

HOUSE BILL NO. 601  
INTRODUCED BY SCHYE

IN THE HOUSE

FEBRUARY 12, 1993	INTRODUCED AND REFERRED TO COMMITTEE ON STATE ADMINISTRATION.
	FIRST READING.
FEBRUARY 19, 1993	COMMITTEE RECOMMEND BILL DO PASS. REPORT ADOPTED.
FEBRUARY 20, 1993	PRINTING REPORT.
	SECOND READING, DO PASS.
	ON MOTION, REREFERRED TO COMMITTEE ON APPROPRIATIONS.
FEBRUARY 22, 1993	ENGROSSING REPORT.
MARCH 17, 1993	COMMITTEE RECOMMEND BILL DO PASS. REPORT ADOPTED.
MARCH 18, 1993	PRINTING REPORT.
MARCH 23, 1993	SECOND READING, DO PASS.
MARCH 24, 1993	ENGROSSING REPORT.
	THIRD READING, PASSED. AYES, 92; NOES, 8.
MARCH 25, 1993	TRANSMITTED TO SENATE.

IN THE SENATE

MARCH 26, 1993	INTRODUCED AND REFERRED TO COMMITTEE ON STATE ADMINISTRATION.
	FIRST READING.
APRIL 8, 1993	COMMITTEE RECOMMEND BILL BE CONCURRED IN. REPORT ADOPTED.
APRIL 12, 1993	SECOND READING, CONCURRED IN.
APRIL 13, 1993	THIRD READING, CONCURRED IN. AYES, 34; NOES, 15.

RETURNED TO HOUSE.

IN THE HOUSE

APRIL 13, 1993

SENT TO ENROLLING.

REPORTED CORRECTLY ENROLLED.

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5 BENEFIT INCREASE TO CERTAIN RETIRED MEMBERS OF THE TEACHERS'  
6 RETIREMENT SYSTEM; ADJUSTING THE EMPLOYER CONTRIBUTION RATE;  
7 AMENDING SECTION 19-4-605, MCA; AND PROVIDING A DELAYED  
8 EFFECTIVE DATE."  
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10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:  
11 NEW SECTION. Section 1. Benefit adjustment for  
12 pre-July 1977 retirees. Effective January 1, 1994, a person  
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14 monthly retirement benefit must receive a one-time benefit  
15 increase of 0.5% for each year of service on record with the  
16 teachers' retirement system for which the person did not  
17 receive retirement service credit because of now-repealed  
18 provisions that limited service credit to years on which  
19 contributions were made prior to age 60 or to 35 years of  
20 service, whichever was greater.  
21 **Section 2.** Section 19-4-605, MCA, is amended to read:  
22 "19-4-605. Pension accumulation fund -- employer's  
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8 or part of the preceding payroll period.  
9 (2) If the employer is a district or community college  
10 district, the trustees shall budget and pay for the  
11 employer's contribution under the provisions of 20-9-501.  
12 (3) If the employer is the superintendent of public  
13 instruction, a public institution of the state of Montana, a  
14 unit of the Montana university system, or the Montana state  
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18 (4) If the employer is a county, the county  
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5 (7) The retirement board may, in its discretion,  
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7 necessary to cover expenses of administration."

8 NEW SECTION. Section 3. Codification instruction.

9 [Section 1] is intended to be codified as an integral part  
10 of Title 19, chapter 4, part 7, and the provisions of Title  
11 19, chapter 4, part 7, apply to [section 1].

12 NEW SECTION. Section 4. Effective date. [This act] is  
13 effective January 1, 1994.

-End-

## STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for HB0601, as introduced.

**DESCRIPTION OF PROPOSED LEGISLATION:** A one-time benefit increase to members of the teachers' retirement system retired prior to July 1, 1997.

**ASSUMPTIONS:**

1. Currently there are 589 retired members and/or their beneficiaries who are receiving benefits under now-repealed provisions that limited service credit to years on which contributions were made prior to age 60 or 35 years of service, whichever was greater.
2. Prior to the repeal of the service credit limitation, the average retiree worked until social security age 62 and has two years for which they did not receive retirement service credit.
3. Assume compensation reported to the TRS will increase 6% per year and will be reported in the following manner:

Entity	FY 1994	FY 1995
School districts	\$446,557,203	\$473,350,635
University System	19,631,938	20,809,854
State Agencies	<u>11,363,525</u>	<u>12,045,337</u>
Total	\$477,552,666	\$506,205,826


4. A projection of additional benefit expenditures over a long time frame has been estimated by the TRS actuary although the amount of additional benefit expenditures for any specific biennium is not subject to reasonable estimates.


**FISCAL IMPACT:****Revenues:**

	FY '94			FY '95		
	Current Law	Proposed Law	Difference	Current Law	Proposed Law	Difference
Contributions: (Employer)						
School Districts	33,308,702	33,357,823	49,121	35,307,224	35,359,292	52,068
University System	1,464,346	1,466,506	2,160	1,552,207	1,554,496	2,289
State Agencies	<u>847,605</u>	<u>848,855</u>	<u>1,250</u>	<u>898,462</u>	<u>899,787</u>	<u>1,325</u>
Total	35,620,653	35,673,184	52,531	37,757,893	37,813,575	55,682

**EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:** Local school district employer contribution to the Teachers' Retirement System will increase 0.011% effective January 1, 1994 (see above).

**LONG-RANGE EFFECTS OF PROPOSED LEGISLATION:** Increases in TRS employer contributions from 7.459% to 7.47%, effective January 1, 1994, would be sufficient to maintain the current unfunded actuarial liability amortization period at 34.9 years. The increase in employer contributions will be required through the year 2027 to maintain the current unfunded actuarial liability amortization schedule.

 2-18-93  
 DAVID LEWIS, BUDGET DIRECTOR DATE  
 Office of Budget and Program Planning

 2/18/93  
 TED SCHYE, PRIMARY SPONSOR DATE  
 Fiscal Note for HB0601, as introduced

HB601

APPROVED BY COMMITTEE  
ON STATE ADMINISTRATION

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LC 1357/01

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