

HOUSE BILL NO. 435

INTRODUCED BY SAYLES, FELAND
BY REQUEST OF THE DEPARTMENT OF ADMINISTRATION

IN THE HOUSE

FEBRUARY 3, 1993	INTRODUCED AND REFERRED TO COMMITTEE ON STATE ADMINISTRATION.
	FIRST READING.
FEBRUARY 9, 1993	COMMITTEE RECOMMEND BILL DO PASS. REPORT ADOPTED.
FEBRUARY 10, 1993	PRINTING REPORT.
FEBRUARY 12, 1993	SECOND READING, DO PASS.
FEBRUARY 13, 1993	ENGROSSING REPORT.
FEBRUARY 15, 1993	THIRD READING, PASSED. AYES, 95; NOES, 4.
FEBRUARY 16, 1993	TRANSMITTED TO SENATE.

IN THE SENATE

FEBRUARY 20, 1993	INTRODUCED AND REFERRED TO COMMITTEE ON STATE ADMINISTRATION.
	FIRST READING.
MARCH 6, 1993	COMMITTEE RECOMMEND BILL BE CONCURRED IN. REPORT ADOPTED.
MARCH 8, 1993	ON MOTION, CONSIDERATION PASSED FOR THE DAY.
MARCH 9, 1993	SECOND READING, CONCURRED IN.
MARCH 10, 1993	THIRD READING, CONCURRED IN. AYES, 43; NOES, 3.
	RETURNED TO HOUSE.

IN THE HOUSE

MARCH 16, 1993	RECEIVED FROM SENATE.
	SENT TO ENROLLING.

REPORTED CORRECTLY ENROLLED.

1 Tim Sayles House BILL NO. 435
 2 INTRODUCED BY A. Felton
 3 BY REQUEST OF THE DEPARTMENT OF ADMINISTRATION

4
 5 A BILL FOR AN ACT ENTITLED: "AN ACT REQUIRING A REPORT TO
 6 THE 54TH LEGISLATURE ON THE FUNDING AVAILABLE IN THE
 7 VOLUNTEER FIREFIGHTERS' FUND; CLARIFYING THE CRITERIA FOR
 8 THE RECEIPT OF PARTIAL PENSION BENEFITS BY A VOLUNTEER
 9 FIREFIGHTER; REVISING THE PROCEDURE FOR CALCULATING PARTIAL
 10 PENSION BENEFITS; REMOVING THE LIMIT ON THE MONTHLY PENSION
 11 AMOUNT A VOLUNTEER FIREFIGHTER MAY RECEIVE; AMENDING
 12 SECTIONS 19-12-202, 19-12-401, AND 19-12-404, MCA; AND
 13 PROVIDING AN EFFECTIVE DATE."

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

16 **Section 1.** Section 19-12-202, MCA, is amended to read:

17 "19-12-202. Reports of board. (1) The board shall, not
 18 later than November 1 of each year, make a report to the
 19 governor covering the operations and proceedings for the
 20 prior fiscal year relative to its administration of the
 21 Volunteer Firefighters' Compensation Act and the volunteer
 22 firefighters' pension plan, with such suggestions or
 23 recommendations as it may consider of value for public
 24 information.

25 (2) Copies of all such reports shall be made available

1 by the board to the chief or other representative of any
 2 volunteer fire company or companies which may at any time
 3 request them.

4 (3) By January 10, ~~1993~~ 1995, the board shall provide
 5 to the 53rd 54th legislature a report on the funding
 6 available in the volunteer firefighters' fund for benefits
 7 provided under the Volunteer Firefighters' Compensation Act.
 8 The legislature shall review the sufficiency of the fund to
 9 provide the current level of benefits and may eliminate,
 10 modify, or continue the benefit levels provided in
 11 19-12-404."

12 **Section 2.** Section 19-12-401, MCA, is amended to read:

13 "19-12-401. Eligibility for pension benefits. In order
 14 to qualify for participation in the volunteer firefighters'
 15 pension plan under 19-12-404, a volunteer firefighter must
 16 shall meet each of the following requirements:

17 (1) (a) To qualify for full participation, he a
 18 volunteer firefighter must have completed a total of at
 19 least 20 years' service as an active volunteer firefighter
 20 and as an active member of a qualified volunteer fire
 21 company.

22 (b) If a firefighter is prevented from completing at
 23 least 20 years' service by ~~dissolution or discontinuance of~~
 24 ~~his volunteer fire company, personal relocation due to~~
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1 other--factor--beyond--his--reasonable---control, he the
 2 firefighter may qualify for partial participation if he the
 3 firefighter has completed at least 10 years' service and has
 4 attained the age of 60. In that event, he the firefighter is
 5 eligible for only a proportion of the benefits specified in
 6 19-12-404, determined by multiplying the benefits by a
 7 fraction, the numerator of which is the number of years of
 8 active service completed and the denominator of which is 20.

9 (c) The years of active service are cumulative and need
 10 not be continuous. The service need not be acquired with one
 11 single fire company but may be a total of separate periods
 12 of active service with different fire companies in different
 13 fire districts.

14 (d) Effective March 1, 1965, the annual period of
 15 service for the purpose of this chapter is the fiscal year.
 16 No A fractional part of any year may not count toward the
 17 service requirement, and to receive credit for any
 18 particular year, a volunteer firefighter must shall serve
 19 with one particular volunteer fire company throughout that
 20 entire fiscal year.

21 (2) (a) Except as provided in subsection (2)(b), in
 22 order to receive pension benefits, he a firefighter must
 23 have attained the age of 55, but he need not be an active
 24 volunteer firefighter or an active member of any volunteer
 25 fire company when he-reaches that age is reached.

1 (b) An active member of a volunteer fire company whose
 2 duty-related injury results in a permanent total disability
 3 as defined in 39-71-116 is eligible, regardless of age, to
 4 receive a partial pension ~~regardless-of-his-age~~ calculated
 5 as follows:

6 (i) for a member with less than 10 years of service, a
 7 pension calculated as provided in subsection (1)(b) in which
 8 the numerator equals 10; or

9 (ii) for a member with 10 years or more of service, a
 10 pension calculated as provided in subsection (1)(b).

11 (3) During each of the years for which he-claims credit
 12 is claimed under subsection (1), he a firefighter must have
 13 completed a minimum of 30 hours of instruction in matters
 14 pertaining to firefighting under a program formulated and
 15 supervised by the chief or foreman of his the volunteer fire
 16 company.

17 (4) Effective July 1, 1965, no a volunteer firefighter
 18 may not receive credit for any year of membership in a
 19 volunteer fire company unless, throughout the year:

20 (a) the company maintained firefighting equipment in
 21 serviceable condition of a value of \$2,500 or more; and

22 (b) the company or the fire district served by it was
 23 rated in class 5, 6, 7, 8, 9, or 10 by the board of fire
 24 underwriters for the purpose of fire insurance premium
 25 rates.

(5) He In order to receive pension benefits, a firefighter must have ceased to be an active member of any volunteer fire company, and if he the firefighter applies for and receives pension benefits hereunder under this part, he ~~will not thereafter be the firefighter~~ is not eligible to become an active member of any volunteer fire company."

Section 3. Section 19-12-404, MCA, is amended to read:

"19-12-404. Pension benefits. (1) Each person who meets the requirements set forth in 19-12-401 or, in the case of a beneficiary, 19-12-405(1) and who has completed and filed a claim as provided in 19-12-403 is entitled to participate in the volunteer firefighters' pension plan and to receive payments as provided in this section.

(2) The payments ~~shall~~ must be computed each year in the following manner:

(a) For fiscal years ~~1992~~ 1994 and ~~1993~~ 1995, the base benefit level is ~~established at~~ \$120 per month for each retiree qualifying for full participation under the provisions of 19-12-401(1)(a). Partial participation is calculated under the provisions of 19-12-401(1)(b).

(b) Whenever at the close of business on the last day of a fiscal year there is a balance in the volunteer firefighters' fund in excess of \$6 million, the board shall set aside the amount to be paid to each qualifying claimant.

~~(c) The total pension payable to a qualified claimant~~

~~under this section may not exceed \$200 per month, and the amount to be set aside from the volunteer firefighters' fund may not exceed the amount necessary to pay the maximum of \$200 per month to each claimant qualified as of the beginning of the fiscal year during which the payments are to be made.~~

~~(d)~~ (c) For the purpose of computation and payment of benefits under this section, if children of a volunteer firefighter become eligible for benefits, all the children of the volunteer firefighter ~~shall~~ must be treated collectively as one claimant.

(3) If the amount of the benefit for a qualified claimant is at least \$20 per month throughout the succeeding fiscal year, the pension ~~shall~~ must be paid monthly on or before the last day of each month. If the amount of the benefit for a qualified claimant is less than \$20 per month, the qualified claimant's full pension for that year ~~shall~~ must be paid ~~to him~~ in one lump payment on or before December 15 of that year."

NEW SECTION. Section 4. Effective date. [This act] is effective July 1, 1993.

-End-

STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for HB0435, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

The bill continues full participation benefits from the Volunteer Firefighters' Pension Fund at \$120/month during the next biennium while the agency continues to study the sufficiency of the fund to sustain fixed benefit payments. It also revises the eligibility requirements and procedure for applying for partial pension benefits.


ASSUMPTIONS:

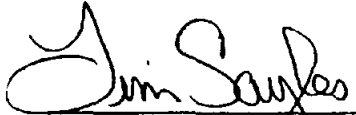
1. Current law sets pension benefit amounts for FY92 and FY93 and is silent with respect to subsequent years. Therefore, the current law column below reflects the termination of pension benefit payments. However, benefits for deaths, some disabilities, and for insurance payments would continue to be paid.
2. The proposed law would reauthorize pension benefits at the current full participation rate of \$120/month.
3. The proposed law would also reauthorize partial pension benefits and eliminates the involuntary termination of service requirement. It is assumed that no additional individuals would become eligible for partial pension benefits due to this change in eligibility requirements.
4. The average new retiree has 17 years of service and would be eligible for a 85% participation benefit of \$102/month. The number of retirees will increase by 6% per year.
5. Pension benefit adjustments funded by the general fund are 2.5% of total benefits paid during the preceding calendar year. 2.5% of the previous calendar year benefits will be paid into the pension trust fund and then paid out to retirees as increased benefits on March 31 of each year.
6. This bill does not impact payments from the Insurance Premium Tax Fund to the Volunteer Firefighters' Pension Trust Fund.

FISCAL IMPACT:

The fiscal impact shown below is relative to current law which allows pension benefits to sunset in the 1995 biennium. HB0435 would reauthorize pension benefits in the 1995 biennium consistent with amounts being paid in the current biennium.

	<u>FY '94</u>			<u>FY '95</u>		
	<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>						
Pension Benefits (09)	\$36,790	\$798,118	\$761,328	\$36,790	\$843,406	\$806,616
Pension Adjustments (01)	17,490	17,490	-0-	1,357	19,953	18,596

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

 2-11-93
 TIM SAYLES, PRIMARY SPONSOR DATE

Fiscal Note for HB0435, as introduced

HB 435

APPROVED BY COMMITTEE
ON STATE ADMINISTRATION

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2 INTRODUCED BY *Tim Saylor*
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NEW SECTION. Section 4. Effective date. [This act] is effective July 1, 1993.

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other--factor--beyond--his--reasonable---control, he the firefighter may qualify for partial participation if he the firefighter has completed at least 10 years' service and has attained the age of 60. In that event, he the firefighter is eligible for only a proportion of the benefits specified in 19-12-404, determined by multiplying the benefits by a fraction, the numerator of which is the number of years of active service completed and the denominator of which is 20.

(c) The years of active service are cumulative and need not be continuous. The service need not be acquired with one single fire company but may be a total of separate periods of active service with different fire companies in different fire districts.

(d) Effective March 1, 1965, the annual period of service for the purpose of this chapter is the fiscal year. No A fractional part of any year may not count toward the service requirement, and to receive credit for any particular year, a volunteer firefighter must shall serve with one particular volunteer fire company throughout that entire fiscal year.

(2) (a) Except as provided in subsection (2)(b), in order to receive pension benefits, he a firefighter must have attained the age of 55, but he need not be an active volunteer firefighter or an active member of any volunteer fire company when he-reaches that age is reached.

(b) An active member of a volunteer fire company whose duty-related injury results in a permanent total disability as defined in 39-71-116 is eligible, regardless of age, to receive a partial pension regardless-of-his-age calculated as follows:

(i) for a member with less than 10 years of service, a pension calculated as provided in subsection (1)(b) in which the numerator equals 10; or

(ii) for a member with 10 years or more of service, a pension calculated as provided in subsection (1)(b).

(3) During each of the years for which he-claims credit is claimed under subsection (1), he a firefighter must have completed a minimum of 30 hours of instruction in matters pertaining to firefighting under a program formulated and supervised by the chief or foreman of his the volunteer fire company.

(4) Effective July 1, 1965, no a volunteer firefighter may not receive credit for any year of membership in a volunteer fire company unless, throughout the year:

(a) the company maintained firefighting equipment in serviceable condition of a value of \$2,500 or more; and

(b) the company or the fire district served by it was rated in class 5, 6, 7, 8, 9, or 10 by the board of fire underwriters for the purpose of fire insurance premium rates.

(5) He In order to receive pension benefits, a firefighter must have ceased to be an active member of any volunteer fire company, and if he the firefighter applies for and receives pension benefits hereunder under this part, ~~he will not thereafter be the firefighter is not~~ eligible to become an active member of any volunteer fire company."

Section 3. Section 19-12-404, MCA, is amended to read:

"19-12-404. Pension benefits. (1) Each person who meets the requirements set forth in 19-12-401 or, in the case of a beneficiary, 19-12-405(1) and who has completed and filed a claim as provided in 19-12-403 is entitled to participate in the volunteer firefighters' pension plan and to receive payments as provided in this section.

(2) The payments ~~shall~~ must be computed each year in the following manner:

(a) For fiscal years ~~1992~~ 1994 and ~~1993~~ 1995, the base benefit level is ~~established at~~ \$120 per month for each retiree qualifying for full participation under the provisions of 19-12-401(1)(a). Partial participation is calculated under the provisions of 19-12-401(1)(b).

(b) Whenever at the close of business on the last day of a fiscal year there is a balance in the volunteer firefighters' fund in excess of \$6 million, the board shall set aside the amount to be paid to each qualifying claimant.

~~{c}--The--total--pension-payable-to-a-qualified-claimant~~

~~under this section may not exceed \$200 per month and the amount to be set aside from the volunteer firefighters' fund may not exceed the amount necessary to pay the maximum of \$200 per month to each claimant qualified as of the beginning of the fiscal year during which the payments are to be made.~~

~~{d}~~ (c) For the purpose of computation and payment of benefits under this section, if children of a volunteer firefighter become eligible for benefits, all the children of the volunteer firefighter ~~shall~~ must be treated collectively as one claimant.

(3) If the amount of the benefit for a qualified claimant is at least \$20 per month throughout the succeeding fiscal year, the pension ~~shall~~ must be paid monthly on or before the last day of each month. If the amount of the benefit for a qualified claimant is less than \$20 per month, the qualified claimant's full pension for that year ~~shall~~ must be paid ~~to him~~ in one lump payment on or before December 15 of that year."

NEW SECTION. **Section 4.** Effective date. [This act] is effective July 1, 1993.

-End-