

HOUSE BILL NO. 112

INTRODUCED BY REAM, HALLIGAN, LYNCH, HARRINGTON

IN THE HOUSE

JANUARY 7, 1993

INTRODUCED AND REFERRED TO COMMITTEE  
ON STATE ADMINISTRATION.

FIRST READING.

JANUARY 15, 1993

COMMITTEE RECOMMEND BILL  
DO PASS. REPORT ADOPTED.

POSTED ON CONSENT CALENDAR.

JANUARY 16, 1993

CONSENT CALENDAR, QUESTIONS AND ANSWERS.

JANUARY 18, 1993

PRINTING REPORT.

JANUARY 19, 1993

OBJECTION FILED TO CONSENT CALENDAR  
RECOMMENDATION.

ON MOTION, BILL PLACED ON  
SECOND READING.

JANUARY 21, 1993

CONSIDERATION PASSED  
FOR THE DAY.

SECOND READING, DO PASS.

ON MOTION, REREFERRED TO COMMITTEE  
ON APPROPRIATIONS.

FEBRUARY 1, 1993

COMMITTEE RECOMMEND BILL  
DO PASS. REPORT ADOPTED.

FEBRUARY 3, 1993

PRINTING REPORT.

FEBRUARY 4, 1993

SECOND READING, DO PASS.

FEBRUARY 5, 1993

ENGROSSING REPORT.

FEBRUARY 6, 1993

THIRD READING, PASSED.  
AYES, 88; NOES, 7.

TRANSMITTED TO SENATE.

IN THE SENATE

FEBRUARY 9, 1993

INTRODUCED AND REFERRED TO COMMITTEE  
ON STATE ADMINISTRATION.

FIRST READING.

MARCH 4, 1993

COMMITTEE RECOMMEND BILL BE  
CONCURRED IN. REPORT ADOPTED.

MARCH 6, 1993

SECOND READING, CONCURRED IN.

MARCH 8, 1993

THIRD READING, CONCURRED IN.  
AYES, 48; NOES, 0.

RETURNED TO HOUSE.

IN THE HOUSE

MARCH 16, 1993

RECEIVED FROM SENATE.

SENT TO ENROLLING.

REPORTED CORRECTLY ENROLLED.

1  
2 INTRODUCED BY House BILL NO. 112  
Ream Hally Styer Le San to

3  
4 A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING THAT A VESTED  
5 MEMBER OF THE TEACHERS' RETIREMENT SYSTEM MAY, WITHOUT COST,  
6 RECEIVE CREDITABLE SERVICE FOR ACTIVE DUTY MILITARY SERVICE  
7 DURING THE KOREAN CONFLICT; AMENDING SECTION 19-4-404, MCA;  
8 AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."  
9

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

11 **Section 1.** Section 19-4-404, MCA, is amended to read:

12 "19-4-404. Creditable service for active service in  
13 military, red cross, or merchant marine. (1) A member may  
14 receive up to 4 years of creditable service without cost for  
15 active service in the armed forces of the United States,  
16 which includes the army, navy, marine corps, air force, and  
17 coast guard, during the Korean conflict between June 1,  
18 1950, and January 31, 1955, and the Vietnam conflict between  
19 December 22, 1961, and May 7, 1975, both dates inclusive, if  
20 he the member has 5 years or more of creditable service in  
21 the retirement system. To qualify this service, a member  
22 shall submit to the board a completed application form and  
23 proper certification of his the member's military service.

24 (2) (a) If a member is ineligible for service credit  
25 under subsection (1), he the member may apply under the

1 provisions of this subsection (a) for creditable service in  
2 the retirement system, except as provided in subsection  
3 (2)(b), for active service in the armed forces of the United  
4 States, which includes the army, navy, marine corps, air  
5 force, and coast guard, or in the American red cross or  
6 merchant marine. The person ~~shall~~ must be awarded creditable  
7 service, conditional upon his the person's completing 5  
8 years of active membership in Montana, for the number of  
9 years, not exceeding 2, that the retirement board determines  
10 to be creditable service, if he the person contributes to  
11 the retirement system an amount equal to the combined  
12 employer and employee contributions for his the person's  
13 first full year's teaching salary earned in Montana  
14 following the active service in the armed forces of the  
15 United States, the American red cross, or the merchant  
16 marine for each year of creditable service plus interest at  
17 the rate the contribution would have earned had the  
18 contribution been in his the person's account upon  
19 completion of 5 years of membership service in Montana. The  
20 contribution rate ~~shall be~~ is that rate in effect at the  
21 time he the person is eligible for the service.

22 (b) If a member elects to purchase additional service  
23 under 19-4-412, service purchased under this subsection (2)  
24 may be used only for the purpose of calculating his the  
25 member's retirement allowance and may not be considered

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1    creditable service for the purpose of determining  
2    eligibility under 19-4-801 or 19-4-802.

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

6        NEW SECTION. **Section 2.** Effective date. [This act] is  
7    effective on passage and approval.

-End-

STATE OF MONTANA - FISCAL NOTE  
Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for HB0112, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

An act granting, without cost to the member, creditable service for active duty service during the Korean conflict to a vested member in the Teachers' Retirement System (TRS).

ASSUMPTIONS:

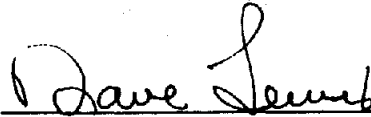
1. There are 89 current members who were between 18 and 26 during the Korean conflict and therefore may be eligible to receive credit under this proposal.
2. This proposal will apply to all current members. Those who have purchased creditable service for active duty during the Korean conflict as defined in this bill may apply for a refund of contributions made.
3. There will be no increase in employee or employer contributions to fund this proposal.
4. If all 89 members received 3 years of additional service, the System's present value of benefits would increase by approximately \$1.4 million and the unfunded actuarial liability amortization period as of July 1, 1992 would increase from 34.9 years to 35.0 years.
5. To maintain the current 34.9 year amortization period, the required employer contributions rate would increase by .012% from 7.459% to 7.471%.
6. The total salary base for the TRS is \$478 million in FY94 and \$506 million in FY95. If funded, the increased costs would affect budgets for the University System, OPI, School for the Deaf and Blind, instructional programs in the Departments of Family Services and Corrections and Human Services, and local school districts. The state would be responsible for approximately 6% while local school districts would be responsible for 94%. The state's costs would be borne primarily by the general fund.

FISCAL IMPACT:

The TRS present value of benefits would increase by approximately \$1.4 million. If unfunded, the actuarial liability amortization period as of July 1, 1992 would increase from 34.9 years to 35.0 years. If funded, the total general fund cost to the state would be approximately \$3,400 in FY94 and \$3,600 in FY95.

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

If funded, the cost to local school districts would be approximately \$54,000 in FY94 and \$57,000.

 1-12-93  
DAVE LEWIS, BUDGET DIRECTOR DATE  
Office of Budget and Program Planning

 1/14/93  
ROBERT R. REAM, PRIMARY SPONSOR DATE

Fiscal Note for HB0112, as introduced

HB 112

## RE-REFERRED TO COMMITTEE ON APPROPRIATIONS

1 House BILL NO. 112  
 2 INTRODUCED BY Ream Halley

3  
 4 A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING THAT A VESTED  
 5 MEMBER OF THE TEACHERS' RETIREMENT SYSTEM MAY, WITHOUT COST,  
 6 RECEIVE CREDITABLE SERVICE FOR ACTIVE DUTY MILITARY SERVICE  
 7 DURING THE KOREAN CONFLICT; AMENDING SECTION 19-4-404, MCA;  
 8 AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."  
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10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

11 **Section 1.** Section 19-4-404, MCA, is amended to read:

12 "19-4-404. Creditable service for active service in  
 13 military, red cross, or merchant marine. (1) A member may  
 14 receive up to 4 years of creditable service without cost for  
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 16 which includes the army, navy, marine corps, air force, and  
 17 coast guard, during the Korean conflict between June 1,  
 18 1950, and January 31, 1955, and the Vietnam conflict between  
 19 December 22, 1961, and May 7, 1975, both dates inclusive, if  
 20 he the member has 5 years or more of creditable service in  
 21 the retirement system. To qualify this service, a member  
 22 shall submit to the board a completed application form and  
 23 proper certification of his the member's military service.

24 (2) (a) If a member is ineligible for service credit  
 25 under subsection (1), he the member may apply under the

1 provisions of this subsection (a) for creditable service in  
 2 the retirement system, except as provided in subsection  
 3 (2)(b), for active service in the armed forces of the United  
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 20 contribution rate shall-be is that rate in effect at the  
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 23 under 19-4-412, service purchased under this subsection (2)  
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1   creditable service for the purpose of determining  
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3       (3) The contribution required under subsection (2) may  
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6       NEW SECTION. Section 2. Effective date. [This act] is  
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