

HOUSE BILL NO. 431

INTRODUCED BY STRIZICH, CHRISTIAENS, DOLEZAL,  
VOGEL, RYAN, COCCHIARELLA, DOHERTY, CLARK,  
D. BROWN, DOWELL, MCCULLOCH

IN THE HOUSE

FEBRUARY 2, 1993	INTRODUCED AND REFERRED TO COMMITTEE ON STATE ADMINISTRATION.
	FIRST READING.
FEBRUARY 12, 1993	COMMITTEE RECOMMEND BILL DO PASS AS AMENDED. REPORT ADOPTED.
FEBRUARY 13, 1993	PRINTING REPORT.
	ON MOTION, CONSIDERATION PASSED FOR THE DAY.
FEBRUARY 22, 1993	SECOND READING, DO PASS.
FEBRUARY 24, 1993	ENGROSSING REPORT.
	THIRD READING, PASSED. AYES, 85; NOES, 14.
	TRANSMITTED TO SENATE.

IN THE SENATE

MARCH 1, 1993	INTRODUCED AND REFERRED TO COMMITTEE ON STATE ADMINISTRATION.
	FIRST READING.
MARCH 11, 1993	COMMITTEE RECOMMEND BILL BE CONCURRED IN AS AMENDED. REPORT ADOPTED.
MARCH 12, 1993	SECOND READING, CONCURRED IN.
MARCH 13, 1993	THIRD READING, CONCURRED IN. AYES, 46; NOES, 1.
	RETURNED TO HOUSE WITH AMENDMENTS.

IN THE HOUSE

MARCH 31, 1993	SECOND READING, AMENDMENTS
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CONCURRED IN.

APRIL 2, 1993      THIRD READING, AMENDMENTS  
CONCURRED IN.

SENT TO ENROLLING.

APRIL 7, 1993      REPORTED CORRECTLY ENROLLED.

SIGNED BY SPEAKER.

IN THE SENATE

APRIL 13, 1993      SIGNED BY PRESIDENT.

IN THE HOUSE

APRIL 14, 1993      DELIVERED TO GOVERNOR.

APRIL 19, 1993      RETURNED FROM GOVERNOR WITH  
RECOMMENDED AMENDMENTS.

APRIL 22, 1993      SECOND READING, GOVERNOR'S RECOM-  
MENDED AMENDMENTS CONCURRED IN.

THIRD READING, GOVERNOR'S RECOM-  
MENDED AMENDMENTS CONCURRED IN.

TRANSMITTED TO SENATE.

IN THE SENATE

APRIL 24, 1993      GOVERNOR'S RECOMMENDED AMENDMENTS  
CONCURRED IN.

IN THE HOUSE

APRIL 24, 1993      SENT TO ENROLLING.

REPORTED CORRECTLY ENROLLED.

1 *House* BILL NO. *431*  
 2 INTRODUCED BY *Christensen Delaney Vogel*  
 3 *Cocchiarella Osherty Clark Dave Brown Powell*  
 4 A BILL FOR AN ACT ENTITLED: AN ACT REVISING THE BENEFIT  
 5 PAID TO THE SURVIVING SPOUSE OF CERTAIN MEMBERS OF THE  
 6 MUNICIPAL POLICE OFFICERS' RETIREMENT SYSTEM; INCREASING THE  
 7 STATE CONTRIBUTION FROM INSURANCE PREMIUM TAXES TO FUND THE  
 8 BENEFIT CHANGE; AMENDING SECTIONS 19-9-702, 19-9-804, AND  
 9 19-9-911, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND  
 10 A RETROACTIVE APPLICABILITY DATE."

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

13 **Section 1.** Section 19-9-702, MCA, is amended to read:

14 "19-9-702. State contribution. The state of Montana  
 15 shall make its contributions through the state auditor out  
 16 of the premium tax on motor vehicle property and casualty  
 17 insurance policies, which premium tax is statutorily  
 18 appropriated, as provided in 17-7-502, for the  
 19 contributions. Such The payments shall must be made annually  
 20 after the end of each fiscal year but no later than  
 21 September 1 from the gross premium tax after deduction for  
 22 cancellations and returned premiums. The administrator shall  
 23 notify the auditor by April 1 of each year of the annual  
 24 compensation paid to all active members during the preceding  
 25 year. The state's contribution is:

1 ~~(1) -- 14.04% of compensation paid to members before -- July~~  
 2 ~~17, 1985;~~  
 3 ~~(2) -- 15.06% of compensation paid to members from July 17,~~  
 4 ~~1985, through June 30, 1991, and~~  
 5 ~~(3) -- 15.66% 15.92% of compensation paid to members after~~  
 6 ~~July 1, 1991 1993."~~

7 **Section 2.** Section 19-9-804, MCA, is amended to read:

8 "19-9-804. Amount of service retirement allowance --  
 9 continuation of allowance after death of member. (1) A  
 10 police officer with 20 years of qualified service who is  
 11 eligible under 19-9-801 and does not elect to serve any  
 12 additional years as an active police officer shall must  
 13 receive a service retirement allowance equal to one-half his  
 14 of the officer's final average salary.

15 (2) A police officer who is eligible for service  
 16 retirement under 19-9-801 after 20 years of qualified  
 17 service and who elects to serve additional years shall must  
 18 receive the allowance provided for in subsection (1) plus an  
 19 additional 1% of his the officer's final average salary for  
 20 each year of additional qualified service, up to a maximum  
 21 of 60% of his the officer's final average salary.

22 (3) A member who is eligible for service retirement  
 23 under 19-9-801 with less than 20 years of qualified service  
 24 shall must receive a retirement allowance equal to 2.5% of  
 25 his the officer's final average salary for each year of

qualified service.

(4) (a) Upon the death of a police officer receiving a service retirement allowance under subsection (1) or, (2) or (3), his the officer's surviving spouse, if there is one, ~~shall~~ must receive from the fund a sum equal to ~~one-half of the officer's final average salary.~~

~~(b) Upon the death of a member receiving a service retirement allowance under subsection (3), his surviving spouse, if there is one, shall receive from the fund a sum equal to the amount of the officer's allowance at the time of his death.~~

~~(c)~~ (b) If the officer leaves one or more dependent children, then upon his the officer's death, if ~~he leaves~~ there is no surviving spouse or upon the death of the surviving spouse, the officer's surviving dependent child, or children collectively if there are more than one, ~~shall~~ must receive the same monthly payments a surviving spouse would receive for as long as the child or one of the children remains dependent as defined in 19-9-104. The payments must be made to the child's appointed guardian for the child's use. If there is more than one dependent child, upon each child no longer qualifying as dependent under 19-9-104, the pro rata payments to that child must cease and be made to the remaining children until all the children are no longer dependent."

**Section 3.** Section 19-9-911, MCA, is amended to read:

"19-9-911. Death benefits. (1) Upon the death of a police officer before retirement, his the officer's surviving spouse or dependent child is eligible for benefits as equal to one-half of the officer's final average salary as provided in 19-9-804(4)(b).

(2) Upon the death of a member who is no longer employed as a police officer and who did not attain the minimum retirement eligibility at the age of 50, his the surviving spouse or dependent child is eligible for a refund of the member's contributions and accumulated interest on account with the retirement system on the date that the refund is made to the survivors."

**NEW SECTION. Section 4. Coordination instruction.** If \_\_\_\_ Bill No. \_\_\_\_ [LC 656] is passed and approved and if it includes a section that amends 19-9-702, then [section 1 of this act], amending 19-9-702, must read:

"19-9-702. State contribution. The state of Montana shall make its contributions through the state auditor out of the premium tax on motor vehicle property and casualty insurance policies, which premium tax is statutorily appropriated, as provided in 17-7-502, for the contributions. Such The payments shall must be made annually after the end of each fiscal year but no later than September 1 from the gross premium tax after deduction for

1 cancellations and returned premiums. The administrator shall  
2 notify the auditor by April 1 of each year of the annual  
3 compensation paid to all active members during the preceding  
4 year. The state's contribution is:

5 ~~{1}--14.04% of compensation paid to members before--July~~  
6 ~~1, 1985;~~

7 ~~{2}--15.06% of compensation paid to members from July 1,~~  
8 ~~1985, through June 30, 1991; and~~

9 ~~{3}--15.66% 17.64% of compensation paid to members after~~  
10 ~~July 1, 1991 1993."~~

11 NEW SECTION. **Section 5.** Retroactive applicability.

12 [Section 2] applies retroactively, within the meaning of  
13 1-2-109, to benefits paid on or after July 1, 1975.

14 NEW SECTION. **Section 6.** Effective date. [This act] is  
15 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 HB0431, as introduced.

**DESCRIPTION OF PROPOSED LEGISLATION:** The bill retroactively increases the benefit payable to surviving spouses of deceased retired members with more than 20 years of service under the Municipal Police Officers' Retirement System (MPORS) and increases state contributions from the insurance premium tax fund to pay for the increased benefits. The state contributions will increase further if HB 430 also becomes law.

**ASSUMPTIONS:**

1. Contributions from the Insurance Premium Tax Fund to the MPORS Pension Trust Fund will increase by 0.26% (0.62% if HB0430 also becomes law) of the total salaries of all members of the MPORS. These increased contributions will reduce General Fund revenues. The General Fund impact in FY94 and FY95 will also include the annual 2.5% supplemental retirement distribution on the additional calendar years 1993 and 1994 benefits paid to public retirees under 19-15-101, MCA.
2. Total contributions from the Insurance Premium Tax Fund to the MPORS Pension Trust Fund projected for FY94 and FY95 include supplemental benefit payments as well as state contributions as a percent of covered payroll.
3. The total salaries of MPORS members in FY92 were \$11,402,679 and have grown at a rate of 3.2% per year over the past eight years. Total salaries during the next biennium are assumed to be \$12,144,127 in FY94 and \$12,532,739 in FY95.
4. The average MPORS retiree receives a benefit of \$12,372 per year, which would decrease by an average of \$360 per year when paid to their survivors under current law. The benefit level would continue to survivors in the same amount as to the retiree under proposed law. It is assumed that four retirees will die during each year of the next biennium (and that increased benefits payable under HB0430 to new retirees beginning 7/1/93 will not impact survivor benefits paid during the next biennium).
5. The retroactive benefit increase for current survivors would result in lump sum payments to six individuals totaling \$921 on May 31, 1993 and their annual benefits would increase by a total of \$480 per year during the next biennium.
6. An actuarial valuation of the MPORS has determined the present value of the benefit increase over the next 20 years will be \$538,000 (\$1,283,000 if HB0430 also becomes law) and the additional contribution of 0.26% (0.62% if HB0430 also becomes law) of salaries will be sufficient to pay the normal costs of the benefit enhancement as they accrue and to amortize the resulting additional unfunded liabilities over a period of 30 years.

**FISCAL IMPACT:** (Without passage and approval of HB0430)

State Auditor-Insurance

Premium Tax Fund:

**Expenditures:**

Local assistance/MPORS Trust

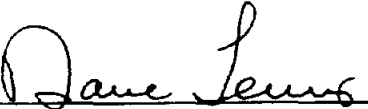
**Funding:**

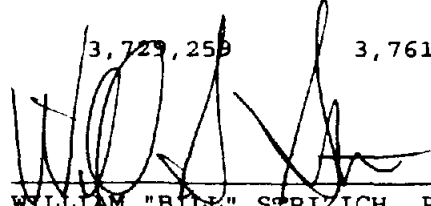
State Special Revenue

	FY '94		
	Current Law	Proposed Law	Difference
	3,613,603	3,645,178	31,575
	3,613,603	3,645,178	31,575

(continued)

	FY '95		
	Current Law	Proposed Law	Difference
	3,729,259	3,761,844	32,585
	3,729,259	3,761,844	32,585

 2-8-93  
DAVID LEWIS, BUDGET DIRECTOR DATE  
Office of Budget and Program Planning

 2-9-93  
WILLIAM "BIDE" STRIZICH, PRIMARY SPONSOR DATE

Fiscal Note for HB0431, as introduced

HB 431

FISCAL IMPACT: (Without passage and approval of HB0430)

Public Employees Retirement

Division:	FY '94			FY '95		
<u>Expenditures:</u>	<u>Current Law</u>	<u>Proposed Law</u>	<u>Difference</u>	<u>Current Law</u>	<u>Proposed Law</u>	<u>Difference</u>
Benefits and Claims	6,449,094	6,451,014	1,920	7,094,004	7,097,364	3,360
<u>Funding:</u>						
MPORS Pension Trust Fund	6,449,094	6,451,014	1,920	7,094,004	7,097,364	3,360
<u>Revenues:</u>						
MPORS Pension Trust Fund (from Insurance Premium Tax Fund)	3,613,603	3,645,178	31,575	3,729,259	3,761,844	32,585
MPORS Pension Trust Fund (from General Fund)	146,570	146,593	23	161,227	161,275	48
General Fund (from Insurance Premium Tax Fund)			(31,575)			(32,585)
Net Impact to General Fund			(31,598)			(32,633)
Net Impact MPORS Pension Trust Fund			29,678			29,273

(In coordination with passage and approval of HB0430)

State Auditor- Insurance	FY '94			FY '95		
Premium Tax Fund:	<u>Current Law</u>	<u>Proposed Law</u>	<u>Difference</u>	<u>Current Law</u>	<u>Proposed Law</u>	<u>Difference</u>
<u>Expenditures:</u>						
Local assistance/MPORS Trust	3,613,603	3,688,897	75,294	3,729,259	3,806,962	77,703
<u>Funding:</u>						
State Special Revenue	3,613,603	3,688,897	75,294	3,729,259	3,806,962	77,703
Public Employees Retirement Division:						
<u>Expenditures:</u>						
Benefits and Claims	6,449,094	6,451,014	1,920	7,094,004	7,097,364	3,360
<u>Funding:</u>						
MPORS Pension Trust Fund	6,449,094	6,451,014	1,920	7,094,004	7,097,364	3,360
<u>Revenues:</u>						
MPORS Pension Trust Fund (from Insurance Premium Tax Fund)	3,613,603	3,688,897	75,294	3,729,259	3,806,962	77,703
MPORS Pension Trust Fund (from General Fund)	146,570	146,593	23	161,227	161,275	48
General Fund (from Insurance Premium Tax Fund)			(75,294)			(77,703)
Net Impact to General Fund			(75,317)			(77,751)
Net Impact MPORS Pension Trust Fund			73,397			74,391

(continued)

HB 431

Fiscal Note Request, HB0431 as introduced  
Form BD-15 page 3  
(continued)

LONG-RANGE EFFECTS OF PROPOSED LEGISLATION:

Retirement benefits are perpetual obligations. This bill will result in permanent additional expenditures from the insurance premium tax fund to the MPORS pension trust fund which will result in a permanent offset to General Fund revenues.

TECHNICAL NOTE:

This bill contains coordination language with HB0430.



STATE OF MONTANA - FISCAL NOTE  
Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for HB0431, second reading.

**DESCRIPTION OF PROPOSED LEGISLATION:** The bill retroactively increases the benefit payable to surviving spouses of deceased retired members with more than 20 years of service under the Municipal Police Officers' Retirement System (MPORS) and increases member and employer contributions to pay for the increased benefits.

**ASSUMPTIONS:**

1. Member contributions to the MPORS under current law are: 6% (for members of the system on July 1, 1975); 7.2% (for members who came into the system on and after July 1, 1975 but before July 1, 1979); and 8.7% (for members who joined the system on and after July 1, 1979). The proposed law would increase the members' contributions by an additional 0.13% of salary (an additional 0.31% if HB0430 becomes law).
2. Employer contributions to the MPORS under current law are: 13.92% of total covered payroll. The proposed law would increase employers' contributions by an additional 0.13% of salary (an additional 0.31% if HB 430 becomes law).
3. The general fund will pay an annual 2.5% supplemental retirement distribution on the additional calendar year (CY) 93 and CY94 benefits paid to public retirees under 19-15-101, MCA.
4. State contributions from the insurance premium tax fund projected for FY94 and FY95 include supplemental benefit payments as well as contributions as a percent of covered payroll. These contributions will not increase.
5. Total covered payroll in FY92 was \$11,402,679; salaries in this system have grown at a rate of 3.2% per year over the past 8 years. Total salaries during the next biennium are assumed to be \$12,144,127 in FY94 and \$12,532,739 in FY95.
6. The average benefit in MPORS is currently \$12,372 per year, which would decrease by an average of \$360 per year when paid to their survivors under current law; the benefit level would continue to survivors in the same amount as to the retiree under proposed law. It is assumed that 4 retirees will die during each year of the next biennium (and that increased benefits payable under HB0430 to new retirees beginning 7/1/93 will not impact survivor benefits paid during the next biennium).
7. The retroactive benefit increase for current survivors would result in lump sum payments to 6 individuals totalling \$921 on May 31, 1993 and their annual benefits would increase by a total of \$480 per year during the next biennium.
8. An actuarial valuation of the MPORS has determined the present value of the benefit increase over the next 20 years will be \$538,000 and the additional contribution of .26% of salaries will be sufficient to pay the normal costs of the benefit enhancement and to amortize the resulting additional unfunded liabilities over a period of 30 years.

**FISCAL IMPACT:**

Public Employees Retirement Bd:	FY '94			FY '95		
	Current Law	Proposed Law	Difference	Current Law	Proposed Law	Difference
<b>Expenditures:</b>						
MPORS retirement benefits	6,449,094	6,451,014	1,920	7,094,004	7,097,364	3,360
<b>Funding:</b>						
MPORS pension trust fund	6,449,094	6,451,014	1,920	7,094,004	7,097,364	3,360

(continued)

*David Lewis* 2-19-93

DAVID LEWIS, BUDGET DIRECTOR DATE  
Office of Budget and Program Planning

*William "Bill" Strizich*

WILLIAM "BILL" STRIZICH, PRIMARY SPONSOR DATE

Fiscal Note for HB0431, second reading

HB 431-#2

Fiscal Note Request HB0431, as introduced  
Form BD-15 page 2  
(continued)

	<u>FY94</u>			<u>FY95</u>		
	<u>Current Law</u>	<u>Proposed Law</u>	<u>Difference</u>	<u>Current Law</u>	<u>Proposed Law</u>	<u>Difference</u>
<u>Revenues:</u>						
MPORS Pension Trust Fund:						
Employer contributions (cities)	1,690,462	1,706,250	15,788	1,744,557	1,760,850	16,293
Employee contributions (cities)	971,530	987,318	15,788	1,002,619	1,018,912	16,293
State contributions (Ins Prem Tax)	3,613,603	3,613,603	0	3,729,259	3,729,259	0
State contributions (General Fund)	<u>146,570</u>	<u>146,593</u>	<u>23</u>	<u>161,227</u>	<u>161,275</u>	<u>48</u>
Total	6,422,168	6,453,764	31,596	6,637,662	6,670,296	32,634
<u>Net Impact:</u>						
MPORS Pension Trust Fund			29,679			29,274
General Fund			(23)			(48)

APPROVED BY COMMITTEE  
ON STATE ADMINISTRATION

HOUSE BILL NO. 431

INTRODUCED BY STRIZICH, CHRISTIAENS, DOLEZAL,  
VOGEL, RYAN, COCCHIARELLA, DOHERTY, CLARK,  
D. BROWN, DOWELL, MCCULLOCH

A BILL FOR AN ACT ENTITLED: "AN ACT REVISING THE BENEFIT  
PAID TO THE SURVIVING SPOUSE OF CERTAIN MEMBERS OF THE  
MUNICIPAL POLICE OFFICERS' RETIREMENT SYSTEM; INCREASING THE  
~~STATE CONTRIBUTION FROM INSURANCE PREMIUM TAXES EMPLOYER AND~~  
EMPLOYEE CONTRIBUTIONS TO FUND THE BENEFIT CHANGE; AMENDING  
SECTIONS 19-9-702 19-9-601, 19-9-703, 19-9-804, AND  
19-9-911, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND  
A RETROACTIVE APPLICABILITY DATE."

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

~~Section 1. Section 19-9-702, MCA, is amended to read:--~~

~~"19-9-702. State contribution.--The state of Montana  
shall make its contributions through the state auditor out  
of the premium tax on motor vehicle property and casualty  
insurance policies, which premium tax is statutorily  
appropriated, as provided in 17-7-502, for the  
contributions. Such The payments shall must be made annually  
after the end of each fiscal year but no later than  
September 1 from the gross premium tax after deduction for  
cancellations and returned premiums. The administrator shall~~

~~notify the auditor by April 1 of each year of the annual  
compensation paid to all active members during the preceding  
year. The state's contribution is:~~

~~{1}--14.04% of compensation paid to members before July  
1, 1985;~~

~~{2}--15.06% of compensation paid to members from July 1,  
1985, through June 30, 1991; and~~

~~{3}--15.66% 15.92% of compensation paid to members after  
July 1, 1991 1993."~~

**SECTION 1. SECTION 19-9-601, MCA, IS AMENDED TO READ:**

"19-9-601. Member contributions. (1) The normal  
contribution of each active member is 6% 6.13% of his the  
member's monthly compensation. In the case of a member first  
employed by an employer as a police officer after June 30,  
1975, the contribution is 7.2% 7.33% of his the member's  
monthly compensation. In the case of a member first employed  
by an employer as a police officer after June 30, 1979, the  
contribution is 8.7% 8.83% of his the member's monthly  
compensation. Compensation excludes overtime payments,  
holiday payments, shift differential payments, compensation  
time payments, and payments in lieu of sick leave and annual  
leave, for his services as a police officer.

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

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

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

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

**SECTION 2. SECTION 19-9-703, MCA, IS AMENDED TO READ:**

"19-9-703. Employer contribution. Each employer shall make its contribution on behalf of members through the city treasurer or other appropriate official out of moneys money available to the city for such purpose. The employer's contribution, which must be paid monthly to the administrator, is:

~~(1) 14.04% of the total monthly compensation paid to all active members during the preceding month before July 1, 1985;~~

~~(2) 13.02% of the total monthly compensation paid to all active members during the preceding month from July 1, 1985, through June 30, 1991; and~~

~~(3) 13.92% 14.05% of the total monthly compensation paid to all active members during the preceding month after July 1, 1991 1993."~~

**Section 3.** Section 19-9-804, MCA, is amended to read:

"19-9-804. Amount of service retirement allowance -- continuation of allowance after death of member. (1) A police officer with 20 years of qualified service who is eligible under 19-9-801 and does not elect to serve any additional years as an active police officer ~~shall~~ must receive a service retirement allowance equal to one-half his of the officer's final average salary.

(2) A police officer who is eligible for service retirement under 19-9-801 after 20 years of qualified service and who elects to serve additional years ~~shall~~ must receive the allowance provided for in subsection (1) plus an additional 1% of his the officer's final average salary for each year of additional qualified service, up to a maximum of 60% of his the officer's final average salary.

(3) A member who is eligible for service retirement

under 19-9-801 with less than 20 years of qualified service shall must receive a retirement allowance equal to 2.5% of his the officer's final average salary for each year of qualified service.

(4) (a) Upon the death of a police officer receiving a service retirement allowance under subsection (1) or, (2) or (3), his the officer's surviving spouse, if there is one, shall must receive from the fund a sum equal to one-half of the ~~officer's final average salary~~.

~~(b) Upon the death of a member receiving a service retirement allowance under subsection (3), his surviving spouse, if there is one, shall receive from the fund a sum equal to the amount of the officer's allowance at the time of his death.~~

~~(c)(b)~~ If the officer leaves one or more dependent children, then upon his the officer's death, if he leaves there is no surviving spouse or upon the death of the surviving spouse, the officer's surviving dependent child, or children collectively if there are more than one, shall must receive the same monthly payments a surviving spouse would receive for as long as the child or one of the children remains dependent as defined in 19-9-104. The payments must be made to the child's appointed guardian for the child's use. If there is more than one dependent child, upon each child no longer qualifying as dependent under

19-9-104, the pro rata payments to that child must cease and be made to the remaining children until all the children are no longer dependent."

**Section 4.** Section 19-9-911, MCA, is amended to read:

"19-9-911. Death benefits. (1) Upon the death of a police officer before retirement, his the officer's surviving spouse or dependent child is eligible for benefits as equal to one-half of the officer's final average salary as provided in 19-9-804(4)(b).

(2) Upon the death of a member who is no longer employed as a police officer and who did not attain the minimum retirement eligibility at the age of 50, his the surviving spouse or dependent child is eligible for a refund of the member's contributions and accumulated interest on account with the retirement system on the date that the refund is made to the survivors."

**NEW SECTION. Section 5.** Coordination instruction. If House Bill No. 430 is passed and approved ~~and if it includes a section that amends 19-9-702, then {section 1 of this act} amending 19-9-702, must read:~~

~~"19-9-702. State contribution. The state of Montana shall make its contributions through the state auditor out of the premium tax on motor vehicle property and casualty insurance policies, which premium tax is statutory appropriated, as provided in 17-7-502, for the~~

contributions. Such ~~The payments shall must~~ be made annually after the end of each fiscal year but no later than September 1 from the gross premium tax after deduction for cancellations and returned premiums. The administrator shall notify the auditor by April 1 of each year of the annual compensation paid to all active members during the preceding year. The state's contribution is:

(1) 14.04% of compensation paid to members before July 1, 1985;

(2) 15.06% of compensation paid to members from July 1, 1985 through June 30, 1991; and

(3) 15.66% 17.64% of compensation paid to members after July 1, 1991 1993. THEN THE EMPLOYEE CONTRIBUTIONS SHOWN IN [SECTION 1 OF THIS ACT], AMENDING 19-9-601, MUST BE INCREASED BY 0.31% AND THE EMPLOYER CONTRIBUTION SHOWN IN [SECTION 2 OF THIS ACT], AMENDING 19-9-703, MUST BE INCREASED BY 0.31%.

NEW SECTION. Section 6. Retroactive applicability. [Section 2 3] applies retroactively, within the meaning of 1-2-109, to benefits paid on or after July 1, 1975.

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

-End-

## HOUSE BILL NO. 431

INTRODUCED BY STRIZICH, CHRISTIAENS, DOLEZAL,

VOGEL, RYAN, COCCHIARELLA, DOHERTY, CLARK,

D. BROWN, DOWELL, MCCULLOCH

A BILL FOR AN ACT ENTITLED: "AN ACT REVISING THE BENEFIT PAID TO THE SURVIVING SPOUSE OF CERTAIN MEMBERS OF THE MUNICIPAL POLICE OFFICERS' RETIREMENT SYSTEM; INCREASING THE STATE CONTRIBUTION FROM INSURANCE PREMIUM TAXES EMPLOYER AND EMPLOYEE CONTRIBUTIONS TO FUND THE BENEFIT CHANGE; AMENDING SECTIONS 19-9-702, 19-9-601, 19-9-703, 19-9-804, AND 19-9-911, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND A RETROACTIVE APPLICABILITY DATE."

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

**Section 1.** Section 19-9-702, MCA, is amended to read:--

"19-9-702. State contribution. The state of Montana shall make its contributions through the state auditor out of the premium tax on motor vehicle property and casualty insurance policies, which premium tax is statutorily appropriated, as provided in 17-7-502, for the contributions. Such the payments shall must be made annually after the end of each fiscal year but no later than September 1 from the gross premium tax after deduction for cancellations and returned premiums. The administrator shall

notify the auditor by April 1 of each year of the annual compensation paid to all active members during the preceding year. The state's contribution is:

(1) 14.04% of compensation paid to members before July 1, 1985;

(2) 15.06% of compensation paid to members from July 1, 1985, through June 30, 1991, and

(3) 15.66% 15.92% of compensation paid to members after July 1, 1991 1993."

**SECTION 1. SECTION 19-9-601, MCA, IS AMENDED TO READ:**

"19-9-601. Member contributions. (1) The normal contribution of each active member is 6% 6.13% of his the member's monthly compensation. In the case of a member first employed by an employer as a police officer after June 30, 1975, the contribution is 7.2% 7.33% of his the member's monthly compensation. In the case of a member first employed by an employer as a police officer after June 30, 1979, the contribution is 8.7% 8.83% of his the member's monthly compensation. Compensation excludes overtime payments, holiday payments, shift differential payments, compensation time payments, and payments in lieu of sick leave and annual leave, for his services as a police officer.

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

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

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

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

**SECTION 2. SECTION 19-9-703, MCA, IS AMENDED TO READ:**

"19-9-703. Employer contribution. Each employer shall make its contribution on behalf of members through the city treasurer or other appropriate official out of monies money available to the city for such purpose. The employer's contribution, which must be paid monthly to the administrator, is:

(1) ~~14.04%~~ of the total monthly compensation paid to all active members during the preceding month before July 1, 1985;

(2) ~~13.82%~~ of the total monthly compensation paid to all active members during the preceding month from July 1, 1985, through June 30, 1991; and

(3) ~~13.92%~~ 14.05% of the total monthly compensation paid to all active members during the preceding month after July 1, 1991 1993."

**Section 3. Section 19-9-804, MCA, is amended to read:**

"19-9-804. Amount of service retirement allowance -- continuation of allowance after death of member. (1) A police officer with 20 years of qualified service who is eligible under 19-9-801 and does not elect to serve any additional years as an active police officer ~~shall~~ must receive a service retirement allowance equal to one-half his of the officer's final average salary.

(2) A police officer who is eligible for service retirement under 19-9-801 after 20 years of qualified service and who elects to serve additional years ~~shall~~ must receive the allowance provided for in subsection (1) plus an additional 1% of his the officer's final average salary for each year of additional qualified service, up to a maximum of 60% of his the officer's final average salary.

(3) A member who is eligible for service retirement



under 19-9-801 with less than 20 years of qualified service shall must receive a retirement allowance equal to 2.5% of his the officer's final average salary for each year of qualified service.

(4) (a) Upon the death of a police officer receiving a service retirement allowance under subsection (1) or, (2) or (3), his the officer's surviving spouse, if there is one, shall must receive from the fund a sum equal to one-half of the officer's final average salary.

~~(b) Upon the death of a member receiving a service retirement allowance under subsection (3), his surviving spouse, if there is one, shall receive from the fund a sum equal to the amount of the officer's allowance at the time of his death.~~

~~(c)(b)~~ If the officer leaves one or more dependent children, then upon his the officer's death, if he leaves there is no surviving spouse or upon the death of the surviving spouse, the officer's surviving dependent child, or children collectively if there are more than one, shall must receive the same monthly payments a surviving spouse would receive for as long as the child or one of the children remains dependent as defined in 19-9-104. The payments must be made to the child's appointed guardian for the child's use. If there is more than one dependent child, upon each child no longer qualifying as dependent under

19-9-104, the pro rata payments to that child must cease and be made to the remaining children until all the children are no longer dependent."

**Section 4.** Section 19-9-911, MCA, is amended to read:

"19-9-911. Death benefits. (1) Upon the death of a police officer before retirement, his the officer's surviving spouse or dependent child is eligible for benefits as equal to one-half of the officer's final average salary as provided in 19-9-804(4)(b).

(2) Upon the death of a member who is no longer employed as a police officer and who did not attain the minimum retirement eligibility at the age of 50, his the surviving spouse or dependent child is eligible for a refund of the member's contributions and accumulated interest on account with the retirement system on the date that the refund is made to the survivors."

**NEW SECTION. Section 5.** Coordination instruction. If House Bill No. 430 is passed and approved and if it includes a section that amends 19-9-702, then {section i of this act} amending 19-9-702 must read:

"19-9-702. State contribution. The state of Montana shall make its contributions through the state auditor out of the premium tax on motor vehicle property and casualty insurance policies, which premium tax is statutorily appropriated, as provided in 17-7-502, for the

contributions--Such The payments shall must be made annually after--the--end--of--each--fiscal--year--but--no--later--than September--1--from--the--gross--premium--tax--after--deduction--for cancellations--and--returned--premiums--The--administrator--shall notify--the--auditor--by--April--1--of--each--year--of--the--annual compensation--paid--to--all--active--members--during--the--preceding year--The--state's--contribution--is:

(1)--14.04% of compensation paid to members before--July 1, 1985;

(2)--15.06% of compensation paid to members from July 1, 1985, through June 30, 1991, and

(3)--15.66% 17.64% of compensation paid to members after July 1, 1991 1993\*, THEN THE EMPLOYEE CONTRIBUTIONS SHOWN IN [SECTION 1 OF THIS ACT], AMENDING 19-9-601, MUST BE INCREASED BY 0.31% AND THE EMPLOYER CONTRIBUTION SHOWN IN [SECTION 2 OF THIS ACT], AMENDING 19-9-703, MUST BE INCREASED BY 0.31%.

NEW SECTION. Section 6. Retroactive applicability.  
[Section 2 3] applies retroactively, within the meaning of 1-2-109, to benefits paid on or after July 1, 1975.

NEW SECTION. Section 7. Effective date. (This act) is effective on passage and approval.

-End-

SENATE STANDING COMMITTEE REPORT

Page 1 of 1  
March 10, 1993

MR. PRESIDENT:

We, your committee on State Administration having had under consideration House Bill No. 431 (first reading copy -- blue), respectfully report that House Bill No. 431 be amended as follows and as so amended be concurred in.

Signed: Senator Eleanor Vaughn  
Senator Eleanor Vaughn, Chair

That such amendments read:

1. Page 5, line 7.  
Strike: "officer's"  
Insert: "member's"

2. Page 5, line 16.  
Strike: "officer's"  
Insert: "member's"

3. Page 6, line 6.  
Strike: "officer's"  
Insert: "member's"

4. Page 6, line 8.  
Strike: "officer's"  
Insert: "member's"

-END-

SENATE

HB431

541212SC.San

AV Amd. Coord.  
Sec. of Senate

Sen. Dicks  
Senator Carrying Bill

## HOUSE BILL NO. 431

INTRODUCED BY STRIZICH, CHRISTIAENS, DOLEZAL,

VOGEL, RYAN, COCCHIARELLA, DOHERTY, CLARK,

D. BROWN, DOWELL, MCCULLOCH

A BILL FOR AN ACT ENTITLED: "AN ACT REVISING THE BENEFIT PAID TO THE SURVIVING SPOUSE OF CERTAIN MEMBERS OF THE MUNICIPAL POLICE OFFICERS' RETIREMENT SYSTEM; INCREASING THE STATE CONTRIBUTION FROM INSURANCE PREMIUM TAXES EMPLOYER AND EMPLOYEE CONTRIBUTIONS TO FUND THE BENEFIT CHANGE; AMENDING SECTIONS 19-9-702, 19-9-601, 19-9-703, 19-9-804, AND 19-9-911, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND A RETROACTIVE APPLICABILITY DATE."

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

**Section 1.** Section 19-9-702, MCA, is amended to read:--

"19-9-702. State contribution.--The state of Montana shall make its contributions through the state auditor out of the premium tax on motor vehicle property and casualty insurance policies, which premium tax is statutorily appropriated, as provided in 17-7-502, for the contributions. Such The payments shall must be made annually after the end of each fiscal year but no later than September 1 from the gross premium tax after deduction for cancellations and returned premiums. The administrator shall

notify the auditor by April 1 of each year of the annual compensation paid to all active members during the preceding year. The state's contribution is:

(1) 14.04% of compensation paid to members before July 1, 1985;

(2) 15.06% of compensation paid to members from July 1, 1985, through June 30, 1991, and

(3) 15.66% 15.92% of compensation paid to members after July 1, 1991 1993."

**SECTION 1. SECTION 19-9-601, MCA, IS AMENDED TO READ:**

"19-9-601. Member contributions. (1) The normal contribution of each active member is 6% 6.13% of his the member's monthly compensation. In the case of a member first employed by an employer as a police officer after June 30, 1975, the contribution is 7.2% 7.33% of his the member's monthly compensation. In the case of a member first employed by an employer as a police officer after June 30, 1979, the contribution is 8.7% 8.83% of his the member's monthly compensation. Compensation excludes overtime payments, holiday payments, shift differential payments, compensation time payments, and payments in lieu of sick leave and annual leave, for his services as a police officer.

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

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

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

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

**SECTION 2. SECTION 19-9-703, MCA, IS AMENDED TO READ:**

"19-9-703. ~~Employer~~ contribution. Each employer shall make its contribution on behalf of members through the city treasurer or other appropriate official out of ~~moneys~~ money available to the city for such purpose. The employer's contribution, which must be paid monthly to the administrator, is:

(1) ~~14.84% of the total monthly compensation paid to all active members during the preceding month before July 1, 1985,~~

(2) ~~13.82% of the total monthly compensation paid to all active members during the preceding month from July 1, 1985, through June 30, 1991, and~~

(3) ~~13.92%~~ 14.05% of the total monthly compensation paid to all active members during the preceding month after July 1, 1991 1993."

**Section 3.** Section 19-9-804, MCA, is amended to read:

"19-9-804. Amount of service retirement allowance -- continuation of allowance after death of member. (1) A police officer with 20 years of qualified service who is eligible under 19-9-801 and does not elect to serve any additional years as an active police officer ~~shall~~ must receive a service retirement allowance equal to one-half ~~his~~ of the officer's final average salary.

(2) A police officer who is eligible for service retirement under 19-9-801 after 20 years of qualified service and who elects to serve additional years ~~shall~~ must receive the allowance provided for in subsection (1) plus an additional 1% of ~~his~~ the officer's final average salary for each year of additional qualified service, up to a maximum of 60% of ~~his~~ the officer's final average salary.

(3) A member who is eligible for service retirement

under 19-9-801 with less than 20 years of qualified service shall must receive a retirement allowance equal to 2.5% of his the officer's final average salary for each year of qualified service.

(4) (a) Upon the death of a police officer receiving a service retirement allowance under subsection (1) or, (2) or (3), his the officer's MEMBER'S surviving spouse, if there is one, shall must receive from the fund a sum equal to ~~one-half-of-the-officer's-final-average-salary.~~

~~{b}--Upon-the-death-of--a--member--receiving--a--service retirement--allowance--under--subsection--(3)--his-surviving spouse, if there is one, shall receive from the fund--a--sum equal--to the amount of the officer's allowance at the time of his death.~~

~~{c}{b}~~ If the officer leaves one or more dependent children, then upon his the officer's MEMBER'S death, if he leaves there is no surviving spouse or upon the death of the surviving spouse, the officer's surviving dependent child, or children collectively if there are more than one, shall must receive the same monthly payments a surviving spouse would receive for as long as the child or one of the children remains dependent as defined in 19-9-104. The payments must be made to the child's appointed guardian for the child's use. If there is more than one dependent child, upon each child no longer qualifying as dependent under

19-9-104, the pro rata payments to that child must cease and be made to the remaining children until all the children are no longer dependent."

**Section 4.** Section 19-9-911, MCA, is amended to read:

"19-9-911. Death benefits. (1) Upon the death of a police officer before retirement, his the officer's MEMBER'S surviving spouse or dependent child is eligible for benefits as equal to one-half of the officer's MEMBER'S final average salary as provided in 19-9-804(4)(b).

(2) Upon the death of a member who is no longer employed as a police officer and who did not attain the minimum retirement eligibility at the age of 50, his the surviving spouse or dependent child is eligible for a refund of the member's contributions and accumulated interest on account with the retirement system on the date that the refund is made to the survivors."

**NEW SECTION. Section 5.** Coordination instruction. If House Bill No. 430 is passed and approved and-if-it-includes a-section-that-amends-19-9-702,--then--{section--1--of--this act},--amending-19-9-702,--must-read-

"19-9-702,--State--contribution--The--state--of-Montana shall-make-its-contributions-through-the-state--auditor--out of--the--premium--tax-on-motor-vehicle-property-and-casualty insurance--policies,--which--premium--tax--is--statutorily appropriated,---as---provided---in---17-7-502,---for---the

contributions. ~~Such~~ The payments shall must be made annually after the end of each fiscal year but no later than September 1 from the gross premium tax after deduction for cancellations and returned premiums. The administrator shall notify the auditor by April 1 of each year of the annual compensation paid to all active members during the preceding year. The state's contribution is:

(1) 14.04% of compensation paid to members before July 1, 1985;

(2) 15.06% of compensation paid to members from July 1, 1985, through June 30, 1991, and

(3) 15.66% 17.64% of compensation paid to members after July 1, 1991 1993.<sup>a</sup>, THEN THE EMPLOYEE CONTRIBUTIONS SHOWN IN [SECTION 1 OF THIS ACT], AMENDING 19-9-601, MUST BE INCREASED BY 0.31% AND THE EMPLOYER CONTRIBUTION SHOWN IN [SECTION 2 OF THIS ACT], AMENDING 19-9-703, MUST BE INCREASED BY 0.31%.

NEW SECTION. **Section 6.** Retroactive applicability. [Section 2 3] applies retroactively, within the meaning of 1-2-109, to benefits paid on or after July 1, 1975.

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

-End-

# OFFICE OF THE GOVERNOR

STATE OF MONTANA



MARC RACICOT  
GOVERNOR

STATE CAPITOL  
HELENA, MONTANA 59620-0801

April 19, 1993

The Honorable John Mercer  
Speaker of the House  
State Capitol  
Helena MT 59620

The Honorable Fred Van Valkenburg  
President of the Senate  
State Capitol  
Helena MT 59620

Dear Speaker Mercer and President Van Valkenburg:

In accordance with the power vested in me as Governor by the Constitution and laws of the State of Montana, I hereby return House Bill No. 431, "AN ACT REVISING THE BENEFIT PAID TO THE SURVIVING SPOUSE OF CERTAIN MEMBERS OF THE MUNICIPAL POLICE OFFICERS' RETIREMENT SYSTEM; INCREASING EMPLOYER AND EMPLOYEE CONTRIBUTIONS TO FUND THE BENEFIT CHANGE; AMENDING SECTIONS 19-9-601, 19-9-703, 19-9-804, AND 19-9-911, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND A RETROACTIVE APPLICABILITY DATE," with the attached amendment for the following reasons.

House bills 430 and 431 address retirement benefits for municipal police officers. Both bills were amended to change the funding sources for the benefit enhancements. As a result, the coordination instruction for HB 431 no longer reflects the increased contribution rates. The proposed amendment will result in a coordination instruction that reflects the costs of the two bills.

Sincerely,

A handwritten signature in cursive script, appearing to read "Marc Racicot".

MARC RACICOT  
Governor



GOVERNOR'S AMENDMENTS  
TO HOUSE BILL NO. 431  
(REFERENCE COPY)  
April 19, 1993

1. Page 6, line 17.

Following: "If"

Insert: "both [this act] and"

2. Page 6, line 18.

Strike: "is"

Insert: "are"

3. Page 7, lines 13 through 17.

Strike: "THE" on line 13 through "0.31%." on line 17

Insert: "19-9-601(1) must read:

"19-9-601. Member contributions. (1) The normal contribution of each active member is ~~6%~~ 7.8% of ~~his~~ the member's monthly compensation. In the case of a member first employed by an employer as a police officer after June 30, 1975, the contribution is ~~7.2%~~ 9.0% of ~~his~~ the member's monthly compensation. In the case of a member first employed by an employer as a police officer after June 30, 1979, the contribution is ~~8.7%~~ 10.5% of ~~his~~ the member's monthly compensation. Compensation excludes overtime payments, holiday payments, shift differential payments, compensation time payments, and payments in lieu of sick leave and annual leave for ~~his~~ services as a police officer."

and 19-9-703 must read:

"19-9-703. Employer contribution. Each employer shall make its contribution on behalf of members through the city treasurer or other appropriate official out of ~~moneys~~ money available to the city for such purpose. The employer's contribution, which must be paid monthly to the administrator is:

(1) ~~14.84% of the total monthly compensation paid to all active members during the preceding month before July 1, 1985;~~

(2) ~~13.02% of the total monthly compensation paid to all active members during the preceding month from July 1, 1985, through June 30, 1991; and~~

(3) ~~13.92%~~ 14.36% of the total monthly compensation paid to all active members during the preceding month after July 1, ~~1991~~ 1993."

Gov's Amend.  
HB 431

## HOUSE BILL NO. 431

INTRODUCED BY STRIZICH, CHRISTIAENS, DOLEZAL,

VOGEL, RYAN, COCCHIARELLA, DOHERTY, CLARK,

D. BROWN, DOWELL, MCCULLOCH

A BILL FOR AN ACT ENTITLED: "AN ACT REVISING THE BENEFIT PAID TO THE SURVIVING SPOUSE OF CERTAIN MEMBERS OF THE MUNICIPAL POLICE OFFICERS' RETIREMENT SYSTEM; INCREASING THE STATE CONTRIBUTION FROM INSURANCE PREMIUM TAXES EMPLOYER AND EMPLOYEE CONTRIBUTIONS TO FUND THE BENEFIT CHANGE; AMENDING SECTIONS 19-9-702, 19-9-601, 19-9-703, 19-9-804, AND 19-9-911, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND A RETROACTIVE APPLICABILITY DATE."

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notify the auditor by April 1 of each year of the annual compensation paid to all active members during the preceding year. The state's contribution is:

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(2) Each employer, pursuant to section 414(h)(2) of the federal Internal Revenue Code of 1954, as amended and 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 the member's  
14 monthly compensation as defined in 19-9-104. The employer  
15 shall deduct from the member's compensation an amount equal  
16 to the amount of the member's contributions picked up by the  
17 employer and remit the total of the contributions to the  
18 board."

19 **SECTION 2. SECTION 19-9-703, MCA, IS AMENDED TO READ:**

20 "19-9-703. Employer contribution. Each employer shall  
21 make its contribution on behalf of members through the city  
22 treasurer or other appropriate official out of moneys money  
23 available to the city for such purpose. The employer's  
24 contribution, which must be paid monthly to the  
25 administrator, is:

1 ~~(1)--14.04% of the total monthly compensation paid to~~  
2 ~~all active members during the preceding month before July 1,~~  
3 ~~1985;~~

4 ~~(2)--13.02% of the total monthly compensation paid to~~  
5 ~~all active members during the preceding month from July 1,~~  
6 ~~1985, through June 30, 1991; and~~

7 ~~(3)--13.92% 14.05% of the total monthly compensation~~  
8 ~~paid to all active members during the preceding month after~~  
9 ~~July 1, 1991 1993."~~

10 **Section 3. Section 19-9-804, MCA, is amended to read:**

11 "19-9-804. Amount of service retirement allowance --  
12 continuation of allowance after death of member. (1) A  
13 police officer with 20 years of qualified service who is  
14 eligible under 19-9-801 and does not elect to serve any  
15 additional years as an active police officer ~~shall~~ must  
16 receive a service retirement allowance equal to one-half his  
17 of the officer's final average salary.

18 (2) A police officer who is eligible for service  
19 retirement under 19-9-801 after 20 years of qualified  
20 service and who elects to serve additional years ~~shall~~ must  
21 receive the allowance provided for in subsection (1) plus an  
22 additional 1% of his the officer's final average salary for  
23 each year of additional qualified service, up to a maximum  
24 of 60% of his the officer's final average salary.

25 (3) A member who is eligible for service retirement

under 19-9-801 with less than 20 years of qualified service shall must receive a retirement allowance equal to 2.5% of his the officer's final average salary for each year of qualified service.

(4) (a) Upon the death of a police officer receiving a service retirement allowance under subsection (1) ~~or~~, (2) ~~or~~ (3), his the officer's MEMBER'S surviving spouse, if there is one, shall must receive from the fund a sum equal to ~~one-half-of-the-officer's-final-average-salary~~.

~~(b) Upon the death of a member receiving a service retirement allowance under subsection (3), his surviving spouse, if there is one, shall receive from the fund a sum equal to the amount of the officer's allowance at the time of his death.~~

~~(c)~~ (b) If the officer leaves one or more dependent children, then upon his the officer's MEMBER'S death, if he leaves there is no surviving spouse or upon the death of the surviving spouse, the officer's surviving dependent child, or children collectively if there are more than one, shall must receive the same monthly payments a surviving spouse would receive for as long as the child or one of the children remains dependent as defined in 19-9-104. The payments must be made to the child's appointed guardian for the child's use. If there is more than one dependent child, upon each child no longer qualifying as dependent under

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"19-9-911. Death benefits. (1) Upon the death of a police officer before retirement, his the officer's MEMBER'S surviving spouse or dependent child is eligible for benefits as equal to one-half of the officer's MEMBER'S final average salary as provided in 19-9-804(4)(b).

(2) Upon the death of a member who is no longer employed as a police officer and who did not attain the minimum retirement eligibility at the age of 50, his the surviving spouse or dependent child is eligible for a refund of the member's contributions and accumulated interest on account with the retirement system on the date that the refund is made to the survivors."

**NEW SECTION. Section 5.** Coordination instruction. If BOTH [THIS ACT] AND House Bill No. 430 is ARE passed and approved ~~and-if-it-includes-a-section-that-amends-19-9-702,~~ then ~~{section-1-of-this-act}-amending-19-9-702,~~ must read:

"19-9-702. State contributions. The state of Montana shall ~~make its contributions through the state auditor out of the premium tax on motor vehicle property and casualty insurance policies, which premium tax is statutorily appropriated as provided in 17-7-502, for the~~

contributions--Such The payments shall must be made annually after--the--end--of--each--fiscal--year--but--no--later--than September-1-from-the-gross-premium-tax-after--deduction--for cancellations-and--returned--premiums--The-administrator-shall notify--the--auditor--by--April-1-of-each-year-of-the-annual compensation-paid-to-all-active-members-during-the-preceding year--The-state's-contribution-is:

{1}--14.04% of compensation paid to members before--July 17-1985;

{2}--15.06% of compensation paid to members from July-17-1985-through-June-30-1991--and

{3}--15.66% 17.64% of compensation paid to members after July--17--1991 1993\*, THEN THE EMPLOYEE CONTRIBUTIONS SHOWN IN {SECTION 1 OF THIS ACT}--AMENDING--19-9-601--MUST--BE INCREASED--BY--0.31%--AND--THE EMPLOYER CONTRIBUTION SHOWN IN {SECTION--2--OF--THIS--ACT}--AMENDING--19-9-703--MUST--BE INCREASED--BY--0.31%:

(1) SUBSECTION (1) OF 19-9-601 MUST READ:

"(1) The normal contribution of each active member is 6% 7.8% of his the member's monthly compensation. In the case of a member first employed by an employer as a police officer after June 30, 1975, the contribution is 7.2% 9% of his the member's monthly compensation. In the case of a member first employed by an employer as a police officer after June 30, 1979, the contribution is 8.7% 10.5% of his

the member's monthly compensation. Compensation excludes overtime payments, holiday payments, shift differential payments, compensation time payments, and payments in lieu of sick leave and annual leave, for his services as a police officer."; AND

(2) 19-9-703 MUST READ:

"19-9-703. Employer contribution. Each employer shall make its contribution on behalf of members through the city treasurer or other appropriate official out of moneys money available to the city for such purpose. The employer's contribution, which must be paid monthly to the administrator, is:

{1}--14.04% of the total monthly--compensation--paid--to all-active-members-during-the-preceding-month-before-July-17-1985;

{2}--13.02%--of--the--total-monthly-compensation-paid-to all-active-members-during-the-preceding-month-from--July--17-1985-through-June-30-1991--and

{3}--13.92% 14.36% of the total monthly compensation paid to all active members during the preceding month after July 1, 1991 1993."

NEW SECTION. Section 6. Retroactive applicability. [Section 2 3] applies retroactively, within the meaning of 1-2-109, to benefits paid on or after July 1, 1975.

NEW SECTION. Section 7. Effective date. [This act] is

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1 effective on passage and approval.

-End-