

SENATE BILL NO. 194

INTRODUCED BY BOYLAN

IN THE SENATE

JANUARY 19, 1989

INTRODUCED AND REFERRED TO COMMITTEE
ON STATE ADMINISTRATION.

FIRST READING.

FEBRUARY 10, 1989

COMMITTEE RECOMMEND BILL
DO PASS AS AMENDED. REPORT ADOPTED.

FEBRUARY 11, 1989

PRINTING REPORT.

FEBRUARY 14, 1989

SECOND READING, PASS CONSIDERATION.

FEBRUARY 15, 1989

SECOND READING, DO PASS AS AMENDED.

FEBRUARY 16, 1989

ENGROSSING REPORT.

FEBRUARY 17, 1989

THIRD READING, PASSED.
AYES, 50; NOES, 0.

TRANSMITTED TO HOUSE.

IN THE HOUSE

FEBRUARY 17, 1989

INTRODUCED AND REFERRED TO COMMITTEE
ON STATE ADMINISTRATION.

FEBRUARY 20, 1989

FIRST READING.

MARCH 2, 1989

COMMITTEE RECOMMEND BILL BE
CONCURRED IN. REPORT ADOPTED.

MARCH 4, 1989

SECOND READING, CONCURRED IN.

MARCH 6, 1989

THIRD READING, CONCURRED IN.
AYES, 80; NOES, 15.

RETURNED TO SENATE.

IN THE SENATE

MARCH 7, 1989

RECEIVED FROM HOUSE.

SENT TO ENROLLING.

REPORTED CORRECTLY ENROLLED.

1 *Boylan* BILL NO. 194
2 INTRODUCED BY *Boylan*
3
4 A BILL FOR AN ACT ENTITLED: "AN ACT REVISING ELIGIBILITY
5 REQUIREMENTS FOR SERVICE AND EARLY RETIREMENT UNDER THE
6 SHERIFFS' RETIREMENT SYSTEM; AMENDING SECTIONS 19-7-501 AND
7 19-7-502, MCA; AND PROVIDING AN EFFECTIVE DATE."

8
9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

10 **Section 1.** Section 19-7-501, MCA, is amended to read:

11 "19-7-501. Eligibility and application for service
12 retirement -- commencement of allowance. (1) (a) A member
13 initially elected or appointed before July 1, 1989, who has
14 completed at least 24 years of service may retire on a
15 service retirement allowance.

16 (b) A sheriff-in-service member initially elected or
17 appointed on or after July 1, 1989, who has completed at
18 least 25 24 years of service and who has reached the age of
19 55 50 years may retire on a service retirement allowance,
20 upon-written-application

21 (2) A member electing to retire shall apply in writing
22 to the board, -submitted not less than 30 days or more than
23 90 days from the desired date of retirement.

24 {2}{3} The retirement allowance must commence on the
25 first day of the month following the member's last day of

1 membership service."

2 **Section 2.** Section 19-7-502, MCA, is amended to read:

3 "19-7-502. Early retirement option. If a member has
4 served 20 15 years of creditable service as a sheriff and
5 has reached the age of 55 50 years, he is granted the option
6 and privilege of retiring, and in such case his retirement
7 allowance shall be the actuarial equivalent of his
8 retirement allowance as otherwise accrued, based upon
9 payment commencing when he would have completed 25 20 years
10 of creditable service or reached age 65, whichever is less."

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

15 NEW SECTION. **Section 4.** Effective date. [This act] is
16 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 SB194, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

An act revising eligibility requirements for service and early retirement under the sheriff's retirement system; amending Sections 19-7-501 and 19-7-502, MCA; and providing an effective date.

ASSUMPTIONS:

1. Based upon the 1988 valuation performed on the Sheriffs' Retirement System, a contribution rate equal to 1.92% of active members' salaries would be sufficient to pay for benefits as they accrue in the future.
2. The current statutorily required contribution rate into the Sheriffs' Retirement System is 14.67% (composed of a 7.0% from employees and 7.67% from employers. While the 1988 actuarial valuation only requires a 12.754% contribution rate to fund the normal costs of the system (there is currently no unfunded liability for this system), an additional contribution of .004% of salaries would be required to fund the costs of the proposed benefit enhancement; however, no change in the statutory funding rate is proposed at this time.
3. An additional 17 members could retire during FY90 with an increased retirement benefit as a result of this bill. If it is assumed that all of those additionally eligible will actually retire during the next biennium because of this bill, and assuming half retire during each year of the next biennium, 9 additional members will retire with unreduced benefits during FY90 and 8 additional members will retire during FY91. Because the costs of these enhancements are covered by the current statutory contribution rate, the additional costs associated with these retirements have not been estimated.
4. There may be savings appreciated with members retiring earlier and having their positions refilled by persons with less seniority which may or may not be offset by any lump-sum vacation and/or sick leave payouts due the retiring members. Since no data is available to calculate any savings/(cost), this has not been attempted.
5. Salaries for current members of the Sheriffs' Retirement System for the next biennium are based on the October 1988 payrolls submitted to the Sheriffs' Retirement System and are assumed to increase 2% each year of the next biennium. If salary increases are more than 2%, the costs will increase; if salary increases are less than 2%, costs will decrease.

	<u>FY90</u>	<u>FY91</u>
Annualized payroll covered by the Sheriffs' Retirement System:	\$11,446,861	\$11,675,799

FISCAL IMPACT:

No fiscal impact because current statutory funding rate is sufficient to fund costs of these benefit enhancements.

Ray Shackelford 1/27/89
RAY SHACKLEFORD, BUDGET DIRECTOR DATE
OFFICE OF BUDGET AND PROGRAM PLANNING

Paul F. Boylan 31 Jan 89
PAUL F. BOYLAN, PRIMARY SPONSOR DATE
Fiscal Note for SB194, as introduced

SB 194

Fiscal Note Request SB194 as introduced

Form BD-15

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EFFECT ON COUNTY OR OTHER LOCAL REVENUE OR EXPENDITURES:

Additional employer (county) contributions are not required by this legislation, as drafted.

LONG-RANGE EFFECTS OF PROPOSED LEGISLATION:

This legislation will provide increased retirement benefits to members of the Sheriff's Retirement System and will reduce the age and service requirements for regular and early retirements.

TECHNICAL OR MECHANICAL DEFECTS OR CONFLICTS WITH EXISTING LEGISLATION:

The bill proposes to amend 19-7-501, MCA, which is also proposed to be amended by HB089 (which has currently passed the House and has been transmitted to the Senate). If both bills pass, the two must be coordinated in order to assure amendments to this part of the law are consistent.

SB 194

APPROVED BY COMMITTEE
ON STATE ADMINISTRATION

SENATE BILL NO. 194

INTRODUCED BY BOYLAN

A BILL FOR AN ACT ENTITLED: "AN ACT REVISING ELIGIBILITY REQUIREMENTS FOR SERVICE AND EARLY RETIREMENT UNDER THE SHERIFFS' RETIREMENT SYSTEM; AMENDING SECTIONS 19-7-501 AND 19-7-502, MCA; AND PROVIDING AN EFFECTIVE DATE."

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

Section 1. Section 19-7-501, MCA, is amended to read:

"19-7-501. Eligibility and application for service retirement -- commencement of allowance. (1) (a) A member initially elected or appointed before July 1, 1989, who has completed at least 24 years of service may retire on a service retirement allowance.

(b) A sheriff-in-service member initially elected or appointed on or after July 1, 1989, who has completed at least 25 24 years of service and who has reached the age of 55 50 years may retire on a service retirement allowance.
upon-written-application

(2) A member electing to retire shall apply in writing to the board, submitted not less than 30 days or more than 90 days from the desired date of retirement.

{2}(3) The retirement allowance must commence on the first day of the month following the member's last day of

membership service."

Section 2. Section 19-7-502, MCA, is amended to read:

"19-7-502. Early retirement option. If a member has served 20 15 years of creditable service as a sheriff and has reached the age of 55 50 years, he is granted the option and privilege of retiring, and in such case his retirement allowance shall be the actuarial equivalent of his retirement allowance as otherwise accrued, based upon payment commencing when he would have completed 25 20 years of creditable service or reached age 65 60, whichever is less."

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. Effective date. [This act] is effective July 1, 1989.

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