

SENATE BILL NO. 346
INTRODUCED BY B. BROWN

IN THE SENATE

FEBRUARY 4, 1989	INTRODUCED AND REFERRED TO COMMITTEE ON STATE ADMINISTRATION.
	FIRST READING.
FEBRUARY 13, 1989	COMMITTEE RECOMMEND BILL DO PASS. REPORT ADOPTED.
FEBRUARY 14, 1989	PRINTING REPORT.
FEBRUARY 15, 1989	SECOND READING, DO PASS.
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 3, 1989	COMMITTEE RECOMMEND BILL BE CONCURRED IN AS AMENDED. REPORT ADOPTED.
MARCH 6, 1989	SECOND READING, CONCURRED IN.
MARCH 7, 1989	THIRD READING, CONCURRED IN. AYES, 94; NOES, 2.
	RETURNED TO SENATE WITH AMENDMENTS.

IN THE SENATE

MARCH 13, 1989	RECEIVED FROM HOUSE.
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MARCH 15, 1989

SECOND READING, AMENDMENTS
CONCURRED IN.

THIRD READING, AMENDMENTS
CONCURRED IN.

SENT TO ENROLLING.

REPORTED CORRECTLY ENROLLED.

1 Sen. Bob Brown BILL NO. 346
2 INTRODUCED BY Bob Brown
3

4 A BILL FOR AN ACT ENTITLED: "AN ACT REVISING PROVISIONS
5 CONCERNING THE PURCHASE OF CREDITABLE SERVICE FOR
6 OUT-OF-STATE EMPLOYMENT AND FOR EMPLOYMENT WHILE ON LEAVE
7 UNDER THE TEACHERS' RETIREMENT SYSTEM; AMENDING SECTIONS
8 19-4-402 AND 19-4-403, MCA; AND PROVIDING AN EFFECTIVE
9 DATE."

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

12 **Section 1.** Section 19-4-402, MCA, is amended to read:

13 "19-4-402. Creditable service for out-of-state
14 employment. (1)(a) A person-applying-for-membership member
15 may also apply for creditable service in the retirement
16 system for out-of-state employment service that would have
17 been acceptable under the provisions of this chapter if such
18 the service had been performed in the state of Montana. If
19 the member contributed to a public retirement plan, other
20 than social security, while performing the out-of-state
21 service, he must receive a refund of his contributions for
22 the out-of-state service before qualifying service under
23 this section. The person--shall member must be awarded
24 creditable service, conditional upon his completing 5 years
25 of active membership in Montana, for the number of years,

1 not exceeding 5, that the retirement board determines to be
2 creditable service, if he contributes to the retirement
3 system as provided in subsection (2).

4 (b) For the purpose of this section, out-of-state
5 employment includes service performed outside the United
6 States in a federal or other public or private school or
7 institution if the service would have been acceptable under
8 this chapter if performed in the state of Montana.

9 (2) (a) Except as provided in subsection (2)(b), to
10 qualify service under this section, the member must
11 contribute an amount equal to the combined employer and
12 employee contribution for his first full year's teaching
13 salary earned in Montana after his out-of-state service for
14 each year of creditable service plus interest at the rate
15 the contribution would have earned had the contribution been
16 in his account upon the completion of 5 years of membership
17 service in Montana. The contribution rate shall must be that
18 the rate in effect at the time he is eligible for such the
19 service.

20 (b) To qualify service performed outside the United
21 States in a federal or other public or private school or
22 institution, the member must contribute for each year of
23 service to be qualified an amount equal to the combined
24 employer and employee contribution for his first full year's
25 teaching salary earned in Montana after his out-of-state

service or after July 1, 1989, whichever date is later, plus interest at the rate the contribution would have earned had the contribution been in his account from the date he was eligible to qualify the service. The contribution rate must be the rate in effect at the time he is eligible to qualify the service or the rate in effect on July 1, 1989, whichever date is later.

(3) The contributions required under subsection (2) may be made in a lump-sum payment or in installments as agreed between the person member and the retirement board."

Section 2. Section 19-4-403, MCA, is amended to read:

"19-4-403. Creditable service for employment while on leave. (1) A person-applying-for-membership member with 5 years or more of creditable service in the retirement system may also apply for creditable service in-the-retirement system for employment while on leave. The-person-shall If he contributes to the retirement system as provided in subsection (2), the member must be awarded creditable service in an amount not exceeding 2 years as determined by the board, conditional upon his having been a member prior to his leave and upon his completing 5--years 1 year of active membership in Montana subsequent to his return.7-if his--employment--while--on--leave--enhanced---his---teaching experience--as--determined-by-the-board.7-The-person-shall-be awarded-creditable-service-as-determined-by-the-board-in--an

amount--not--exceeding--2--years,--if--he--contributes-to-the retirement-system

(2) To qualify service under this section, the member must contribute an amount equal to the combined employer and employee contributions for his first full year's teaching salary earned in Montana after his return from leave for each year of creditable service plus interest at the rate the contribution would have earned had the contribution been in his account upon-the-completion-of-5-years-of--membership service-in-Montana. The contribution rate shall must be that the rate in effect at the time he is eligible for such the service. The contribution may be made in a lump-sum payment or in installments as agreed between the person member and the retirement board."

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.

-End-

STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for SB346, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

An act revising provisions concerning the purchase of creditable service for out-of-state employment and for employment while on leave under the Teachers' Retirement System; amending Sections 19-4-402 and 19-4-403, MCA; and providing an effective date.

ASSUMPTIONS:

1. Members of the Teachers' Retirement System eligible to purchase additional service under the provisions of this bill will be required to pay the current cost as provided for purchasing additional service. The number of members affected by this proposal is unknown.
2. Administration of this proposal by the Teachers' Retirement System will not require additional FTE's.
3. Members retired under the TRS prior to the effective date of the legislation will be ineligible to qualify additional service under this proposal.

FISCAL IMPACT: None.

Ray Shackelford 2/10/89
RAY SHACKLEFORD, BUDGET DIRECTOR DATE
OFFICE OF BUDGET AND PROGRAM PLANNING

Bob Brown 2/10/89
BOB BROWN, PRIMARY SPONSOR DATE

Fiscal Note for SB346, as introduced

SB 346

APPROVED BY COMMITTEE
ON STATE ADMINISTRATION

1 Anna BILL NO. 346
2 INTRODUCED BY Bob Brown
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6 OUT-OF-STATE EMPLOYMENT AND FOR EMPLOYMENT WHILE ON LEAVE
7 UNDER THE TEACHERS' RETIREMENT SYSTEM; AMENDING SECTIONS
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9 DATE."
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12 **Section 1.** Section 19-4-402, MCA, is amended to read:

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14 employment. (1)(a) A person-applying-for-membership member
15 may also apply for creditable service in the retirement
16 system for out-of-state employment service that would have
17 been acceptable under the provisions of this chapter if such
18 the service had been performed in the state of Montana. If
19 the member contributed to a public retirement plan, other
20 than social security, while performing the out-of-state
21 service, he must receive a refund of his contributions for
22 the out-of-state service before qualifying service under
23 this section. The person--shall member must be awarded
24 creditable service, conditional upon his completing 5 years
25 of active membership in Montana, for the number of years,

1 not exceeding 5, that the retirement board determines to be
2 creditable service, if he contributes to the retirement
3 system as provided in subsection (2).

4 (b) For the purpose of this section, out-of-state
5 employment includes service performed outside the United
6 States in a federal or other public or private school or
7 institution if the service would have been acceptable under
8 this chapter if performed in the state of Montana.

9 (2) (a) Except as provided in subsection (2)(b), to
10 qualify service under this section, the member must
11 contribute an amount equal to the combined employer and
12 employee contribution for his first full year's teaching
13 salary earned in Montana after his out-of-state service for
14 each year of creditable service plus interest at the rate
15 the contribution would have earned had the contribution been
16 in his account upon the completion of 5 years of membership
17 service in Montana. The contribution rate shall must be that
18 the rate in effect at the time he is eligible for such the
19 service.

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21 States in a federal or other public or private school or
22 institution, the member must contribute for each year of
23 service to be qualified an amount equal to the combined
24 employer and employee contribution for his first full year's
25 teaching salary earned in Montana after his out-of-state

1 service or after July 1, 1989, whichever date is later, plus
 2 interest at the rate the contribution would have earned had
 3 the contribution been in his account from the date he was
 4 eligible to qualify the service. The contribution rate must
 5 be the rate in effect at the time he is eligible to qualify
 6 the service or the rate in effect on July 1, 1989, whichever
 7 date is later.

8 (3) The contributions required under subsection (2)
 9 may be made in a lump-sum payment or in installments as
 10 agreed between the person member and the retirement board."

11 **Section 2.** Section 19-4-403, MCA, is amended to read:

12 "19-4-403. Creditable service for employment while on
 13 leave. (1) A person-applying-for-membership member with 5
 14 years or more of creditable service in the retirement system
 15 may also apply for creditable service in-the-retirement
 16 system for employment while on leave. The-person-shall If he
 17 contributes to the retirement system as provided in
 18 subsection (2), the member must be awarded creditable
 19 service in an amount not exceeding 2 years as determined by
 20 the board, conditional upon his having been a member prior
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 22 active membership in Montana subsequent to his return, if
 23 his--employment--while--on--leave--enhanced---his---teaching
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 25 awarded-creditable-service-as-determined-by-the-board-in--an

1 amount--not--exceeding--2--years,--if--he-contributes-to-the
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3 (2) To qualify service under this section, the member
 4 must contribute an amount equal to the combined employer and
 5 employee contributions for his first full year's teaching
 6 salary earned in Montana after his return from leave for
 7 each year of creditable service plus interest at the rate
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 11 the rate in effect at the time he is eligible for such the
 12 service. The contribution may be made in a lump-sum payment
 13 or in installments as agreed between the person member and
 14 the retirement board."

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

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

-End-

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21 service, he must receive a refund of his contributions for
22 the out-of-state service before qualifying service under
23 this section. The person--shall member must be awarded
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25 of active membership in Montana, for the number of years,

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6 States in a federal or other public or private school or
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 9 may be made in a lump-sum payment or in installments as
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15 **NEW SECTION. Section 3.** Extension of authority. Any
 16 existing authority to make rules on the subject of the
 17 provisions of [this act] is extended to the provisions of
 18 [this act].

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

-End-


STANDING COMMITTEE REPORT

March 3, 1989

Page 1 of 1

Mr. Speaker: We, the committee on State Administration report that SENATE BILL 346 (REFERENCE copy -- blue) be concurred in as amended.

Signed:



Jan Brown, Chairman

[REP. DAVIS WILL CARRY THIS BILL ON THE HOUSE FLOOR]

And, that such amendments read:

1. Page 4.

Following: line 20

Insert: "NEW SECTION. Section 5. Coordination instruction. If Senate Bill No. 125 and this bill are passed and approved:

(1) the first sentence in 19-4-402 must read as follows:

"(1)(a) A member who became a member before July 1, 1989, may apply for creditable service in the retirement system for out-of-state employment service that would have been acceptable under the provisions of this chapter if the service had been performed in the state of Montana."

(2) the first sentence in 19-4-403 must read as follows:

"(1) A member with 5 years or more of creditable service in the retirement system who became a member before July 1, 1989, may apply for creditable service for employment while on leave.""

HOUSE

RT

SENATE BILL NO. 346

INTRODUCED BY B. BROWN

A BILL FOR AN ACT ENTITLED: "AN ACT REVISING PROVISIONS CONCERNING THE PURCHASE OF CREDITABLE SERVICE FOR OUT-OF-STATE EMPLOYMENT AND FOR EMPLOYMENT WHILE ON LEAVE UNDER THE TEACHERS' RETIREMENT SYSTEM; AMENDING SECTIONS 19-4-402 AND 19-4-403, MCA; AND PROVIDING AN EFFECTIVE DATE."

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

Section 1. Section 19-4-402, MCA, is amended to read:

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not exceeding 5, that the retirement board determines to be creditable service, if he contributes to the retirement system as provided in subsection (2).

(b) For the purpose of this section, out-of-state employment includes service performed outside the United States in a federal or other public or private school or institution if the service would have been acceptable under this chapter if performed in the state of Montana.

(2) (a) Except as provided in subsection (2)(b), to qualify service under this section, the member must contribute an amount equal to the combined employer and employee contribution for his first full year's teaching salary earned in Montana after his out-of-state service for each year of creditable service plus interest at the rate the contribution would have earned had the contribution been in his account upon the completion of 5 years of membership service in Montana. The contribution rate shall must be that the rate in effect at the time he is eligible for such the service.

(b) To qualify service performed outside the United States in a federal or other public or private school or institution, the member must contribute for each year of service to be qualified an amount equal to the combined employer and employee contribution for his first full year's teaching salary earned in Montana after his out-of-state

service or after July 1, 1989, whichever date is later, plus interest at the rate the contribution would have earned had the contribution been in his account from the date he was eligible to qualify the service. The contribution rate must be the rate in effect at the time he is eligible to qualify the service or the rate in effect on July 1, 1989, whichever date is later.

(3) The contributions required under subsection (2) may be made in a lump-sum payment or in installments as agreed between the person member and the retirement board."

Section 2. Section 19-4-403, MCA, is amended to read:

"19-4-403. Creditable service for employment while on leave. (1) A person-applying-for-membership member with 5 years or more of creditable service in the retirement system may also apply for creditable service in-the-retirement system for employment while on leave. The-person-shall If he contributes to the retirement system as provided in subsection (2), the member must be awarded creditable service in an amount not exceeding 2 years as determined by the board, conditional upon his having been a member prior to his leave and upon his completing 5--years 1 year of active membership in Montana subsequent to his return,7-if his--employment--while--on--leave--enhanced---his---teaching experience--as--determined-by-the-board,-The-person-shall-be awarded-creditable-service-as-determined-by-the-board-in--an

amount--not--exceeding--2--years,--if--he-contributes-to-the retirement-system

(2) To qualify service under this section, the member must contribute an amount equal to the combined employer and employee contributions for his first full year's teaching salary earned in Montana after his return from leave for each year of creditable service plus interest at the rate the contribution would have earned had the contribution been in his account upon-the-completion-of-5-years-of--membership service-in-Montana. The contribution rate shall must be that the rate in effect at the time he is eligible for such the service. The contribution may be made in a lump-sum payment or in installments as agreed between the person member and the retirement board."

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.

NEW SECTION. SECTION 5. COORDINATION INSTRUCTION. IF SENATE BILL NO. 125 AND THIS BILL ARE PASSED AND APPROVED:

(1) THE FIRST SENTENCE IN 19-4-402 MUST READ AS FOLLOWS:

"(1) (A) A MEMBER WHO BECAME A MEMBER BEFORE JULY 1,

1 1989, MAY APPLY FOR CREDITABLE SERVICE IN THE RETIREMENT
2 SYSTEM FOR OUT-OF-STATE EMPLOYMENT SERVICE THAT WOULD HAVE
3 BEEN ACCEPTABLE UNDER THE PROVISIONS OF THIS CHAPTER IF THE
4 SERVICE HAD BEEN PERFORMED IN THE STATE OF MONTANA."

5 (2) THE FIRST SENTENCE IN 19-4-403 MUST READ AS
6 FOLLOWS:

7 "(1) A MEMBER WITH 5 YEARS OR MORE OF CREDITABLE
8 SERVICE IN THE RETIREMENT SYSTEM WHO BECAME A MEMBER BEFORE
9 JULY 1, 1989, MAY APPLY FOR CREDITABLE SERVICE FOR
10 EMPLOYMENT WHILE ON LEAVE."

-End-