

SENATE BILL NO. 203

INTRODUCED BY FRITZ, GRADY, BECK, WATERMAN, GALVIN, J. RICE,  
WANZENRIED, QUILICI, SWANSON, HARPER, MENAHAN, PETERSON,  
HIBBARD, COCCHIARELLA, B. BROWN, HARP,  
VAN VALKENBURG, BARTLETT

IN THE SENATE

JANUARY 19, 1993	INTRODUCED AND REFERRED TO COMMITTEE ON STATE ADMINISTRATION.
	FIRST READING.
FEBRUARY 8, 1993	COMMITTEE RECOMMEND BILL DO PASS. REPORT ADOPTED.
	PRINTING REPORT.
FEBRUARY 9, 1993	SECOND READING, DO PASS.
FEBRUARY 10, 1993	ENGROSSING REPORT.
	THIRD READING, PASSED. AYES, 36; NOES, 13.
	TRANSMITTED TO HOUSE.

IN THE HOUSE

FEBRUARY 23, 1993	INTRODUCED AND REFERRED TO COMMITTEE ON STATE ADMINISTRATION.
	FIRST READING.
MARCH 13, 1993	COMMITTEE RECOMMEND BILL BE CONCURRED IN AS AMENDED. REPORT ADOPTED.
MARCH 27, 1993	SECOND READING, CONCURRED IN.
MARCH 30, 1993	THIRD READING, CONCURRED IN. AYES, 72; NOES, 27.
MARCH 31, 1993	RETURNED TO SENATE WITH AMENDMENTS.

IN THE SENATE

APRIL 2, 1993	SECOND READING, AMENDMENTS CONCURRED IN.
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APRIL 3, 1993

THIRD READING, AMENDMENTS  
CONCURRED IN.

SENT TO ENROLLING.

REPORTED CORRECTLY ENROLLED.

~~SENATE~~ BILL NO: **203**

INTRODUCED BY

A BILL FOR AN ACT ENTITLED: "AN ACT TO PROVIDE A ONE-TIME,

AD HOC COST-OF-LIVING INCREASE IN THE MONTHLY SERVICE,

DISABILITY, OR SURVIVORSHIP BENEFIT BEING PAID TO RETIRED

MEMBERS BY THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM; AND

PROVIDING AN EFFECTIVE DATE."

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

NEW SECTION. **Section 1.** Ad hoc cost-of-living increase. A member of the retirement system who retired on or before July 1, 1993, or the member's beneficiary is entitled to a 5% increase in the monthly service, disability, or survivorship benefit paid to the member or the member's beneficiary.

NEW SECTION. **Section 2.** Codification instruction. [Section 1] is intended to be codified as an integral part of Title 19, chapter 3, part 11, and the provisions of Title 19, chapter 3, part 11, apply to [section 1].

NEW SECTION. **Section 3.** 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 SB0203, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION: Provides a 5% increase in PERS retirement benefits on July 1, 1993 to persons retired on or before July 1, 1993.

ASSUMPTIONS:

1. On July 1, 1993 there will be a total of 11,059 persons receiving PERS benefits averaging \$5,940/year. A 5% increase will increase those benefits to an average of \$6,237/year.
2. PERS benefit recipients are projected to increase at an average rate of 3% per year and benefits paid are expected to increase at an average rate of 8% per year (plus the 5% increase for current retirees on 7/1/93).
3. 100 retirees who have received the 5% increase will die during the next biennium with an average benefit of \$4,080/year.
4. Investment earnings on the pension trust fund would be reduced due to additional, unfunded payouts of benefits. Return expected to average 6.5% during each year of next biennium.
5. The bill does not provide for additional employer contributions to pay for the benefit. Additional benefit payments and reductions in investment earnings would increase the unfunded liabilities of the retirement system and lengthen the amortization period for the system's current unfunded liabilities.

FISCAL IMPACT:

	FY '94			FY '95		
	Current Law	Proposed Law	Difference	Current Law	Proposed Law	Difference
<u>Expenditures:</u>						
PERS Benefit Payments	\$66,757,840	\$70,042,363	\$3,284,523	\$72,098,467	\$75,372,790	\$3,274,323
<u>Revenues:</u>						
PERS Investment Earnings	\$81,943,595	\$81,812,215	(\$131,380)	\$87,204,930	\$87,073,955	(\$130,975)
<u>Net Impact:</u>						
Net PERS Pension Trust Fund Impact			(\$3,415,903)			(\$3,405,298)

LONG-RANGE EFFECTS OF PROPOSED LEGISLATION:

To the extent that additional contributions are unfunded, SB0203 would increase the unfunded liabilities of the PERS by \$28.7 million and would increase the amortization period of the system's unfunded liabilities by 2.2 years.

*David Lewis* 1-23-93  
 DAVID LEWIS, BUDGET DIRECTOR DATE  
 Office of Budget and Program Planning

*H. Fritz* 1/26/93  
 HARRY FRITZ, PRIMARY SPONSOR DATE

Fiscal Note for SB0203, as introduced

SB 203

APPROVED BY COMMITTEE  
ON STATE ADMINISTRATION

~~Senate~~ BILL NO. 203

INTRODUCED BY Sen. Gandy Sen. Waterman  
Sen. Galpin Sen. [unclear] Sen. [unclear] Sen. [unclear]

A BILL FOR AN ACT ENTITLED: "AN ACT TO PROVIDE A ONE-TIME,  
AD HOC COST-OF-LIVING INCREASE IN THE MONTHLY SERVICE,  
DISABILITY, OR SURVIVORSHIP BENEFIT BEING PAID TO RETIRED  
MEMBERS BY THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM; AND  
PROVIDING AN EFFECTIVE DATE."

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

NEW SECTION. Section 1. Ad hoc cost-of-living  
increase. A member of the retirement system who retired on  
or before July 1, 1993, or the member's beneficiary is  
entitled to a 5% increase in the monthly service,  
disability, or survivorship benefit paid to the member or  
the member's beneficiary.

NEW SECTION. Section 2. Codification instruction.  
[Section 1] is intended to be codified as an integral part  
of Title 19, chapter 3, part 11, and the provisions of Title  
19, chapter 3, part 11, apply to [section 1].

NEW SECTION. Section 3. Effective date. [This act] is  
effective July 1, 1993.

-End-

*Senada* BILL NO. **203**

INTRODUCED BY *Felt, Gandy, Gosh, Waterman*

A BILL FOR AN ACT ENTITLED: "AN ACT TO PROVIDE A ONE-TIME, AD HOC COST-OF-LIVING INCREASE IN THE MONTHLY SERVICE, DISABILITY, OR SURVIVORSHIP BENEFIT BEING PAID TO RETIRED MEMBERS BY THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM; AND PROVIDING AN EFFECTIVE DATE."

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

NEW SECTION. Section 1. Ad hoc cost-of-living increase. A member of the retirement system who retired on or before July 1, 1993, or the member's beneficiary is entitled to a 5% increase in the monthly service, disability, or survivorship benefit paid to the member or the member's beneficiary.

NEW SECTION. Section 2. Codification instruction. [Section 1] is intended to be codified as an integral part of Title 19, chapter 3, part 11, and the provisions of Title 19, chapter 3, part 11, apply to [section 1].

NEW SECTION. Section 3. effective date. [This act] is effective July 1, 1993.

-End-

HOUSE STANDING COMMITTEE REPORT

March 12, 1993

Page 1 of 1

Mr. Speaker: We, the committee on State Administration report that Senate Bill 203 (third reading copy -- blue) be concurred in as amended .

Signed: *Dick Sampkins*  
Dick Sampkins, Chair

And, that such amendments read:

Carried by: Rep. Grady

1. Title, line 6.

Following: "TO"

Insert: "CERTAIN"

2. Page 1, line 13.

Strike: "1993"

Insert: "1991"

-END-

HOUSE

SB 203

Committee Vote:  
Yes 14, No 2.

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7 A BILL FOR AN ACT ENTITLED: "AN ACT TO PROVIDE A ONE-TIME,  
8 AD HOC COST-OF-LIVING INCREASE IN THE MONTHLY SERVICE,  
9 DISABILITY, OR SURVIVORSHIP BENEFIT BEING PAID TO CERTAIN  
10 RETIRED MEMBERS BY THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM;  
11 AND PROVIDING AN EFFECTIVE DATE."  
12

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

14 NEW SECTION. **Section 1.** Ad hoc cost-of-living  
15 increase. A member of the retirement system who retired on  
16 or before July 1, 1993 1991, or the member's beneficiary is  
17 entitled to a 5% increase in the monthly service,  
18 disability, or survivorship benefit paid to the member or  
19 the member's beneficiary.

20 NEW SECTION. **Section 2.** Codification instruction.  
21 [Section 1] is intended to be codified as an integral part  
22 of Title 19, chapter 3, part 11, and the provisions of Title  
23 19, chapter 3, part 11, apply to [section 1].

24 NEW SECTION. **Section 3.** Effective date. [This act] is  
25 effective July 1, 1993.

-End-



SB 203  
REFERENCE BILL  
AS AMENDED