

HOUSE BILL 586

Introduced by Barnett

2/10	Introduced
2/10	Referred to State Administration
2/10	First Reading
2/11	Fiscal Note Requested
2/15	Fiscal Note Received
2/16	Hearing
2/16	Fiscal Note Printed
2/19	Committee Report--Bill Passed
2/20	2nd Reading Passed as Amended
2/20	Taken From Engrossing and Rereferred to Appropriations
3/12	Tabled in Committee

1 House BILL NO. 586  
2 INTRODUCED BY Burnett  
3  
4 A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING THAT MEMBERS  
5 OF THE PUBLIC EMPLOYEES' AND TEACHERS' RETIREMENT SYSTEMS  
6 WHOSE MEMBERSHIP SERVICE WAS INTERRUPTED DUE TO MILITARY  
7 SERVICE IN OPERATION DESERT SHIELD OR DESERT STORM MUST  
8 RECEIVE SERVICE CREDIT FOR THE ABSENCE AT NO COST TO THE  
9 EMPLOYEE; AMENDING SECTIONS 19-3-502 AND 19-4-404, MCA; AND  
10 PROVIDING A RETROACTIVE APPLICABILITY DATE."

11  
12 STATEMENT OF INTENT

13 A statement of intent is required for this bill because  
14 [section 3] authorizes the public employees' and the  
15 teachers' retirement boards to adopt rules to implement the  
16 provisions of this bill.

17 It is the intent of the legislature to provide an active  
18 member of the public employees' retirement system or the  
19 teachers' retirement system, whose active service was  
20 interrupted because the member was called to active military  
21 duty to participate in operation desert shield or desert  
22 storm, with service credit at no cost to the member. It is  
23 the further intent of the legislature that the member's  
24 employer shall pay the entire cost of qualifying the period  
25 of service during which the member was absent. However, to

1 be eligible for this benefit, the member must have returned  
2 to active membership service under the retirement system  
3 within 90 days of the member's release from active military  
4 duty.

5 If an active member has already made contributions to  
6 qualify this period of military service as required by law,  
7 the member is entitled to a refund.

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

10 Section 1. Section 19-3-502, MCA, is amended to read:

11 "19-3-502. Absence in military service. (1) Any A  
12 period of absence from compensated employment with an  
13 employer for one of the following reasons, occurring either  
14 during a war involving the United States as a belligerent or  
15 during any other national emergency and 90 days thereafter,  
16 is considered service for the purpose of qualification for  
17 retirement and death benefits but not for calculation of  
18 retirement benefits:

19 (a) by reason of having been ordered on duty with the  
20 armed forces of the United States;

21 (b) by reason of voluntary service in said the armed  
22 forces or on ships operated by or for the United States  
23 government; or

24 (c) by reason of direct assignment to the department of  
25 defense for duties pursuant to the national defense efforts

where a leave of absence has been granted by the employer.

(2) Any (a) Except as provided under subsection (2)(b), a member so absent ~~has the right to~~ for military service under subsection (1) may contribute to the retirement system, either during his the member's period of absence or upon his the member's return to service, at times and in the manner fixed by the board, amounts equal to the contributions which that would have been made by him the member to the system on the basis of his the member's compensation at the commencement of his the member's absence. If he the member does contribute, he the member shall receive service credit for service-for-such the time in the same manner as if he the member had not been absent from service. Whenever a member elects to continue-his make these contributions, the employer shall thereupon contribute an amount equal to what its employer contributions would have been had the member not been absent from service.

(b) The employer of a member who was absent due to active duty military service in operation desert shield or desert storm at any time during the period between August 2, 1990, and September 1, 1991, and who returned to active membership in the retirement system within 90 days of release from active duty shall contribute, at times and in the manner fixed by the board, amounts equal to the employer and employee contributions that would have been made had the

member not been absent. The amounts must be based on the member's compensation when the member's absence commenced. A member who is eligible for service credit under this subsection and who has made employee contributions under subsection (2)(a) is entitled to a refund of the member's contributions.

(3) Any member so-absent whose absence is covered under this section loses the right to contribute under this section if all of his the member's accumulated normal contributions are refunded pursuant to 19-3-703."

**Section 2.** Section 19-4-404, MCA, is amended to read:

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

(2) (a) if Except as provided in subsections (2)(b) and (2)(c), if a member is ineligible for service credit under subsection (1), he the member may apply under the provisions

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

(b) The employer of a member who is ineligible for service credit under subsection (1), whose absence was due to active duty military service in operation desert shield or desert storm at any time during the period between August 2, 1990, and September 1, 1991, and who returns to active

membership in the retirement system within 90 days of release from active duty shall contribute, at times and in the manner fixed by the board, amounts equal to the employer and employee contributions that would have been made had the member not been absent. The amounts must be based on the member's compensation when the member's absence commenced. A member who is eligible for creditable service under this subsection and who has made contributions under subsection (2)(a) is entitled to a refund of the contributions.

(c) If a member elects to purchase additional service under 19-4-412, service purchased under this subsection (2) may be used only for the purpose of calculating his the member's retirement allowance and may not be considered creditable service for the purpose of determining eligibility under 19-4-801 or 19-4-802.

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

**NEW SECTION. Section 3. Rulemaking authority.** The public employees' retirement board may adopt rules to implement 19-3-502, and the teachers' retirement board may adopt rules to implement 19-4-404.

**NEW SECTION. Section 4. Retroactive applicability.** [This act] applies retroactively, within the meaning of

LC 1304/01

1 1-2-109, to occurrences after August 2, 1990.

2 NEW SECTION. **Section 5.** Codification instruction.

3 [Section 3] is intended to be codified as an integral part  
4 of Title 19, chapter 3, and the provisions of Title 19,  
5 chapter 3, apply to [section 3].

-End-

## STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for HB0586, as introduced.

**DESCRIPTION OF PROPOSED LEGISLATION:** A bill providing active members of the Public Employees' and Teachers' Retirement Systems full membership service credit for their active duty military service in Operations Desert Shield or Desert Storm at no cost to the member, requiring the member's employer to pay both the employee and employer contributions, and providing refunds to those members who have already paid for the service.

**ASSUMPTIONS:****Public Employees Retirement System (PERS):**

1. A total of 38 persons had their PERS service interrupted by military service for Operations Desert Shield or Desert Storm. Of those, 34 have already paid the employee contributions to PERS for this service and would receive refunds totalling \$20,590; 2 have not paid any contributions; and 2 are no longer members of the retirement system.
2. The employers of the 34 affected members who have already paid would be required to pay amounts equal to the employee share due, but have already paid the employer contributions. The employers of the 2 affected members who have not paid would be required to pay both the employee and the employer contributions to PERS.

**Teachers Retirement System (TRS):**

1. To date, four TRS members have been identified; additional members may be identified if the proposed legislation is enacted. An approximate number of members who had their service interrupted due to military service in Operation Desert Shield or Desert Storm cannot be determined at this time.
2. The employer of any member who lost service credit would pay the full cost. Therefore, there is no fiscal impact on the unfunded liabilities of the TRS although there would be a fiscal impact to TRS employers responsible for making both the employer and employee contributions.

**FISCAL IMPACT:****PERS:**

	FY '94			FY '95		
	Current Law	Proposed Law	Difference	Current Law	Proposed Law	Difference
<b>Expenditures:</b>						
Refunds of member contributions	9,500,000	9,520,590	20,590	9,500,000	9,500,000	0
<b>Funding: Employer Contributions:</b>						
State Agencies	14,851,820	14,870,585	18,765	15,223,116	15,223,116	0
Local Governments	18,936,071	18,941,394	5,323	19,409,472	19,409,472	0
University System	3,341,660	3,341,660	0	3,425,201	3,425,201	0
Total	37,129,551	37,153,639	24,088	38,057,789	38,057,789	0

(Continued)

*DAVID LEWIS* 2-15-93  
 DAVID LEWIS, BUDGET DIRECTOR DATE  
 Office of Budget and Program Planning

*2-16-93*  
 JOE BARNETT, PRIMARY SPONSOR DATE

Fiscal Note for HB0586, as introduced*HB 586*

NET IMPACT:

**PERS:**

	<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>
PERS Trust Fund			3,490			0
General Fund			(7,506)			0
Other State Funds			(11,259)			0

**TRS:**

Undetermined at this time.

LONG-RANGE EFFECTS OF PROPOSED LEGISLATION:

No effect on the actuarial position of either PERS or TRS.

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

The following local government jurisdictions including school districts have identifiable fiscal impact related to additional employer contributions:

**PERS:**

Flathead County	843.85
Butte/Silver Bow	1,730.90
Glendive	1,422.66
Lewistown	612.46
Thompson Falls	94.64
S.D. #37, Shepherd	618.28

**TRS:**

No. 50 Kalispell	2,940.00
No. 3 Manhattan	2,848.00
No. 7 Bozeman	2,466.00
No. 1 Lewistown	5,154.00

HB586

APPROVED BY COMMITTEE  
ON STATE ADMINISTRATION

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20 interrupted because the member was called to active military  
21 duty to participate in operation desert shield or desert  
22 storm, with service credit at no cost to the member. It is  
23 the further intent of the legislature that the member's  
24 employer shall pay the entire cost of qualifying the period  
25 of service during which the member was absent. However, to

1 be eligible for this benefit, the member must have returned  
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4 duty.

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15 during any other national emergency and 90 days thereafter,  
16 is considered service for the purpose of qualification for  
17 retirement and death benefits but not for calculation of  
18 retirement benefits:

19 (a) by reason of having been ordered on duty with the  
20 armed forces of the United States;

21 (b) by reason of voluntary service in said the armed  
22 forces or on ships operated by or for the United States  
23 government; or

24 (c) by reason of direct assignment to the department of  
25 defense for duties pursuant to the national defense efforts



where a leave of absence has been granted by the employer.

(2) Any (a) Except as provided under subsection (2)(b), a member so absent ~~has-the-right-to~~ for military service under subsection (1) may contribute to the retirement system, either during his the member's period of absence or upon his the member's return to service, at times and in the manner fixed by the board, amounts equal to the contributions which that would have been made by him the member to the system on the basis of his the member's compensation at the commencement of his the member's absence. If he the member does contribute, he the member shall receive service credit for service-for-such the time in the same manner as if he the member had not been absent from service. Whenever a member elects to ~~continue-his~~ make these contributions, the employer shall thereupon contribute an amount equal to what its employer contributions would have been had the member not been absent from service.

(b) The employer of a member who was absent due to active duty military service in operation desert shield or desert storm at any time during the period between August 2, 1990, and September 1, 1991, and who returned to active membership in the retirement system within 90 days of release from active duty shall contribute, at times and in the manner fixed by the board, amounts equal to the employer and employee contributions that would have been made had the

member not been absent. The amounts must be based on the member's compensation when the member's absence commenced. A member who is eligible for service credit under this subsection and who has made employee contributions under subsection (2)(a) is entitled to a refund of the member's contributions.

(3) Any member ~~so-absent~~ whose absence is covered under this section loses the right to contribute under this section if all of his the member's accumulated ~~normal~~ contributions are refunded pursuant to 19-3-703."

**Section 2.** Section 19-4-404, MCA, is amended to read:

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

(2) (a) If Except as provided in subsections (2)(b) and (2)(c), if a member is ineligible for service credit under subsection (1), he the member may apply under the provisions

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

(b) The employer of a member who is ineligible for service credit under subsection (1), whose absence was due to active duty military service in operation desert shield or desert storm at any time during the period between August 2, 1990, and September 1, 1991, and who returns to active

membership in the retirement system within 90 days of release from active duty shall contribute, at times and in the manner fixed by the board, amounts equal to the employer and employee contributions that would have been made had the member not been absent. The amounts must be based on the member's compensation when the member's absence commenced. A member who is eligible for creditable service under this subsection and who has made contributions under subsection (2)(a) is entitled to a refund of the contributions.

(c) If a member elects to purchase additional service under 19-4-412, service purchased under this subsection (2) may be used only for the purpose of calculating his the member's retirement allowance and may not be considered creditable service for the purpose of determining eligibility under 19-4-801 or 19-4-802.

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

NEW SECTION. Section 3. Rulemaking authority. The public employees' retirement board may adopt rules to implement 19-3-502, and the teachers' retirement board may adopt rules to implement 19-4-404.

NEW SECTION. Section 4. Retroactive applicability. [This act] applies retroactively, within the meaning of

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1 1-2-109, to occurrences after August 2, 1990.

2 NEW SECTION. **Section 5.** Codification instruction.  
3 [Section 3] is intended to be codified as an integral part  
4 of Title 19, chapter 3, and the provisions of Title 19,  
5 chapter 3, apply to [section 3].

-End-

HOUSE BILL NO. 586

INTRODUCED BY BARNETT

A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING THAT MEMBERS OF THE PUBLIC EMPLOYEES' AND TEACHERS' RETIREMENT SYSTEMS WHOSE MEMBERSHIP SERVICE WAS INTERRUPTED DUE TO MILITARY SERVICE IN OPERATION DESERT SHIELD OR DESERT STORM MUST RECEIVE SERVICE CREDIT FOR THE ABSENCE AT NO COST TO THE EMPLOYEE; ALLOWING ACTIVE MEMBERS OF THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM TO RECEIVE CREDITABLE SERVICE FOR CERTAIN MILITARY SERVICE AT NO COST TO THE MEMBER; ADJUSTING THE EMPLOYER CONTRIBUTION RATE; AMENDING SECTIONS 19-3-502, 19-3-503, 19-3-801, AND 19-4-404, MCA; AND PROVIDING EFFECTIVE DATES AND A RETROACTIVE APPLICABILITY DATE."

STATEMENT OF INTENT

A statement of intent is required for this bill because [section 3] authorizes the public employees' and the teachers' retirement boards to adopt rules to implement the provisions of this bill.

It is the intent of the legislature to provide an active member of the public employees' retirement system or the teachers' retirement system, whose active service was interrupted because the member was called to active military duty to participate in operation desert shield or desert

storm, with service credit at no cost to the member. It is the further intent of the legislature that the member's employer shall pay the entire cost of qualifying the period of service during which the member was absent. However, to be eligible for this benefit, the member must have returned to active membership service under the retirement system within 90 days of the member's release from active military duty.

If an active member has already made contributions to qualify this period of military service as required by law, the member is entitled to a refund.

IT IS ALSO THE INTENT OF THE LEGISLATURE TO PROVIDE TO ACTIVE MEMBERS OF THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM THE SAME CONSIDERATION THAT IS AFFORDED TO ACTIVE MEMBERS OF THE TEACHERS' RETIREMENT SYSTEM WITH RESPECT TO ALLOWING 4 YEARS OF MILITARY SERVICE TO BE QUALIFIED AS CREDITABLE SERVICE AT NO COST TO THE MEMBER.

IT IS FURTHER THE INTENT OF THE LEGISLATURE THAT ACTIVE MEMBERS OF THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM WHO HAVE PURCHASED 4 YEARS OF CREDITABLE MILITARY SERVICE PRIOR TO THE ENACTMENT OF THIS BILL WILL RECEIVE A REFUND, BUT ONLY IF THE ELIGIBLE MEMBERS APPLY WITHIN THE APPLICATION PERIOD PROVIDED FOR IN THIS BILL. THE APPLICATION PERIOD IS NECESSARY TO ACCURATELY DETERMINE THE COST TO THE EMPLOYER OF PROVIDING THE REFUNDS.

THE LEGISLATURE REQUESTS THAT THE PUBLIC EMPLOYEES' RETIREMENT BOARD PRESENT LEGISLATION TO THE 54TH LEGISLATURE TO ADJUST THE EMPLOYER CONTRIBUTION INCLUDED IN THIS BILL IN ORDER TO FUND THE BENEFIT, IF AN ADJUSTMENT IS NECESSARY. THE PURPOSE OF THE ADJUSTMENT WOULD BE TO ENSURE THAT THE INCREASE IN THE EMPLOYER CONTRIBUTION INCLUDED IN THIS BILL IS EQUAL TO THE AMOUNT NECESSARY TO FUND THE BENEFIT.

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

**Section 1.** Section 19-3-502, MCA, is amended to read:

"19-3-502. Absence in military service. (1) Any A period of absence from compensated employment with an employer for one of the following reasons, occurring either during a war involving the United States as a belligerent or during any other national emergency and 90 days thereafter, is considered service for the purpose of qualification for retirement and death benefits but not for calculation of retirement benefits:

(a) by reason of having been ordered on duty with the armed forces of the United States;

(b) by reason of voluntary service in said the armed forces or on ships operated by or for the United States government; or

(c) by reason of direct assignment to the department of defense for duties pursuant to the national defense efforts

where a leave of absence has been granted by the employer.

(2) Any (a) Except as provided under subsection (2)(b), a member so absent has-the-right--to for military service under subsection (1) may contribute to the retirement system, either during his the member's period of absence or upon his the member's return to service, at times and in the manner fixed by the board, amounts equal to the contributions which that would have been made by him the member to the system on the basis of his the member's compensation at the commencement of his the member's absence. If he the member does contribute, he the member shall receive service credit for service-for-such the time in the same manner as if he the member had not been absent from service. Whenever a member elects to continue-his make these contributions, the employer shall thereupon contribute an amount equal to what its employer contributions would have been had the member not been absent from service.

(b) The employer of a member who was absent due to active duty military service in operation desert shield or desert storm at any time during the period between August 2, 1990, and September 1, 1991, and who returned to active membership in the retirement system within 90 days of release from active duty shall contribute, at times and in the manner fixed by the board, amounts equal to the employer and employee contributions that would have been made had the

member not been absent. The amounts must be based on the member's compensation when the member's absence commenced. A member who is eligible for service credit under this subsection and who has made employee contributions under subsection (2)(a) is entitled to a refund of the member's contributions.

(3) Any member ~~so-absent~~ whose absence is covered under this section loses the right to contribute under this section if all of his the member's accumulated ~~normal~~ contributions are refunded pursuant to 19-3-703."

**Section 2.** Section 19-4-404, MCA, is amended to read:

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

(2) (a) If Except as provided in subsections (2)(b) and (2)(c), if a member is ineligible for service credit under subsection (1), he the member may apply under the provisions

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

(b) The employer of a member who is ineligible for service credit under subsection (1), whose absence was due to active duty military service in operation desert shield or desert storm at any time during the period between August 2, 1990, and September 1, 1991, and who returns to active

1 membership in the retirement system within 90 days of  
 2 release from active duty shall contribute, at times and in  
 3 the manner fixed by the board, amounts equal to the employer  
 4 and employee contributions that would have been made had the  
 5 member not been absent. The amounts must be based on the  
 6 member's compensation when the member's absence commenced. A  
 7 member who is eligible for creditable service under this  
 8 subsection and who has made contributions under subsection  
 9 (2)(a) is entitled to a refund of the contributions.

10 (c) If a member elects to purchase additional service  
 11 under 19-4-412, service purchased under this subsection (2)  
 12 may be used only for the purpose of calculating his the  
 13 member's retirement allowance and may not be considered  
 14 creditable service for the purpose of determining  
 15 eligibility under 19-4-801 or 19-4-802.

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

20 NEW SECTION. Section 3. Rulemaking authority. The  
 21 public employees' retirement board may adopt rules to  
 22 implement 19-3-502, and the teachers' retirement board may  
 23 adopt rules to implement 19-4-404.

24 SECTION 4. SECTION 19-3-503, MCA, IS AMENDED TO READ:  
 25 "19-3-503. Election to qualify military service for

1 full credit. (1) (a) Subject to the provisions of subsection  
 2 (1)(b), an active member may receive up to 4 years of  
 3 creditable service without cost for active service in the  
 4 armed forces of the United States, which includes the army,  
 5 navy, marine corps, air force, and coast guard, during the  
 6 Korean conflict between June 1, 1950, and January 31, 1955,  
 7 and the Vietnam conflict between December 22, 1961, and May  
 8 7, 1975, dates inclusive, if the member has 5 years or more  
 9 of creditable service in the retirement system. To qualify  
 10 service under this subsection, an active member shall submit  
 11 to the board a completed application form and proper  
 12 certification of the member's military service.

13 (b) In order to receive a refund for military service  
 14 purchased by the member prior to July 1, 1993, but for which  
 15 the member may qualify at no cost under subsection (1)(a),  
 16 an active member shall apply in writing to the board before  
 17 July 1, 1994.

18 (2) (a) A member with 10 years or more of state service  
 19 qualified under this chapter may, at any time prior to  
 20 retirement, make a written election with the board to  
 21 qualify all or any portion of his the member's active  
 22 service in the armed forces of the United States, including  
 23 the first special service force or the American merchant  
 24 marine in oceangoing service during the period of armed  
 25 conflict, December 7, 1941, to August 15, 1945, for the

1 purpose of calculating retirement benefits, up to a maximum  
2 of 5 years, if he the member is not otherwise eligible to  
3 receive credit for this same service pursuant to 19-3-502 or  
4 subsection (1) of this section.

5 (b) To qualify this service he the member must  
6 contribute to the retirement fund the amount determined by  
7 the board to be due based on his the member's compensation  
8 and normal contribution rate as of his the member's 11th  
9 year and as many succeeding years as are required to qualify  
10 this service, with interest from the date he the member  
11 becomes eligible for this benefit to the date he ~~contributes~~  
12 payment is completed. He A member may not qualify more of  
13 this service than he ~~has state~~ the member's total membership  
14 service in excess of 10 years.

15 ~~(2)(3)~~ (3) If a member has retired from active duty in the  
16 armed forces of the United States, including the first  
17 special service force or the American merchant marine in  
18 oceangoing service during the period of armed conflict,  
19 December 7, 1941, to August 15, 1945, with a normal service  
20 retirement benefit, he the member may not qualify his  
21 military service under ~~subsection--(1)--of~~ this section.  
22 However, a member who is serving or has served in the  
23 military reserves with the expectation of receiving a  
24 military service pension may qualify his active military  
25 service under ~~subsection--(1)--of~~ this section if his the

1 member's active duty in the armed forces of the United  
2 States, including the first special service force or the  
3 American merchant marine in oceangoing service during the  
4 armed conflict, December 7, 1941, to August 15, 1945, is not  
5 more than 25% of the total sum of all ~~years-of~~ the member's  
6 military service including reserve and active duty time."

7 **SECTION 5. SECTION 19-3-801, MCA, IS AMENDED TO READ:**

8 "19-3-801. Employer contribution rates -- actuarial  
9 determination. (1) Each employer shall contribute to the  
10 cost of benefits under the system. The amount of the  
11 employer contributions ~~shall~~ must be computed by applying to  
12 member's compensation the sum of the current service  
13 contribution rate and the unfunded liability contribution  
14 rate. The sum of these rates is ~~6.417% from July 1, 1983 to~~  
15 ~~June 30, 1992, The sum of the rates increases to 6.55% on~~  
16 ~~July 1, 1992, and to 6.70% 6.83% on July 1, 1993.~~

17 (2) The actuary shall determine the current service  
18 contribution rate to be that level percentage of the present  
19 value of the future compensation of the average new member  
20 entering the system which equals the then present value of  
21 the excess of all prospective benefits in respect of such  
22 the member over the member's own normal contributions.

23 (3) The actuary shall determine the minimum unfunded  
24 liability contribution rate to be that level percentage of  
25 the present value of the prospective compensation of all



1 active members for the 40-year period following the date of  
 2 the determination which is equal to the unfunded liability  
 3 on that date. The unfunded liability at any time is the  
 4 excess of the present value of all future benefits payable  
 5 in respect of all persons then entitled to benefits under  
 6 the system over the sum of the retirement fund and the  
 7 present values of the future current service contributions  
 8 and normal contributions payable in respect of all such  
 9 persons."

10 NEW SECTION. Section 6. Retroactive applicability.

11 {~~This---act~~}---applies [SECTIONS 1 THROUGH 3] APPLY  
 12 retroactively, within the meaning of 1-2-109, to occurrences  
 13 after August 2, 1990.

14 NEW SECTION. Section 7. Codification instruction.

15 [Section 3] is intended to be codified as an integral part  
 16 of Title 19, chapter 3, and the provisions of Title 19,  
 17 chapter 3, apply to [section 3].

18 NEW SECTION. SECTION 8. EFFECTIVE DATE. [SECTIONS 4

19 AND 5] ARE EFFECTIVE JULY 1, 1993.

-End-