG-RANGE EFFECTS OF PROPOSED LEGISLATION:

Firefighters hired after 7/1/81 would not be eligible to retire until 2001 and it would be several years longer before half a newly confirmed firefighter's pay became greater than the half-pay pensions on which firefighters with 20 years service. It would probably be at least 2015 before supplemental benefits would begin to be paid under this bill.

General fund revenue would be decreased by approximately \$49,000 annually.

Ray Shackleford 1/26/89
 RAY/SHACKLEFORD, BUDGET DIRECTOR DATE
 OFFICE OF BUDGET AND PROGRAM PLANNING

Wm Yellowtail 1/26/89
 BILL YELLOWTAIL, PRIMARY SPONSOR DATE

Fiscal Note for SB178, as introduced

SB 178

APPROVED BY COMMITTEE
ON STATE ADMINISTRATION

1 *Senate* BILL NO. *178*
2 INTRODUCED BY *Yellowtail Nelson HARP Lynch*
3 *McKoy, Rickard, E. W. Hannon, J. Rasmussen, J. Waller*
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5 SUPPLEMENTAL ALLOWANCE TO CERTAIN MEMBERS OF THE MONTANA
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13 addition to the taxes on premiums required by law to be paid
14 by each insurer doing business in this state that is
15 authorized to effect insurance on risks enumerated in
16 19-11-512, there is a tax of 1 1/2% on the fire portion of
17 the direct premiums received during the calendar year of
18 ~~1975~~ 1989 and each succeeding year, with allowance for
19 cancellations and returned premiums. The insurance
20 commissioner shall collect the tax during March of each year
21 and deposit the moneys in the state special revenue fund.
22 The proceeds of such tax are statutorily appropriated, as
23 provided in 17-7-502, to the auditor, who shall pay claims
24 as provided in subsection (2) of this section and
25 19-13-1006. ~~As those persons who are to receive the fund~~

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7 section and 19-13-1006, the state auditor shall deposit any
8 excess amount in the account provided for in [section 3].

9 (2) Effective January 1, 1976, each association shall
10 pay to the firefighters retired before July 1, 1973, or
11 their surviving spouses and children a monthly pension of
12 not less than one-half the regular monthly salary paid to a
13 confirmed active firefighter of that city, as provided each
14 year in the budget of that city. In the case of volunteer
15 firefighters, the pension may not exceed \$75 per month.
16 Distribution of the funds provided for this purpose under
17 subsection (1) shall be made as follows:

18 (a) At the beginning of each fiscal year the treasurer
19 of each association shall request and the state auditor
20 shall issue from the state special revenue fund and deliver
21 to the treasurer of the respective city or town an amount
22 certified to be equal to the total annual dollar difference
23 between what the retirees or their surviving spouses and
24 children received from the fund and one-half of the salary
25 paid by the respective city or town to a confirmed active

1 firefighter for the fiscal year just preceding. The state
2 auditor shall, at the same time, report to the treasurer of
3 the appropriate association the amount of any payment
4 delivered to the board of investments.

5 (b) The treasurer of a city or town receiving funds
6 shall immediately disburse them to the treasurer of the
7 respective association.

8 (c) The treasurer of the association shall utilize
9 these funds to increase the monthly pension of retirees or
10 their surviving spouses and children to an amount equal to
11 one-half of the salary that was paid to a confirmed active
12 firefighter in the city or town for the preceding year."

13 NEW SECTION. Section 2. Supplement to certain
14 retirement allowances. (1) The administrator shall pay a
15 supplemental allowance from the account provided for in
16 [section 3] to each member hired on or after July 1, 1981,
17 who has both completed 25 years of service and reached age
18 50 as an active firefighter or to his surviving spouse or
19 dependent children. Except as provided in subsection (2),
20 the supplemental allowance, when added to the service
21 retirement allowance, must equal one-half the regular
22 monthly compensation paid to a newly confirmed full-paid
23 active firefighter of the city that last employed him as a
24 firefighter as provided each year in the budget of that
25 city. If after a member retires, the city that last employed

1 him no longer employs a full-paid firefighter, the member's
2 supplemental allowance must be calculated on the basis of
3 the average monthly compensation paid to all newly confirmed
4 full-paid firefighters, as provided each year in the budgets
5 of those cities that participate in the plan and employ a
6 full-paid firefighter.

7 (2) If the amount available to the account is
8 insufficient to fully fund the supplemental allowance
9 provided for in subsection (1), the supplemental allowance
10 for each eligible member must be reduced by an equal
11 percentage so that the amount contained in the account is
12 not exceeded.

13 NEW SECTION. Section 3. Separate account for certain
14 supplementary allowances. There is created in the state
15 treasury an account within the pension trust fund provided
16 for in 19-13-501 to which must be credited all amounts
17 transferred under 19-11-606(1). The money in the account
18 must be used to pay the supplementary allowances provided
19 for in [section 2].

20 NEW SECTION. Section 4. Extension of authority. Any
21 existing authority to make rules on the subject of the
22 provisions of [this act] is extended to the provisions of
23 [this act].

24 NEW SECTION. Section 5. Codification instruction. (1)
25 [Section 2] is intended to be codified as an integral part

1 of Title 19, chapter 13, part 10, and the provisions of
2 Title 19, chapter 13, part 10, apply to [section 2].

3 (2) [Section 3] is intended to be codified as an
4 integral part of Title 19, chapter 13, part 5, and the
5 provisions of Title 19, chapter 13, part 5, apply to
6 [section 3].

7 NEW SECTION. **Section 6.** Effective date. [This act] is
8 effective July 1, 1989.

-End-

SENATE BILL NO. 178

INTRODUCED BY Yellowtail Nelson HARP Lynch
McKinn Richard F. Thompson Rasmussen Walker

A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING A SUPPLEMENTAL ALLOWANCE TO CERTAIN MEMBERS OF THE MONTANA FIREFIGHTERS' UNIFIED RETIREMENT SYSTEM HIRED ON OR AFTER JULY 1, 1981; AMENDING SECTION 19-11-606, MCA; AND PROVIDING AN EFFECTIVE DATE."

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

Section 1. Section 19-11-606, MCA, is amended to read:

"19-11-606. Supplement to certain pensions. (1) In addition to the taxes on premiums required by law to be paid by each insurer doing business in this state that is authorized to effect insurance on risks enumerated in 19-11-512, there is a tax of 1 1/2% on the fire portion of the direct premiums received during the calendar year of 1975 1989 and each succeeding year, with allowance for cancellations and returned premiums. The insurance commissioner shall collect the tax during March of each year and deposit the moneys in the state special revenue fund. The proceeds of such tax are statutorily appropriated, as provided in 17-7-502, to the auditor, who shall pay claims as provided in subsection (2) of this section and 19-13-1006. ~~As those persons who are to receive the fund~~

~~die, the tax shall be reduced proportionately, and when no eligible person, as defined by subsection (2) and 19-13-1006, survives, the tax terminates and the remaining fund, if any, shall be transferred to the general fund. If sufficient cash remains in the fund each year after the payment of claims as provided in subsection (2) of this section and 19-13-1006, the state auditor shall deposit any excess amount in the account provided for in [section 3].~~

(2) Effective January 1, 1976, each association shall pay to the firefighters retired before July 1, 1973, or their surviving spouses and children a monthly pension of not less than one-half the regular monthly salary paid to a confirmed active firefighter of that city, as provided each year in the budget of that city. In the case of volunteer firefighters, the pension may not exceed \$75 per month. Distribution of the funds provided for this purpose under subsection (1) shall be made as follows:

(a) At the beginning of each fiscal year the treasurer of each association shall request and the state auditor shall issue from the state special revenue fund and deliver to the treasurer of the respective city or town an amount certified to be equal to the total annual dollar difference between what the retirees or their surviving spouses and children received from the fund and one-half of the salary paid by the respective city or town to a confirmed active

1 firefighter for the fiscal year just preceding. The state
2 auditor shall, at the same time, report to the treasurer of
3 the appropriate association the amount of any payment
4 delivered to the board of investments.

5 (b) The treasurer of a city or town receiving funds
6 shall immediately disburse them to the treasurer of the
7 respective association.

8 (c) The treasurer of the association shall utilize
9 these funds to increase the monthly pension of retirees or
10 their surviving spouses and children to an amount equal to
11 one-half of the salary that was paid to a confirmed active
12 firefighter in the city or town for the preceding year."

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14 retirement allowances. (1) The administrator shall pay a
15 supplemental allowance from the account provided for in
16 [section 3] to each member hired on or after July 1, 1981,
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24 firefighter as provided each year in the budget of that
25 city. If after a member retires, the city that last employed

1 him no longer employs a full-paid firefighter, the member's
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4 full-paid firefighters, as provided each year in the budgets
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6 full-paid firefighter.

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8 insufficient to fully fund the supplemental allowance
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23 [this act].

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7 NEW SECTION. **Section 6.** Effective date. [This act] is
8 effective July 1, 1989.

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In compliance with a written request, there is hereby submitted a Fiscal Note for SB178, on third reading.

DESCRIPTION OF PROPOSED LEGISLATION:

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ASSUMPTIONS:

1. Effective July 1, 1989.
2. Supplemental benefits currently paid from this fund decreased during August 1988 when pension increases were offset by deaths resulting in a net reduction of \$6,815 in the amount requested from this fund. Since the oldest members have the highest pension supplements paid from this fund, it can be assumed that the spread will continue to grow in succeeding years.
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5. Supplemental benefits paid in FY90 and FY91 will equal FY88 actual.

FISCAL IMPACT: None

LONG-RANGE EFFECTS OF PROPOSED LEGISLATION:

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Dave Lewis DATE _____
DAVE LEWIS, BUDGET DIRECTOR
OFFICE OF BUDGET AND PROGRAM PLANNING

Wm Yellowtail DATE 3/20/89
BILL YELLOWTAIL, PRIMARY SPONSOR

Fiscal Note for SB178, on third reading

SB 178

SENATE BILL NO. 178

INTRODUCED BY YELLOWTAIL, MCLANE, HARP, LYNCH,
MCDONOUGH, MANNING, GOULD, RASMUSSEN, WALKER

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-End-

CONFERENCE COMMITTEE REPORT

Report No. 1
March 20, 1989

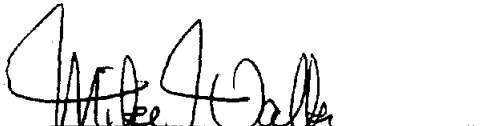
MR PRESIDENT AND MR. SPEAKER

We, your Conference Committee on SB 179 met and recommend that this Conference Committee report be adopted and that SB 179 be amended as indicated in the INSTRUCTIONS.

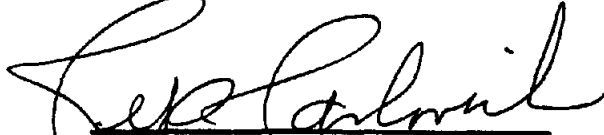
FOR THE SENATE


Sen. Rasmussen, Chairman


Sen. Thayer


Sen. Walker

FOR THE HOUSE


Rep. Pavlovich


Rep. Bachini


Rep. Simon

We Considered: The House Committee on Business and Economic Development amendments to SB 179 (third reading copy -- blue) dated March 3, 1989.

INSTRUCTIONS: The House amendments are accepted and the reference copy is unchanged.

ADOPT

REJECT

SB 179