

SENATE BILL 410

Introduced by Rye, et al.

2/16	Introduced
2/16	Referred to Taxation
2/16	First Reading
2/16	Fiscal Note Requested
2/22	Fiscal Note Received
2/23	Fiscal Note Printed
3/10	Hearing
3/15	Tabled in Committee
3/27	Committee Report--Bill Passed as Amended
3/27	Revised Fiscal Note Requested
3/29	Revised Fiscal Note Received
3/29	Revised Fiscal Note Printed
3/29	Taken from 2nd Reading and Rereferred to State Administration
3/29	Committee Report--Bill Not Passed as Amended
3/29	Adverse Committee Report Adopted
3/29	Motion Failed to Reconsider Adoption of Adverse Committee Report

1 Senate BILL NO. 410  
 2 INTRODUCED BY Rep. Clark  
 3 F.H. Am. Legal  
 4 A BILL FOR AN ACT ENTITLED: "AN ACT REDUCING THE NUMBER OF  
 5 YEARS OF SERVICE REQUIRED FOR NORMAL RETIREMENT BENEFITS  
 6 UNDER THE SHERIFFS' RETIREMENT SYSTEM; ELIMINATING THE AGE  
 7 REQUIREMENTS FOR NORMAL, EARLY, AND INVOLUNTARY RETIREMENT;  
 8 INCREASING RETIREMENT BENEFITS UNDER THE SHERIFFS'  
 9 RETIREMENT SYSTEM; INCREASING THE VIDEO GAMBLING MACHINE TAX  
 10 TO FUND THE BENEFIT ENHANCEMENTS; AMENDING SECTIONS  
 11 19-7-501, 19-7-502, 19-7-503, 19-7-504, 19-7-604, AND  
 12 23-5-610, MCA; AND PROVIDING AN EFFECTIVE DATE."

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

15 NEW SECTION. **Section 1.** State contribution. At the end  
 16 of each calendar quarter, the public employee's retirement  
 17 division shall request and the department of justice shall  
 18 contribute to the retirement account from the video gambling  
 19 machine tax imposed under 23-5-610 an amount equal to 6.2%  
 20 of the salaries of active members of the retirement system.

21 **Section 2.** Section 19-7-501, MCA, is amended to read:

22 "19-7-501. Eligibility and application for service  
 23 retirement -- commencement of allowance. (1) ~~{a}--A--member~~  
 24 ~~initially--elected-or-appointed-before-July-17-1989, who has~~  
 25 ~~completed-at-least-24-years--of--service--may--retire--on--a~~

1 ~~service-retirement-allowance.~~

2 ~~{b} A member initially-elected-or-appointed-on-or-after~~  
 3 ~~July--17--1989, who has completed at least 24 20 years of~~  
 4 ~~service,--reached-the-age-of-50-years, and terminated covered~~  
 5 ~~employment may retire on a service retirement allowance.~~

6 (2) A member electing to retire shall apply in writing  
 7 to the board.

8 (3) (a) Except as provided in subsections (3)(b) and  
 9 (3)(c), the retirement allowance may commence on the first  
 10 day of the month following the member's last day of  
 11 membership service or, if requested by the terminated member  
 12 in writing, on the first day of the month following receipt  
 13 of the written application.

14 (b) The retirement allowance for an eligible terminated  
 15 member must commence no later than the first day of the  
 16 month following the member's 65th birthday.

17 (c) If an elected official's term of office expires  
 18 before the 15th day of the month, the official may elect to  
 19 retire on the first day of the last month of his the  
 20 official's term of office. An official electing this option  
 21 may not earn service or salary credits in that month, and  
 22 compensation earned in that month is not subject to employer  
 23 or employee contributions."

24 **Section 3.** Section 19-7-502, MCA, is amended to read:

25 "19-7-502. Early retirement option. If a A member who

has served 15 years of creditable service as a sheriff and has reached the age of 50 years, he is granted the option and privilege of retiring, and in such case he is entitled to a retirement allowance shall be that is the actuarial equivalent of his the member's retirement allowance as otherwise accrued, based upon payment commencing when he the member would have completed 24 20 years of creditable service or reached age 60, whichever is less."

**Section 4.** Section 19-7-503, MCA, is amended to read:

"19-7-503. Service retirement allowance. (1) The amount of any service retirement allowance granted to a member with 24 years or less of creditable service shall must be 2.8834% 2.5% of his the member's final salary for each year of creditable service, up to a maximum of 50% 70% of final salary.

(2) The member's retirement allowance shall be increased for any member who contributes after 24 years of service by 1.35% of his final salary for each year of creditable service in excess of 24 years of service, up to a maximum of 60% of his final salary.

(3)(2) If a member dies after retirement and had not elected an optional retirement allowance provided for in 19-7-701, his the member's beneficiary must be paid the excess, if any, of the member's accumulated contributions at the time of retirement less payments made to the retired

member."

**Section 5.** Section 19-7-504, MCA, is amended to read:

"19-7-504. Involuntary retirement allowance. If a member is involuntarily discontinued from service after having completed 5 years of total service but before reaching retirement age, he shall the member must, upon filing an application, be paid in one of the following ways:

- (1) the full amount of his accumulated deductions; or
- (2) a retirement allowance beginning on his 50th birthday, calculated under the provisions of 19-7-502."

**Section 6.** Section 19-7-604, MCA, is amended to read:

"19-7-604. Payments in case of death before retirement.

(1) If a member dies before retirement, his the member's beneficiary is entitled to elect one of the following options for which the member qualified and the beneficiary qualifies:

(a) a lump-sum payment of the accumulated deductions standing to the member's credit at his death;

(b) a retirement allowance based on 2% 2.5% of the final salary for each year of service up to a maximum of 25 years 70% of final salary, reduced actuarially from age 65 or the date he the member would have completed 25 20 years of creditable service, whichever provides a larger retirement allowance;

(c) a retirement allowance based on one-half of final

1 salary, reduced to 25% of final salary for the period of  
2 time the beneficiary receives workers' compensation, if the  
3 board finds that the member died as a direct and proximate  
4 result of injuries received in the course of employment.

5 (2) On or before July 1, 1982, a beneficiary who is  
6 receiving a death benefit may elect a different option under  
7 subsection (1). Any change in options is subject to  
8 actuarial adjustments for benefits received prior to the  
9 change as determined by the board."

10 **Section 7.** Section 23-5-610, MCA, is amended to read:

11 "23-5-610. (Temporary) Video gambling machine gross  
12 income tax -- records -- distribution -- quarterly statement  
13 and payment. (1) A licensed operator issued a permit under  
14 this part shall pay to the department a video gambling  
15 machine tax of 15% of the gross income from each video  
16 gambling machine licensed under this part. A licensed  
17 operator may deduct from the gross income amounts equal to  
18 amounts stolen from machines if the amounts are not repaid  
19 by insurance and if a law enforcement agency investigated  
20 the theft.

21 (2) A licensed operator issued a permit under this part  
22 shall keep a record of the gross income from each machine in  
23 such form as the department may require. The records must at  
24 all times during the business hours of the licensee be  
25 subject to inspection by the department.

1 (3) A licensed operator issued a permit under this part  
2 shall, within 15 days after the end of each quarter,  
3 complete and deliver to the department a statement showing  
4 the total gross income from each video gambling machine  
5 licensed to him, together with the total amount due the  
6 state as video gambling machine gross income tax for the  
7 preceding quarter. The statement must contain other relevant  
8 information as the department may require.

9 (4) (a) The department shall forward one-third of the  
10 tax collected under subsection (3) and the surtax imposed by  
11 23-5-646 to the general fund.

12 (b) The department shall forward the remaining  
13 two-thirds of the tax collected under subsection (3) to the  
14 treasurer of the county or the clerk, finance officer, or  
15 treasurer of the city or town in which the licensed machine  
16 is located, for deposit to the county or municipal treasury.  
17 Counties are not entitled to proceeds from taxes on income  
18 from video gambling machines located in incorporated cities  
19 and towns. The two-thirds local government portion of tax  
20 collected under subsection (3) is statutorily appropriated  
21 to the department as provided in 17-7-502 for deposit to the  
22 county or municipal treasury.

23 23-5-610. (Effective on receipt of taxes for calendar  
24 quarter ending June 30, 1993) Video gambling machine gross  
25 income tax -- records -- distribution -- quarterly statement

and payment. (1) A licensed operator issued a permit under this part shall pay to the department a video gambling machine tax of ~~15%~~ 16% of the gross income from each video gambling machine licensed under this part. A licensed operator may deduct from the gross income amounts equal to amounts stolen from machines if the amounts are not repaid by insurance and if a law enforcement agency investigated the theft.

(2) A licensed operator issued a permit under this part shall keep a record of the gross income from each machine in such a form as the department may require. The records must at all times during the business hours of the licensee be subject to inspection by the department.

(3) A licensed operator issued a permit under this part shall, within 15 days after the end of each quarter, complete and deliver to the department a statement showing the total gross income from each video gambling machine licensed to him the operator, together with the total amount due the state as video gambling machine gross income tax for the preceding quarter. The statement must contain other relevant information as the department may require.

(4) ~~(a)~~ The department shall forward allocate the tax collected under subsection (3) as follows:

(a) an amount equal to 6.2% of the salaries of active members of the sheriffs' retirement system to the account

established in 19-7-401;

(b) one-third of the tax-collected-under-subsection-(3) balance after the allocation in subsection (4)(a) to the general fund; and

(b)(c) The---department--shall--forward the remaining two-thirds of the tax-collected-under-subsection-(3) balance to the treasurer of the county or the clerk, finance officer, or treasurer of the city or town in which the licensed machine is located, for deposit to the county or municipal treasury. Counties are not entitled to proceeds from taxes on income from video gambling machines located in incorporated cities and towns. The two-thirds local government portion of the tax collected under subsection (3) is statutorily appropriated to the department as provided in 17-7-502 for deposit to the county or municipal treasury."

NEW SECTION. Section 8. Codification instruction. [Section 1] is intended to be codified as an integral part of Title 19, chapter 7, part 4, and the provisions of Title 19, chapter 7, part 4, apply to [section 1].

NEW SECTION. Section 9. 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 SB0410, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

The bill increases the formula for benefits paid for service and disability retirement and for survivors benefits under the Sheriffs' Retirement System (SRS); reduces the number of years members must serve prior to regular retirement eligibility; removes age requirements from regular, early and involuntary retirement eligibility; increases the maximum benefit cap from 60% to 70% of final salary; provides for state contributions to the system in the amount of 6.7% of salaries to pay for the benefits; and increases video gambling machine taxes by 1% to pay for the state's contributions.

ASSUMPTIONS:

Sheriffs Retirement System:

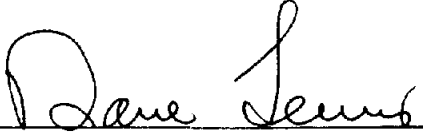
1. The FY92 payroll for Sheriffs' Retirement System (SRS) was \$14,189,660. Assuming a continuation of a 7.5% annual growth, the FY94 payroll will be \$16,397,925 and the FY95 payroll will be \$17,627,770.
2. The average retiree retired at age 60.8 with 22 years of service. During the last biennium, the benefit payout per member grew at the rate of 8.8% per year while the number of members receiving benefits grew by 8% per year. Assuming an average of 10 members will retire each year of the next biennium, under current law their benefits would have averaged \$950/month; under proposed law the benefits will average \$1,140/month.
3. State contributions will equal 6.7% of SRS payroll and be deposited quarterly beginning 9/30/93.
4. General fund will pay amounts equal to 2.5% of total benefits paid in the previous calendar year to retirement system for benefit adjustments.

Department of Justice:

5. Total video gaming taxes are estimated to be \$30.106 million and \$32.411 million for FY94 and FY95, respectively. A 1% increase would raise \$2.007 million in FY94 and \$2.161 million in FY95. The current distribution of the tax is 1/3 general fund and 2/3 local governments. Under proposed law, the state's contribution to retirement system would be made first, and the remaining funds would be allocated 1/3 general fund and 2/3 local governments.

FISCAL IMPACT:

(continued)

 2-22-93  
DAVID LEWIS, BUDGET DIRECTOR      DATE  
Office of Budget and Program Planning

 2-23-93  
DAVID RYE, PRIMARY SPONSOR      DATE

Fiscal Note for SB0410, as introduced

SB 410

FISCAL IMPACT:

**Sheriffs' Retirement System:**

	FY '94			FY '95		
	Current Law	Proposed Law	Difference	Current Law	Proposed Law	Difference
<u>Expenditures:</u>						
Sheriffs' Pension Benefits	\$928,000	\$990,700	\$62,700	\$1,011,535	\$1,199,635	\$188,100
SRS Pension Adjustments	<u>21,540</u>	<u>22,325</u>	<u>785</u>	<u>23,480</u>	<u>27,400</u>	<u>3,920</u>
Total	\$949,540	\$1,013,025	\$63,485	\$1,035,015	\$1,227,035	\$192,020
<u>Revenues:</u>						
State Contributions	0	1,098,661	1,098,661	0	1,181,061	1,181,061
General Fund Appropriation	21,540	22,325	785	23,480	27,400	3,920
Investment Earnings	<u>3,975,000</u>	<u>4,008,700</u>	<u>33,700</u>	<u>4,293,000</u>	<u>4,327,500</u>	<u>34,500</u>
Total	3,996,540	5,129,686	1,133,146	4,316,480	5,535,961	1,219,481

**Department of Justice (Video Gambling Machine Taxes)**

	FY '94			FY '95		
	Current Law	Proposed Law	Difference	Current Law	Proposed Law	Difference
<u>Revenues:</u>						
General Fund Distribution	10,035,333	10,338,113	302,780	10,803,667	11,130,313	326,646
Local Govt Distribution	20,070,667	20,676,226	605,559	21,607,333	22,260,626	653,293
Sheriffs' Retirement System	<u>0</u>	<u>1,098,661</u>	<u>1,098,661</u>	<u>0</u>	<u>1,181,061</u>	<u>1,181,061</u>
Total	30,106,000	32,113,000	2,007,000	32,411,000	34,572,000	2,161,000

<u>Net Impact:</u>						
General Fund			\$301,995			\$322,726
SRS Pension Trust Fund			\$1,069,661			\$1,027,461

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

The additional 1% video gambling machine tax collection will result in additional distributions to local governments totalling \$605,559 in FY94 and \$653,293 in FY95 (see above).

LONG-RANGE EFFECTS OF PROPOSED LEGISLATION:

According to the Public Employees Retirement Division, the proposed increase in contributions to the Sheriffs Retirement System are actuarially sufficient to fund the proposed benefit enhancement (ie. the proposed legislation would not create additional unfunded liabilities). The proposed bill will make the formula for benefits in this system the same as the benefits for highway patrol and higher than benefits for municipal police and firefighters. Since sheriffs also are covered by Social Security, while those other groups are not, legislation to increase benefits for highway patrol, municipal police and firefighters is likely.

SB 410

STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for SB0410, second reading and printing.

DESCRIPTION OF PROPOSED LEGISLATION:

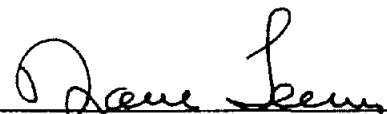
The bill increases the formula for benefits paid for service and disability retirement and for survivors benefits under the Sheriffs' Retirement System (SRS); reduces the number of years members must serve prior to regular retirement eligibility; removes age requirements from regular, early and involuntary retirement eligibility; increases the maximum benefit cap from 60% to 70% of final salary; provides for state contributions to the system in the amount of 6.7% of salaries to pay for the benefits; and increases video gambling machine taxes by 1% to pay for the state's contributions.

ASSUMPTIONS:

1. The FY92 payroll for Sheriffs' Retirement System (SRS) was \$14,189,660. Assuming a continuation of a 7.5% annual growth, the FY94 payroll will be \$16,397,925 and the FY95 payroll will be \$17,627,770.
2. The average retiree retired at age 60.8 with 22 years of service. During the last biennium, the benefit payout per member grew at the rate of 8.8% per year while the number of members receiving benefits grew by 8% per year. Assuming an average of 10 members will retire each year of the next biennium, under current law their benefits would have averaged \$950/month; under proposed law the benefits will average \$1,140/month.
3. State contributions will equal 6.2% of SRS payroll and be deposited quarterly beginning 9/30/93.
4. General fund will pay amounts equal to 2.5% of total benefits paid in the previous calendar year to retirement system for benefit adjustments.
6. HJR 3 assumes 790,000 and 811,000 barrels of beer will be subject to tax in FY94 and FY95, respectively.
7. Amounts transferred to the SRS retirement account will come from the increased tax allocated to cities and towns due to the language "Except as provided in 16-1-406" added to 16-1-410, MCA. (See technical note.)

FISCAL IMPACT:

(continued)

 3.29.93  
DAVID LEWIS, BUDGET DIRECTOR      DATE  
Office of Budget and Program Planning

 3-29-93  
DAVID RYE, PRIMARY SPONSOR      DATE

Fiscal Note for SB0410, second reading

SB 410-#2



FISCAL IMPACT:

**Sheriffs' Retirement System:**

	FY '94			FY '95		
	Current Law	Proposed Law	Difference	Current Law	Proposed Law	Difference
<b>Expenditures:</b>						
Sheriffs' Pension Benefits	\$928,000	\$990,700	\$62,700	\$1,011,535	\$1,199,635	\$188,100
SRS Pension Adjustments	<u>21,540</u>	<u>22,325</u>	<u>785</u>	<u>23,480</u>	<u>27,400</u>	<u>3,920</u>
Total	\$949,540	\$1,013,025	\$63,485	\$1,035,015	\$1,227,035	\$192,020
<b>Revenues:</b>						
State Contributions	0	1,016,700	1,016,700	0	1,092,900	1,092,900
General Fund Appropriation	21,540	22,325	785	23,480	27,400	3,920
Investment Earnings	<u>3,975,000</u>	<u>4,008,700</u>	<u>33,700</u>	<u>4,293,000</u>	<u>4,327,500</u>	<u>34,500</u>
Total	3,996,540	5,047,725	1,051,185	4,316,480	5,447,800	1,131,320

**Beer Tax Revenues**

	FY '94			FY '95		
	Current Law	Proposed Law	Difference	Current Law	Proposed Law	Difference
<b>Revenues:</b>						
Beer Tax	3,397,000	4,305,500	908,500	3,487,300	4,419,900	932,600
General Fund Distribution	1,422,000	1,422,000	0	1,459,800	1,459,800	0
Cities and Towns	1,185,000	1,076,800	(108,200)	1,216,500	1,056,200	(160,300)
Alcohol Treatment	790,000	790,000	0	811,000	811,000	0
Sheriffs' Retirement System	<u>0</u>	<u>1,016,700</u>	<u>1,016,700</u>	<u>0</u>	<u>1,092,900</u>	<u>1,092,900</u>
Total	3,397,000	4,305,500	908,500	3,487,300	4,419,900	932,600

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

The impact to cities and town is provided in the table above. This potential loss in revenues would continue to increase through time assuming the rate of growth in retirement contributions exceeds that of beer consumption.

LONG-RANGE EFFECTS OF PROPOSED LEGISLATION:

According to the Public Employees Retirement Division, the proposed increase in contributions to the Sheriffs' Retirement System are actuarially sufficient to fund the proposed benefit enhancement (ie. the proposed legislation would not create additional unfunded liabilities). The proposed bill will make the formula for benefits in this system the same as the benefits for highway patrol and higher than benefits for municipal police and firefighters. Since sheriffs also are covered by Social Security, while those other groups are not, legislation to increase benefits for highway patrol, municipal police and firefighters is likely.

TECHNICAL NOTE:

The circular reference in sections 8 and 9 makes it unclear whether the contributions to the SRS account are to come from the general fund or city and town portion. It is implied in section 9 the contributions are to come from the tax in excess of \$1.50 per barrel or the city and town portion.

SB 410-#2

APPROVED BY COMMITTEE  
ON TAXATION

## SENATE BILL NO. 410

INTRODUCED BY RYE, CLARK, TOOLE, J. RICE, VOGEL

A BILL FOR AN ACT ENTITLED: "AN ACT REDUCING THE NUMBER OF YEARS OF SERVICE REQUIRED FOR NORMAL RETIREMENT BENEFITS UNDER THE SHERIFFS' RETIREMENT SYSTEM; ELIMINATING THE AGE REQUIREMENTS FOR NORMAL, EARLY, AND INVOLUNTARY RETIREMENT; INCREASING RETIREMENT BENEFITS UNDER THE SHERIFFS' RETIREMENT SYSTEM; INCREASING THE VIDEO-GAMBLING-MACHINE TAX ON BEER TO FUND THE BENEFIT ENHANCEMENTS; AMENDING SECTIONS 16-1-306, 16-1-406, 16-1-410, 19-7-501, 19-7-502, 19-7-503, 19-7-504, AND 19-7-604, AND 23-5-610, MCA; AND PROVIDING AN EFFECTIVE DATE."

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

NEW SECTION. Section 1. State contribution. At the end of each calendar quarter, the public employee's retirement division shall request and the department-of--justice STATE TREASURER shall contribute TRANSFER to the retirement account from the video-gambling-machine tax ON BEER imposed under 23-5-610 16-1-406 an amount equal to 6.2% of the salaries of active members of the retirement system.

Section 2. Section 19-7-501, MCA, is amended to read:

"19-7-501. Eligibility and application for service retirement -- commencement of allowance. (1) {a}-A member

initially-elected-or-appointed-before-July-17-1989-who--has completed--at--least--24--years--of--service-may-retire-on-a service-retirement-allowance.

{b} A member initially-elected-or-appointed-on-or-after July-17-1989, who has completed at least 24 20 years of service, reached-the-age-of-50-years, and terminated covered employment may retire on a service retirement allowance.

(2) A member electing to retire shall apply in writing to the board.

(3) (a) Except as provided in subsections (3)(b) and (3)(c), the retirement allowance may commence on the first day of the month following the member's last day of membership service or, if requested by the terminated member in writing, on the first day of the month following receipt of the written application.

(b) The retirement allowance for an eligible terminated member must commence no later than the first day of the month following the member's 65th birthday.

(c) If an elected official's term of office expires before the 15th day of the month, the official may elect to retire on the first day of the last month of his the official's term of office. An official electing this option may not earn service or salary credits in that month, and compensation earned in that month is not subject to employer or employee contributions."

**Section 3.** Section 19-7-502, MCA, is amended to read:

"19-7-502. Early retirement option. If a A member who has served 15 years of creditable service as a sheriff and ~~has--reached--the--age--of--50--years--he--is--granted--the--option--and--privilege--of--retiring--and--in--such--case--his~~ is entitled to a retirement allowance shall be that is the actuarial equivalent of his the member's retirement allowance as otherwise accrued, based upon payment commencing when he the member would have completed ~~24~~ 20 years of creditable service or reached age 60, whichever is less."

**Section 4.** Section 19-7-503, MCA, is amended to read:

"19-7-503. Service retirement allowance. (1) The amount of any service retirement allowance granted to a member with ~~24--years--or--less--of--creditable--service--shall~~ must be ~~2-0034%~~ 2.5% of his the member's final salary for each year of creditable service, up to a maximum of ~~50%~~ 70% of final salary.

~~(2)--The--member's--retirement--allowance--shall--be--increased--for--any--member--who--contributes--after--24--years--of--service--by--1-35%--of--his--final--salary--for--each--year--of--creditable--service--in--excess--of--24--years--of--service--up--to--a--maximum--of--60%--of--his--final--salary.~~

~~(3)~~ (2) If a member dies after retirement and had not elected an optional retirement allowance provided for in 19-7-701, his the member's beneficiary must be paid the

excess, if any, of the member's accumulated contributions at the time of retirement less payments made to the retired member."

**Section 5.** Section 19-7-504, MCA, is amended to read:

"19-7-504. Involuntary retirement allowance. If a member is involuntarily discontinued from service after having completed 5 years of total service ~~but--before--reaching--retirement--age~~, he ~~shall~~ the member must, upon filing an application, be paid in one of the following ways:

(1) the full amount of his accumulated deductions; or

(2) a retirement allowance beginning ~~on--his--50th--birthday~~, calculated under the provisions of 19-7-502."

**Section 6.** Section 19-7-604, MCA, is amended to read:

"19-7-604. Payments in case of death before retirement.

(1) If a member dies before retirement, his the member's beneficiary is entitled to elect one of the following options for which the member qualified and the beneficiary qualifies:

(a) a lump-sum payment of the accumulated deductions standing to the member's credit at his death;

(b) a retirement allowance based on ~~2%~~ 2.5% of the final salary for each year of service up to a maximum of ~~25~~ years 70% of final salary, reduced actuarially from age-65 or the date he the member would have completed ~~25~~ 20 years of creditable service, ~~---whichever---provides--a--larger~~

retirement-allowance;

(c) a retirement allowance based on one-half of final salary, reduced to 25% of final salary for the period of time the beneficiary receives workers' compensation, if the board finds that the member died as a direct and proximate result of injuries received in the course of employment.

(2) On or before July 1, 1982, a beneficiary who is receiving a death benefit may elect a different option under subsection (1). Any change in options is subject to actuarial adjustments for benefits received prior to the change as determined by the board."

**Section 7.** ~~Section 23-5-610, MCA, is amended to read:--~~

~~"23-5-610.---(Temporary)---Video-gambling-machine-gross income-tax---records---distribution---quarterly-statement and-payment.---(1)---A-licensed-operator-issued-a-permit-under this-part-shall-pay--to--the--department--a--video-gambling machine-tax--of--15%--of--the--gross-income-from-each-video gambling-machine-licensed-under-this-part.---A-licensed operator-may-deduct-from-the-gross-income-amounts--equal--to amounts--stolen--from-machines-if-the-amounts-are-not-repaid by-insurance-and-if-a-law-enforcement-agency--investigated the-theft.~~

~~(2)---A-licensed-operator-issued-a-permit-under-this-part shall-keep-a-record-of-the-gross-income-from-each-machine-in such-form-as-the-department-may-require.---The-records-must-at~~

~~all-times-during-the-business-hours-of-the-licensee-be subject-to-inspection-by-the-department.~~

~~(3)---A-licensed-operator-issued-a-permit-under-this-part shall, within 15 days after the end of each quarter, complete--and--deliver-to-the-department-a-statement-showing the-total-gross-income--from--each--video--gambling--machine licensed--to--him,--together--with--the-total-amount-due-the state-as-video-gambling-machine-gross--income--tax--for--the preceding-quarter.---The-statement-must-contain-other-relevant information-as-the-department-may-require.~~

~~(4)---(a)---The-department--shall-forward-one-third-of-the tax-collected-under-subsection-(3)-and-the-surtax-imposed-by 23-5-646-to-the-general-fund.~~

~~(b)---The-department---shall---forward---the---remaining two-thirds--of-the-tax-collected-under-subsection-(3)-to-the treasurer-of-the-county-or-the-clerk,--finance--officer,--or treasurer--of-the-city-or-town-in-which-the-licensed-machine is-located,--for-deposit-to-the-county-or-municipal-treasury. Counties-are-not-entitled-to-proceeds-from-taxes--on--income from--video-gambling-machines-located-in-incorporated-cities and-towns.---The-two-thirds-local-government--portion--of--tax collected--under--subsection-(3)-is-statutorily-appropriated to-the-department-as-provided-in-17-7-502-for-deposit-to-the county-or-municipal-treasury.~~

~~23-5-610.---(Effective-on-receipt-of-taxes--for--calendar~~

1 quarter--ending--June-30,-1993}-Video-gambling-machine-gross  
 2 income-tax---records---distribution---quarterly-statement  
 3 and-payment-~~(1)-A-licensed-operator-issued-a-permit-under~~  
 4 this-part-shall-pay-to-the-department-a-video-gambling  
 5 machine-tax-of-15% 16% of the gross income from each video  
 6 gambling machine licensed under this part. A licensed  
 7 operator may deduct from the gross income amounts equal to  
 8 amounts stolen from machines if the amounts are not repaid  
 9 by insurance and if a law enforcement agency investigated  
 10 the theft.

11 ~~(2)-A-licensed-operator-issued-a-permit-under-this-part~~  
 12 shall keep a record of the gross income from each machine in  
 13 such a form as the department may require. The records must  
 14 at all times during the business hours of the licensee be  
 15 subject to inspection by the department.

16 ~~(3)-A-licensed-operator-issued-a-permit-under-this-part~~  
 17 shall, within 15 days after the end of each quarter,  
 18 complete and deliver to the department a statement showing  
 19 the total gross income from each video gambling machine  
 20 licensed to him the operator, together with the total amount  
 21 due the state as video gambling machine gross income tax for  
 22 the preceding quarter. The statement must contain other  
 23 relevant information as the department may require.

24 ~~(4)-(a)-The-department-shall-forward~~ allocate the tax  
 25 collected under subsection (3) as follows:

1 ~~(a)-an-amount-equal-to-6.2% of the salaries of active~~  
 2 ~~members of the sheriffs' retirement system to the account~~  
 3 ~~established in 19-7-401;~~

4 ~~(b)-one-third of the tax collected under subsection (3)~~  
 5 ~~balance after the allocation in subsection (4)(a) to the~~  
 6 ~~general fund, and~~

7 ~~(b)(c)-The-department-shall-forward~~ the remaining  
 8 two-thirds of the tax collected under subsection (3) balance  
 9 to the treasurer of the county or the clerk, finance  
 10 officer, or treasurer of the city or town in which the  
 11 licensed machine is located, for deposit to the county or  
 12 municipal treasury. Counties are not entitled to proceeds  
 13 from taxes on income from video gambling machines located in  
 14 incorporated cities and towns. The two-thirds local  
 15 government portion of the tax collected under subsection (3)  
 16 is statutorily appropriated to the department as provided in  
 17 17-7-502 for deposit to the county or municipal treasury."

18 **SECTION 7. SECTION 16-1-306, MCA, IS AMENDED TO READ:**

19 "16-1-306. Revenue to be paid to state treasurer.  
 20 Except as provided in 16-1-404, 16-1-405, 16-1-406,  
 21 16-1-408, 16-1-410, and 16-1-411, all fees, charges, taxes,  
 22 and revenues collected by or under authority of the  
 23 department shall be deposited with the state treasurer. He  
 24 The state treasurer shall deposit the funds to the credit of  
 25 the state general fund."

**SECTION 8. SECTION 16-1-406, MCA, IS AMENDED TO READ:**

"16-1-406. Tax on beer -- DISTRIBUTION. A tax of \$3 \$4.15 per barrel of 31 gallons is hereby levied and imposed on each and every barrel of beer sold in Montana by any wholesaler, ~~which~~ which ~~said~~ The tax shall be is due at the end of each month from ~~said~~ the wholesaler upon any such beer so sold by ~~him~~ during that month. As to any beer sold in containers other than barrels or in barrels of more or less capacity than 31 gallons, the quantity content shall be ascertained and computed by the department in determining the amount of tax due. The tax received under this section must be allocated as follows:

(1) an amount equal to 6.2% of the salaries of active members of the sheriffs' retirement system to the account established in 19-7-401; and

(2) the remainder to the general fund for further allocation as provided in 16-1-410."

**SECTION 9. SECTION 16-1-410, MCA, IS AMENDED TO READ:**

"16-1-410. (Temporary) Tax revenue allocation. Subject to 16-1-422 and the allocation provided for in 16-1-406, all revenue received from taxes on beer under 16-1-406 and 16-1-408 over and above \$1.50 per barrel of 31 gallons shall be deposited with the state treasurer to the credit of the incorporated cities and towns beer tax account in the state special revenue fund. The money in the account is

statutorily appropriated, as provided in 17-7-502, to the state treasurer who shall, monthly, distribute this amount of money to the incorporated cities and towns in the direct proportion that the population of each city and town bears to the total population of all incorporated cities and towns as shown in the latest official federal census. For cities and towns incorporated after the latest official federal census, the census shall be determined as of the date of incorporation as evidenced by the certificate of the incorporating officials of that city or town. If a city or town disincorporates, it may not receive any funds under this section and the amount previously distributed to the city or town shall be distributed to the remaining incorporated cities and towns. All funds received by cities and towns under this section shall be expended for state purposes such as law enforcement, maintenance of the transportation system, and public health.

16-1-410. (Effective on receipt of taxes or fees for September 1993) Tax revenue allocation. All Except as provided in 16-1-406, all revenue received from taxes on beer under 16-1-406 and 16-1-408 over and above \$1.50 per barrel of 31 gallons shall be deposited with the state treasurer to the credit of the incorporated cities and towns beer tax account in the state special revenue fund. The money in the account is statutorily appropriated, as

provided in 17-7-502, to the state treasurer who shall, monthly, distribute this amount of money to the incorporated cities and towns in the direct proportion that the population of each city and town bears to the total population of all incorporated cities and towns as shown in the latest official federal census. For cities and towns incorporated after the latest official federal census, the census shall be determined as of the date of incorporation as evidenced by the certificate of the incorporating officials of that city or town. If a city or town disincorporates, it may not receive any funds under this section and the amount previously distributed to the city or town shall be distributed to the remaining incorporated cities and towns. All funds received by cities and towns under this section shall be expended for state purposes such as law enforcement, maintenance of the transportation system, and public health."

**NEW SECTION. Section 10. Codification instruction.**

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

**NEW SECTION. Section 11. Effective date. [This act] is**

effective July 1, 1993.

-End-