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HOUSE BILL NO. 173
INTRODUCED BY SQUIRES
BY REQUEST OF THE PUBLIC EMPLOYEES' RETIREMENT BOARD

A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING ACTUARIAL FUNDING MECHANISMS FOR MINIMUM BENEFIT ADJUSTMENTS UNDER THE MUNICIPAL POLICE OFFICERS' AND THE FIREFIGHTERS' UNIFIED RETIREMENT SYSTEMS; ELIMINATING DIRECT REIMBURSEMENT OF SUPPLEMENTAL BENEFIT PAYMENTS; INCREASING CONTRIBUTIONS; AMENDING SECTIONS 17-7-502, 19-9-702, 19-9-1007, 19-13-604, 19-13-1007, AND 19-18-606, MCA; REPEALING SECTIONS 19-13-615, 19-13-1006, AND 19-13-1009, MCA; AND PROVIDING AN EFFECTIVE DATE."

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

Section 1. Section 17-7-502, MCA, is amended to read:

"17-7-502. Statutory appropriations -- definition -- requisites for validity. (1) A statutory appropriation is an appropriation made by permanent law that authorizes spending by a state agency without the need for a biennial legislative appropriation or budget amendment.

(2) Except as provided in subsection (4), to be effective, a statutory appropriation must comply with both of the following provisions:

- (a) The law containing the statutory authority must be listed in subsection (3).
- (b) The law or portion of the law making a statutory appropriation must specifically state that a statutory appropriation is made as provided in this section.

(3) The following laws are the only laws containing statutory appropriations: 2-9-202; 2-17-105; 2-18-812; 3-5-901; 5-13-403; 10-3-203; 10-3-310; 10-3-312; 10-3-314; 10-4-301; 15-1-111; 15-23-706; 15-30-195; 15-31-702; 15-37-117; 15-38-202; 15-65-121; 15-70-101; 16-1-404; 16-1-410; 16-1-411; 16-11-308; 17-3-106; 17-3-212; 17-5-404; 17-5-424; 17-5-804; 17-6-101; 17-6-201; 17-7-304; 18-11-112; 19-2-502; 19-6-709; ~~19-9-1007~~; 19-17-301; 19-18-512; 19-18-513; 19-18-606; 19-19-205; 19-19-305; 19-19-506; 20-8-107; 20-8-111; 20-9-361; 20-26-1503; 23-5-136; 23-5-306; 23-5-409; 23-5-610; 23-5-612; 23-5-631; 23-7-301; 23-7-402; 32-1-537; 37-43-204; 37-51-501; 39-71-503; 39-71-907; 39-71-2321; 39-71-2504; 44-12-206; 44-13-102; 50-4-623; 50-5-232; 50-40-206; 53-6-150;

1 53-6-703; 53-24-206; 60-2-220; 67-3-205; 75-1-1101; 75-5-1108; 75-6-214; 75-11-313; 76-12-123;
 2 80-2-103; 80-2-222; 80-4-416; 81-5-111; 82-11-136; 82-11-161; 85-1-220; 85-20-402; 90-3-301;
 3 90-4-215; 90-6-331; 90-7-220; 90-7-221; and 90-9-306.

4 (4) There is a statutory appropriation to pay the principal, interest, premiums, and costs of issuing,
 5 paying, and securing all bonds, notes, or other obligations, as due, that have been authorized and issued
 6 pursuant to the laws of Montana. Agencies that have entered into agreements authorized by the laws of
 7 Montana to pay the state treasurer, for deposit in accordance with 17-2-101 through 17-2-107, as
 8 determined by the state treasurer, an amount sufficient to pay the principal and interest as due on the
 9 bonds or notes have statutory appropriation authority for the payments. (In subsection (3): pursuant to sec.
 10 7, Ch. 567, L. 1991, the inclusion of 19-6-709 terminates upon death of last recipient eligible for
 11 supplemental benefit; and pursuant to sec. 7(2), Ch. 29, L. 1995, the inclusion of 15-30-195 terminates
 12 July 1, 2001.)"

13
 14 **Section 2.** Section 19-9-702, MCA, is amended to read:
 15 "**19-9-702. State contribution.** The state of Montana shall make its contributions through the state
 16 auditor out of the premium tax on motor vehicle property and casualty insurance policies. The payments
 17 must be made annually after the end of each fiscal year but no later than November 1 from the gross
 18 premium tax after deduction for cancellations and returned premiums. The division shall notify the auditor
 19 by September 1 of each fiscal year of the annual compensation paid to all active members during the
 20 preceding fiscal year. The state's contribution is ~~15.66%~~ 29.61% of compensation paid to members."

21
 22 **Section 3.** Section 19-9-1007, MCA, is amended to read:
 23 "**19-9-1007. ~~Supplement to certain benefits~~ Minimum benefit adjustment.** (1) The benefits paid
 24 in each fiscal year to a retired member or the member's survivors may not be less than one-half of the
 25 compensation that will be paid to newly confirmed police officers in the current fiscal year in the
 26 ~~appropriate city or town to newly confirmed police officers~~ from which the member retired.

27 ~~(2) On or before October 1 of each year, the division shall make a report including the following~~
 28 ~~information:~~

29 ~~(a) the names of all retired members who are receiving benefits from the retirement system as of~~
 30 ~~the date of the report;~~

1 ~~(b) the names of all surviving spouses or dependent children who are receiving benefits from the~~
 2 ~~retirement system because of the death of an active or retired member of this or a prior plan;~~

3 ~~(c) for the purpose of determining the base retirement, disability, or survivorship benefits for the~~
 4 ~~computations set forth in subsection (3), the following information relating to the base fiscal year~~
 5 ~~commencing July 1, 1976:~~

6 ~~(i) the amount of the benefits paid in the base fiscal year to each retired member described in~~
 7 ~~subsection (2)(a);~~

8 ~~(ii) the amount of the benefits paid in the base fiscal year to each surviving spouse or dependent~~
 9 ~~child described in subsection (2)(b);~~

10 ~~(iii) upon the death after the base fiscal year of any retired member who was receiving benefits, the~~
 11 ~~amount of benefits that would have been paid to an eligible surviving spouse of the retired member if the~~
 12 ~~surviving spouse had been receiving benefits in the base fiscal year;~~

13 ~~(d) the original amount of retirement, disability, or survivorship benefits paid to retired members~~
 14 ~~or their eligible survivors as of the original retirement dates after July 1, 1976;~~

15 ~~(e) the compensation that will be paid during the current fiscal year to a newly confirmed police~~
 16 ~~officer of each city or town participating in the retirement system.~~

17 ~~(3) The division shall compute the difference between each amount reported under subsections~~
 18 ~~(2)(a) through (2)(e) and one half the compensation to be paid during the current fiscal year to a newly~~
 19 ~~confirmed police officer of the appropriate city or town. The difference must be reported to the state auditor~~
 20 ~~who shall pay the difference to the pension trust fund out of the premium tax collected on insurance sold~~
 21 ~~in this state to insure against the risks enumerated in 19-18-512(3) no later than November 1. If the~~
 22 ~~compensation of a newly confirmed police officer has not been set for the current fiscal year in time to be~~
 23 ~~included in the October 1 report to the state auditor make minimum benefit adjustments effective July 1,~~
 24 ~~the division shall make any retroactive adjustments necessary to individual supplemental minimum benefits~~
 25 ~~after the current compensation has been determined and shall include these amounts in the next year's~~
 26 ~~report for reimbursement at that time.~~

27 ~~(4) The premium tax amount paid by the state auditor is statutorily appropriated, as provided in~~
 28 ~~17-7-502, for the payment of supplemental retirement benefits to eligible retired members and their~~
 29 ~~survivors. This payment is in addition to the payment to be made by the state auditor under 19-9-702.~~

30 ~~(5)(3) If more than one dependent child is entitled to supplementary benefits under this section by~~

1 virtue of the death of a common parent, the minimum benefit paid to the dependent children under this
 2 section must be determined as if there were one dependent child and the ~~supplementary~~ benefits must be
 3 paid to the dependent children collectively."
 4

5 **Section 4.** Section 19-13-604, MCA, is amended to read:

6 **"19-13-604. State contribution.** The state shall make its contributions through the state auditor
 7 from the premium taxes on the insurance risks enumerated in 19-18-512. These payments must be made
 8 annually to the pension trust fund after the end of each fiscal year but no later than November 1 from the
 9 gross premium taxes after deduction for cancellations and returned premiums. The division shall notify the
 10 auditor of the annual compensation, excluding overtime, holiday payments, shift differential payments,
 11 compensatory time payments, and payments in lieu of sick leave, paid to all active members during the
 12 preceding fiscal year. The state's contribution is ~~24.21%~~ 31.96% of this total compensation. As soon as
 13 practicable after receipt of the state contribution, the division shall deposit it in the pension trust fund."
 14

15 **Section 5.** Section 19-13-1007, MCA, is amended to read:

16 **"19-13-1007. Benefit adjustment.** (1) ~~For a member retiring on or after July 1, 1973, who was~~
 17 ~~hired before July 1, 1981, or the member's surviving spouse or dependent children, the~~ The service
 18 retirement benefit ~~provided in 19-13-704(1)(a), the disability retirement benefit provided in 19-13-803(1),~~
 19 ~~and, or the survivorship benefit provided in 19-13-902(1)~~ paid to a retired member or the member's
 20 surviving spouse or dependent children may not be less than one-half the monthly compensation paid to
 21 a newly confirmed, active firefighter of a city that last employed the member as a firefighter, as provided
 22 each year in the budget of that city.

23 (2) ~~For a member hired on or after July 1, 1981, or the member's surviving spouse or dependent~~
 24 ~~children, the disability retirement benefit provided in 19-13-803(2) and the survivorship benefit provided~~
 25 ~~in 19-13-902(2) may not be less than one-half the monthly compensation paid to a newly confirmed, active~~
 26 ~~firefighter of a city that last employed the member as a firefighter, as provided each year in the budget of~~
 27 ~~that city.~~

28 ~~(3)~~ If after a member retires, the city that last employed the member no longer employs a full-paid
 29 firefighter, the member's or survivor's benefit under ~~subsections~~ subsection (1) ~~and (2)~~ must be adjusted
 30 on the basis of the average monthly compensation paid to all newly confirmed full-paid firefighters, as

1 provided each year in the budgets of those cities that participate in the retirement system and employ a
2 full-paid firefighter.

3 ~~(4)~~(3) If the employment of a vested member ~~hired before July 1, 1981,~~ is involuntarily
4 discontinued because of the termination of employment of all full-paid firefighters in the city that employed
5 the member, the member's service retirement benefit ~~provided in 19-13-704(1)(b) and~~ or the member's
6 spouse's or dependent child's survivorship benefit ~~provided in 19-13-902(1)~~ may not be less than:

7 (a) if the member has earned 20 years or more of membership service, one-half the average
8 monthly compensation paid to all newly confirmed, full-paid firefighters, as provided each year in the
9 budgets of those cities that participate in the retirement system and employ a full-paid firefighter; or

10 (b) if the member has earned more than 10 but less than 20 years of membership service, 2% of
11 the average monthly compensation paid to all newly confirmed, full-paid firefighters, as provided each year
12 in the budgets of those cities that participate in the retirement system and employ a full-paid firefighter,
13 for each year of the member's service."
14

15 **Section 6.** Section 19-18-606, MCA, is amended to read:

16 **"19-18-606. Supplement to certain pensions.** (1) In addition to the taxes on premiums required
17 by law to be paid by each insurer doing business in this state that is authorized to effect insurance on risks
18 enumerated in 19-18-512, there is a tax of 1 1/2% on the fire portion of the direct premiums received
19 during ~~the calendar year of 1989 and each succeeding~~ calendar year, with allowance for cancellations and
20 returned premiums. The insurance commissioner shall collect the tax during March of each year and deposit
21 the ~~moneys~~ money in the state special revenue fund. The proceeds of ~~such~~ the tax are statutorily
22 appropriated, as provided in 17-7-502, to the auditor, who shall pay claims as provided in subsection (2)
23 of this section ~~and 19-13-1006~~. If sufficient cash remains in the fund each year after the payment of claims
24 as provided in subsection (2) ~~of this section and 19-13-1006~~, the state auditor shall deposit any excess
25 amount in the ~~account provided for in 19-13-615~~ general fund.

26 (2) ~~Effective January 1, 1976, each~~ Each association shall pay to the firefighters retired before July
27 1, 1973, or their surviving spouses and children a monthly pension of not less than one-half the regular
28 monthly salary paid to a confirmed active firefighter of that city, as provided each year in the budget of that
29 city. In the case of volunteer firefighters, the pension may not exceed \$75 per month. Distribution of the
30 funds provided for this purpose under subsection (1) ~~shall~~ must be made as follows:

1 (a) At the beginning of each fiscal year the treasurer of each association shall request and the state
2 auditor shall issue from the state special revenue fund and deliver to the treasurer of the respective city or
3 town an amount certified to be equal to the total annual dollar difference between what the retirees or their
4 surviving spouses and children received from the fund and one-half of the salary paid by the respective city
5 or town to a confirmed active firefighter for the fiscal year just preceding. The state auditor shall, at the
6 same time, report to the treasurer of the appropriate association the amount of any payment delivered to
7 the board of investments.

8 (b) The treasurer of a city or town receiving funds shall immediately disburse them to the treasurer
9 of the respective association.

10 (c) The treasurer of the association shall ~~utilize~~ use these funds to increase the monthly pension
11 of retirees or their surviving spouses and children to an amount equal to one-half of the salary that was paid
12 to a confirmed active firefighter in the city or town for the preceding year."

13
14 **NEW SECTION. Section 7. Repealer.** Sections 19-13-615, 19-13-1006, and 19-13-1009, MCA,
15 are repealed.

16
17 **NEW SECTION. Section 8. Coordination instruction.** (1) If ___ Bill No. ___ [LC 0063] is passed
18 and approved and if it amends 19-9-1007, then [section 22] of ___ Bill No. ___ [LC 0063], amending
19 19-9-1007, is void.

20
21 **NEW SECTION. Section 9. Effective date.** [This act] is effective July 1, 1997.

22 -END-

STATE OF MONTANA - FISCAL NOTE

Fiscal Note for HB0173, as introduced

DESCRIPTION OF PROPOSED LEGISLATION:

The bill actuarially funds the minimum benefit adjustments under the Municipal Police Officers' Retirement System (MPORS) and the Firefighters' Unified Retirement System (FURS). It eliminates the direct reimbursement of supplemental benefit payments and increases contributions.

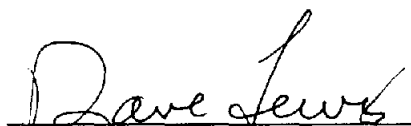
ASSUMPTIONS:


1. The current direct reimbursement method of funding minimum benefit adjustments under MPORS and FURS is contributions by the State Auditor's Office from the state special revenue fund for premium tax collected on insurance sold in the state. This method of funding minimum benefit adjustments will be eliminated; however, the increased contribution rates provided for in the bill also will be made by the State Auditor's Office from the state special revenue fund.
2. The state contribution to the MPORS will increase from 15.66 percent to 29.61 percent of total covered member payroll. The state contribution to the FURS will increase from 24.21 percent to 31.96 percent of total covered member payroll. The state contribution is paid by the State Auditor's Office from the state special revenue fund from premium tax collected on insurance sold in the state.
3. The total covered member payroll for the MPORS during fiscal years 1998 and 1999 is estimated to be \$18,053,336 and \$19,280,963, respectively. The total covered member payroll for the FURS during fiscal years 1998 and 1999 is estimated to be \$15,282,337 and \$16,092,301, respectively.
4. The minimum benefit adjustments for MPORS in fiscal years 1998 and 1999 under the present law is estimated to be \$2,062,247 and \$2,126,840, respectively. The minimum benefit adjustments for FURS in fiscal years 1998 and 1999 under the present law is estimated to be \$1,157,940 and \$1,215,836, respectively.
5. The estimated increase in premium tax fund expenditures (state special revenue) will decrease the corresponding estimated deposits made to the general fund from the state special revenue fund under terms of 19-18-606, MCA.

FISCAL IMPACT:

<u>Expenditures:</u>	<u>FY 98</u>	<u>FY 99</u>
	<u>Difference</u>	<u>Difference</u>
State Auditor's Office:		
Local assistance (statutory appropriation)	482,635	594,172
 <u>Funding:</u>		
State Special Revenue (02)	482,635	594,172
 <u>Revenues:</u>		
General Fund Transfers(01)	(482,635)	(594,172)
 <u>Net Impact:</u>		
General Fund (01)	(482,635)	(594,172)
State Special Revenue (02)	0	0

(Continued)

 11-3-97
 DAVE LEWIS, BUDGET DIRECTOR DATE
 Office of Budget and Program Planning

 1/14/98
 CAROLYN SQUIRES, PRIMARY SPONSOR DATE
 Fiscal Note for HB0173, as introduced

HB 173

(continued)

TECHNICAL NOTES:

The final actuarial figures were not available at the time this bill was drafted. According to the Public Employees Retirement Division, the MPORS contribution rate should decrease from 29.61% to 29.02%. The FURS contribution rate should decrease from 31.96% to 31.02%. If these technical amendments are made, the net fiscal impact is estimated to be:

	<u>FY 98</u>	<u>FY 99</u>
Net General Fund impact	(232,466)	(329,146)

1 HOUSE BILL NO. 173

2 INTRODUCED BY SQUIRES

3 BY REQUEST OF THE PUBLIC EMPLOYEES' RETIREMENT BOARD
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5 A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING ACTUARIAL FUNDING MECHANISMS FOR
6 MINIMUM BENEFIT ADJUSTMENTS UNDER THE MUNICIPAL POLICE OFFICERS' AND THE FIREFIGHTERS'
7 UNIFIED RETIREMENT SYSTEMS; ELIMINATING DIRECT REIMBURSEMENT OF SUPPLEMENTAL BENEFIT
8 PAYMENTS; INCREASING CONTRIBUTIONS; AMENDING SECTIONS 17-7-502, 19-9-702, 19-9-1007,
9 19-13-604, 19-13-1007, AND 19-18-606, MCA; REPEALING SECTIONS 19-13-615, 19-13-1006, AND
10 19-13-1009, MCA; AND PROVIDING AN EFFECTIVE DATE."

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1314 **Section 1.** Section 17-7-502, MCA, is amended to read:

15 **"17-7-502. Statutory appropriations -- definition -- requisites for validity.** (1) A statutory
16 appropriation is an appropriation made by permanent law that authorizes spending by a state agency
17 without the need for a biennial legislative appropriation or budget amendment.

18 (2) Except as provided in subsection (4), to be effective, a statutory appropriation must comply
19 with both of the following provisions:

20 (a) The law containing the statutory authority must be listed in subsection (3).

21 (b) The law or portion of the law making a statutory appropriation must specifically state that a
22 statutory appropriation is made as provided in this section.

23 (3) The following laws are the only laws containing statutory appropriations: 2-9-202; 2-17-105;
24 2-18-812; 3-5-901; 5-13-403; 10-3-203; 10-3-310; 10-3-312; 10-3-314; 10-4-301; 15-1-111; 15-23-706;
25 15-30-195; 15-31-702; 15-37-117; 15-38-202; 15-65-121; 15-70-101; 16-1-404; 16-1-410; 16-1-411;
26 16-11-308; 17-3-106; 17-3-212; 17-5-404; 17-5-424; 17-5-804; 17-6-101; 17-6-201; 17-7-304;
27 18-11-112; 19-2-502; 19-6-709; ~~19-9-1007~~; 19-17-301; 19-18-512; 19-18-513; 19-18-606; 19-19-205;
28 19-19-305; 19-19-506; 20-8-107; 20-8-111; 20-9-361; 20-26-1503; 23-5-136; 23-5-306; 23-5-409;
29 23-5-610; 23-5-612; 23-5-631; 23-7-301; 23-7-402; 32-1-537; 37-43-204; 37-51-501; 39-71-503;
30 39-71-907; 39-71-2321; 39-71-2504; 44-12-206; 44-13-102; 50-4-623; 50-5-232; 50-40-206; 53-6-150;

1 53-6-703; 53-24-206; 60-2-220; 67-3-205; 75-1-1101; 75-5-1108; 75-6-214; 75-11-313; 76-12-123;
 2 80-2-103; 80-2-222; 80-4-416; 81-5-111; 82-11-136; 82-11-161; 85-1-220; 85-20-402; 90-3-301;
 3 90-4-215; 90-6-331; 90-7-220; 90-7-221; and 90-9-306.

4 (4) There is a statutory appropriation to pay the principal, interest, premiums, and costs of issuing,
 5 paying, and securing all bonds, notes, or other obligations, as due, that have been authorized and issued
 6 pursuant to the laws of Montana. Agencies that have entered into agreements authorized by the laws of
 7 Montana to pay the state treasurer, for deposit in accordance with 17-2-101 through 17-2-107, as
 8 determined by the state treasurer, an amount sufficient to pay the principal and interest as due on the
 9 bonds or notes have statutory appropriation authority for the payments. (In subsection (3): pursuant to sec.
 10 7, Ch. 567, L. 1991, the inclusion of 19-6-709 terminates upon death of last recipient eligible for
 11 supplemental benefit; and pursuant to sec. 7(2), Ch. 29, L. 1995, the inclusion of 15-30-195 terminates
 12 July 1, 2001.)"

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 16 auditor out of the premium tax on motor vehicle property and casualty insurance policies. The payments
 17 must be made annually after the end of each fiscal year but no later than November 1 from the gross
 18 premium tax after deduction for cancellations and returned premiums. The division shall notify the auditor
 19 by September 1 of each fiscal year of the annual compensation paid to all active members during the
 20 preceding fiscal year. The state's contribution is ~~15.66%~~ ~~29.61%~~ 29.02% of compensation paid to
 21 members."

22

23 **Section 3.** Section 19-9-1007, MCA, is amended to read:

24 "19-9-1007. ~~Supplement to certain benefits~~ **Minimum benefit adjustment.** (1) The benefits paid
 25 in each fiscal year to a retired member or the member's survivors may not be less than one-half of the
 26 compensation that will be paid to newly confirmed police officers in the current fiscal year in the
 27 appropriate city or town to newly confirmed police officers from which the member retired.

28 (2) ~~On or before October 1 of each year, the division shall make a report including the following~~
 29 ~~information:~~

30 ~~(a) the names of all retired members who are receiving benefits from the retirement system as of~~

1 the date of the report;

2 ~~(b) the names of all surviving spouses or dependent children who are receiving benefits from the~~
3 ~~retirement system because of the death of an active or retired member of this or a prior plan;~~

4 ~~(c) for the purpose of determining the base retirement, disability, or survivorship benefits for the~~
5 ~~computations set forth in subsection (3), the following information relating to the base fiscal year~~
6 ~~commencing July 1, 1976:~~

7 ~~(i) the amount of the benefits paid in the base fiscal year to each retired member described in~~
8 ~~subsection (2)(a);~~

9 ~~(ii) the amount of the benefits paid in the base fiscal year to each surviving spouse or dependent~~
10 ~~child described in subsection (2)(b);~~

11 ~~(iii) upon the death after the base fiscal year of any retired member who was receiving benefits, the~~
12 ~~amount of benefits that would have been paid to an eligible surviving spouse of the retired member if the~~
13 ~~surviving spouse had been receiving benefits in the base fiscal year;~~

14 ~~(d) the original amount of retirement, disability, or survivorship benefits paid to retired members~~
15 ~~or their eligible survivors as of the original retirement dates after July 1, 1976;~~

16 ~~(e) the compensation that will be paid during the current fiscal year to a newly confirmed police~~
17 ~~officer of each city or town participating in the retirement system.~~

18 ~~(3) The division shall compute the difference between each amount reported under subsections~~
19 ~~(2)(a) through (2)(e) and one half the compensation to be paid during the current fiscal year to a newly~~
20 ~~confirmed police officer of the appropriate city or town. The difference must be reported to the state auditor~~
21 ~~who shall pay the difference to the pension trust fund out of the premium tax collected on insurance sold~~
22 ~~in this state to insure against the risks enumerated in 19-18-512(3) no later than November 1. If the~~
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24 ~~included in the October 1 report to the state auditor make minimum benefit adjustments effective July 1,~~
25 ~~the division shall make any retroactive adjustments necessary to individual supplemental minimum benefits~~
26 ~~after the current compensation has been determined and shall include these amounts in the next year's~~
27 ~~report for reimbursement at that time.~~

28 ~~(4) The premium tax amount paid by the state auditor is statutorily appropriated, as provided in~~
29 ~~17-7-502, for the payment of supplemental retirement benefits to eligible retired members and their~~
30 ~~survivors. This payment is in addition to the payment to be made by the state auditor under 19-9-702.~~

1 ~~(5)~~(3) If more than one dependent child is entitled to supplementary benefits under this section by
 2 virtue of the death of a common parent, the minimum benefit paid to the dependent children under this
 3 section must be determined as if there were one dependent child and the supplementary benefits must be
 4 paid to the dependent children collectively."
 5

6 **Section 4.** Section 19-13-604, MCA, is amended to read:

7 "**19-13-604. State contribution.** The state shall make its contributions through the state auditor
 8 from the premium taxes on the insurance risks enumerated in 19-18-512. These payments must be made
 9 annually to the pension trust fund after the end of each fiscal year but no later than November 1 from the
 10 gross premium taxes after deduction for cancellations and returned premiums. The division shall notify the
 11 auditor of the annual compensation, excluding overtime, holiday payments, shift differential payments,
 12 compensatory time payments, and payments in lieu of sick leave, paid to all active members during the
 13 preceding fiscal year. The state's contribution is ~~24.21%~~ ~~31.96%~~ 31.02% of this total compensation. As
 14 soon as practicable after receipt of the state contribution, the division shall deposit it in the pension trust
 15 fund."
 16

17 **Section 5.** Section 19-13-1007, MCA, is amended to read:

18 "**19-13-1007. Benefit adjustment.** (1) ~~For a member retiring on or after July 1, 1973, who was~~
 19 ~~hired before July 1, 1981, or the member's surviving spouse or dependent children, the~~ The service
 20 retirement benefit ~~provided in 19-13-704(1)(a), the disability retirement benefit provided in 19-13-803(1),~~
 21 ~~and, or the survivorship benefit provided in 19-13-902(1)~~ paid to a retired member or the member's
 22 surviving spouse or dependent children may not be less than one-half the monthly compensation paid to
 23 a newly confirmed, active firefighter of a city that last employed the member as a firefighter, as provided
 24 each year in the budget of that city.

25 (2) ~~For a member hired on or after July 1, 1981, or the member's surviving spouse or dependent~~
 26 ~~children, the disability retirement benefit provided in 19-13-803(2) and the survivorship benefit provided~~
 27 ~~in 19-13-902(2) may not be less than one-half the monthly compensation paid to a newly confirmed, active~~
 28 ~~firefighter of a city that last employed the member as a firefighter, as provided each year in the budget of~~
 29 ~~that city.~~

30 ~~(3)~~ If after a member retires, the city that last employed the member no longer employs a full-paid

1 firefighter, the member's or survivor's benefit under ~~subsections~~ subsection (1) ~~and (2)~~ must be adjusted
 2 on the basis of the average monthly compensation paid to all newly confirmed full-paid firefighters, as
 3 provided each year in the budgets of those cities that participate in the retirement system and employ a
 4 full-paid firefighter.

5 ~~(4)(3)~~ If the employment of a vested member ~~hired before July 1, 1981~~, is involuntarily
 6 discontinued because of the termination of employment of all full-paid firefighters in the city that employed
 7 the member, the member's service retirement benefit ~~provided in 19-13-704(1)(b) and or~~ the member's
 8 spouse's or dependent child's survivorship benefit ~~provided in 19-13-902(1)~~ may not be less than:

9 (a) if the member has earned 20 years or more of membership service, one-half the average
 10 monthly compensation paid to all newly confirmed, full-paid firefighters, as provided each year in the
 11 budgets of those cities that participate in the retirement system and employ a full-paid firefighter; or

12 (b) if the member has earned more than 10 but less than 20 years of membership service, 2% of
 13 the average monthly compensation paid to all newly confirmed, full-paid firefighters, as provided each year
 14 in the budgets of those cities that participate in the retirement system and employ a full-paid firefighter,
 15 for each year of the member's service."

16
 17 **Section 6.** Section 19-18-606, MCA, is amended to read:

18 **"19-18-606. Supplement to certain pensions.** (1) In addition to the taxes on premiums required
 19 by law to be paid by each insurer doing business in this state that is authorized to effect insurance on risks
 20 enumerated in 19-18-512, there is a tax of 1 1/2% on the fire portion of the direct premiums received
 21 during ~~the calendar year of 1989 and each succeeding~~ calendar year, with allowance for cancellations and
 22 returned premiums. The insurance commissioner shall collect the tax during March of each year and deposit
 23 the ~~moneys~~ money in the state special revenue fund. The proceeds of ~~such~~ the tax are statutorily
 24 appropriated, as provided in 17-7-502, to the auditor, who shall pay claims as provided in subsection (2)
 25 of this section ~~and 19-13-1006~~. If sufficient cash remains in the fund each year after the payment of claims
 26 as provided in subsection (2) ~~of this section and 19-13-1006~~, the state auditor shall deposit any excess
 27 amount in the ~~account provided for in 19-13-615~~ general fund.

28 (2) ~~Effective January 1, 1976, each~~ Each association shall pay to the firefighters retired before July
 29 1, 1973, or their surviving spouses and children a monthly pension of not less than one-half the regular
 30 monthly salary paid to a confirmed active firefighter of that city, as provided each year in the budget of that

1 city. In the case of volunteer firefighters, the pension may not exceed \$75 per month. Distribution of the
 2 funds provided for this purpose under subsection (1) ~~shall~~ must be made as follows:

3 (a) At the beginning of each fiscal year the treasurer of each association shall request and the state
 4 auditor shall issue from the state special revenue fund and deliver to the treasurer of the respective city or
 5 town an amount certified to be equal to the total annual dollar difference between what the retirees or their
 6 surviving spouses and children received from the fund and one-half of the salary paid by the respective city
 7 or town to a confirmed active firefighter for the fiscal year just preceding. The state auditor shall, at the
 8 same time, report to the treasurer of the appropriate association the amount of any payment delivered to
 9 the board of investments.

10 (b) The treasurer of a city or town receiving funds shall immediately disburse them to the treasurer
 11 of the respective association.

12 (c) The treasurer of the association shall ~~utilize~~ use these funds to increase the monthly pension
 13 of retirees or their surviving spouses and children to an amount equal to one-half of the salary that was paid
 14 to a confirmed active firefighter in the city or town for the preceding year."

15

16 NEW SECTION. Section 7. Repealer. Sections 19-13-615, 19-13-1006, and 19-13-1009, MCA,
 17 are repealed.

18

19 NEW SECTION. Section 8. Coordination instruction. (1) If ___ Bill No. ___ [LC 0063] is passed
 20 and approved and if it amends 19-9-1007, then [section 22] of ___ Bill No. ___ [LC 0063], amending
 21 19-9-1007, is void.

22 (2) IF HOUSE BILL NO. 430 IS PASSED AND APPROVED, THEN THE FOLLOWING SECTIONS OF
 23 [THIS ACT] ARE VOID:

24 (A) [SECTION 4], AMENDING 19-13-604;

25 (B) [SECTION 5], AMENDING 19-13-1007;

26 (C) [SECTION 6], AMENDING 19-18-606; AND

27 (D) [SECTION 7], REPEALING 19-13-615, 19-13-1006, AND 19-13-1009.

28

29 NEW SECTION. Section 9. Effective date. [This act] is effective July 1, 1997.

30

-END-

STATE OF MONTANA - FISCAL NOTE

Fiscal Note for HB0173, second reading

DESCRIPTION OF PROPOSED LEGISLATION:

The bill actuarially funds the minimum benefit adjustments under the Municipal Police Officers' Retirement System (MPORS) and the Firefighters' Unified Retirement System (FURS). It eliminates the direct reimbursement of supplemental benefit payments and increases contributions.

ASSUMPTIONS:

1. The current direct reimbursement method of funding minimum benefit adjustments under MPORS and FURS is contributions by the State Auditor's Office from the state special revenue fund for premium tax collected on insurance sold in the state. This method of funding minimum benefit adjustments will be eliminated; however, the increased contribution rates provided for in the bill also will be made by the State Auditor's Office from the state special revenue fund.
2. The state contribution to the MPORS will increase from 15.66 percent to 29.02 percent of total covered member payroll. The state contribution to the FURS will increase from 24.21 percent to 31.02 percent of total covered member payroll. The state contribution is paid by the State Auditor's Office from the state special revenue fund from premium tax collected on insurance sold in the state.
3. The total covered member payroll for the MPORS during fiscal years 1998 and 1999 is estimated to be \$18,053,336 and \$19,280,963, respectively. The total covered member payroll for the FURS during fiscal years 1998 and 1999 is estimated to be \$15,282,337 and \$16,092,301, respectively.
4. The minimum benefit adjustments for MPORS in fiscal years 1998 and 1999 under the present law is estimated to be \$2,062,247 and \$2,126,840, respectively.
5. Under present law, there is a 1.5 percent tax collected on certain fire risks that is deposited to the state special revenue fund and then paid to the FURS pension trust fund. This is used to pay the minimum benefit adjustments for FURS. The bill would deposit the 1.5 percent tax directly to the general fund. The estimated amounts to be deposited in the general fund for fiscal years 1998 and 1999 are \$1,228,000 and \$1,291,242, respectively. These estimated amounts assume that the five-year average increase in tax revenues of 5.15 percent per year will continue.
6. The estimated increase in premium tax fund expenditures (state special revenue) will decrease the corresponding estimated deposits made to the general fund from the state special revenue fund under terms of 19-18-606, MCA.

FISCAL IMPACT:

Expenditures:

	<u>FY 98</u>	<u>FY 99</u>
	<u>Difference</u>	<u>Difference</u>
State Auditor's Office:		
Payments to pension trust (statutory approp.)	1,390,406	1,544,982

Funding:

State Special Revenue (02)	1,390,406	1,544,982
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Revenues:

State Special Revenue (02)	<u>1,390,406</u>	<u>1,544,982</u>
General Fund (01) (reduced deposits from SSR)	(1,390,406)	(1,544,982)
General Fund (01) (fire premium tax)	<u>1,228,000</u>	<u>1,291,242</u>
Net General Fund (01)	(162,406)	(253,740)

Net Impact: (Revenues minus expenses)

General Fund (01)	(162,406)	(253,740)
State Special Revenue (02)	0	0

Dave Lewis 3-11-97
 DAVE LEWIS, BUDGET DIRECTOR DATE
 Office of Budget and Program Planning

CAROLYN SQUIRES, PRIMARY SPONSOR DATE

Fiscal Note for HB0173, second reading

Am HB 173 #2

1 HOUSE BILL NO. 173

2 INTRODUCED BY SQUIRES

3 BY REQUEST OF THE PUBLIC EMPLOYEES' RETIREMENT BOARD

4
5 A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING ACTUARIAL FUNDING MECHANISMS FOR
6 MINIMUM BENEFIT ADJUSTMENTS UNDER THE MUNICIPAL POLICE OFFICERS' AND THE FIREFIGHTERS'
7 UNIFIED RETIREMENT SYSTEMS; ELIMINATING DIRECT REIMBURSEMENT OF SUPPLEMENTAL BENEFIT
8 PAYMENTS; INCREASING CONTRIBUTIONS; AMENDING SECTIONS 17-7-502, 19-9-702, 19-9-1007,
9 19-13-604, 19-13-1007, AND 19-18-606, MCA; REPEALING SECTIONS 19-13-615, 19-13-1006, AND
10 19-13-1009, MCA; AND PROVIDING AN EFFECTIVE DATE."

11

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

**THERE ARE NO CHANGES IN THIS BILL AND IT WILL NOT BE
REPRINTED. PLEASE REFER TO SECOND READING COPY
(YELLOW) FOR COMPLETE TEXT.**

HOUSE BILL NO. 173

INTRODUCED BY SQUIRES

BY REQUEST OF THE PUBLIC EMPLOYEES' RETIREMENT BOARD

A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING ACTUARIAL FUNDING MECHANISMS FOR MINIMUM BENEFIT ADJUSTMENTS UNDER THE MUNICIPAL POLICE OFFICERS' AND THE FIREFIGHTERS' UNIFIED RETIREMENT SYSTEMS; ELIMINATING DIRECT REIMBURSEMENT OF SUPPLEMENTAL BENEFIT PAYMENTS; INCREASING CONTRIBUTIONS; AMENDING SECTIONS 17-7-502, 19-9-702, 19-9-1007, 19-13-604, 19-13-1007, AND 19-18-606, MCA; REPEALING SECTIONS 19-13-615, 19-13-1006, AND 19-13-1009, MCA; AND PROVIDING AN EFFECTIVE DATE."

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

Section 1. Section 17-7-502, MCA, is amended to read:

"17-7-502. Statutory appropriations -- definition -- requisites for validity. (1) A statutory appropriation is an appropriation made by permanent law that authorizes spending by a state agency without the need for a biennial legislative appropriation or budget amendment.

(2) Except as provided in subsection (4), to be effective, a statutory appropriation must comply with both of the following provisions:

(a) The law containing the statutory authority must be listed in subsection (3).

(b) The law or portion of the law making a statutory appropriation must specifically state that a statutory appropriation is made as provided in this section.

(3) The following laws are the only laws containing statutory appropriations: 2-9-202; 2-17-105; 2-18-812; 3-5-901; 5-13-403; 10-3-203; 10-3-310; 10-3-312; 10-3-314; 10-4-301; 15-1-111; 15-23-706; 15-30-195; 15-31-702; 15-37-117; 15-38-202; 15-65-121; 15-70-101; 16-1-404; 16-1-410; 16-1-411; 16-11-308; 17-3-106; 17-3-212; 17-5-404; 17-5-424; 17-5-804; 17-6-101; 17-6-201; 17-7-304; 18-11-112; 19-2-502; 19-6-709; ~~19-9-1007~~; 19-17-301; 19-18-512; 19-18-513; 19-18-606; 19-19-205; 19-19-305; 19-19-506; 20-8-107; 20-8-111; 20-9-361; 20-26-1503; 23-5-136; 23-5-306; 23-5-409; 23-5-610; 23-5-612; 23-5-631; 23-7-301; 23-7-402; 32-1-537; 37-43-204; 37-51-501; 39-71-503; 39-71-907; 39-71-2321; 39-71-2504; 44-12-206; 44-13-102; 50-4-623; 50-5-232; 50-40-206; 53-6-150;

1 53-6-703; 53-24-206; 60-2-220; 67-3-205; 75-1-1101; 75-5-1108; 75-6-214; 75-11-313; 76-12-123;
 2 80-2-103; 80-2-222; 80-4-416; 81-5-111; 82-11-136; 82-11-161; 85-1-220; 85-20-402; 90-3-301;
 3 90-4-215; 90-6-331; 90-7-220; 90-7-221; and 90-9-306.

4 (4) There is a statutory appropriation to pay the principal, interest, premiums, and costs of issuing,
 5 paying, and securing all bonds, notes, or other obligations, as due, that have been authorized and issued
 6 pursuant to the laws of Montana. Agencies that have entered into agreements authorized by the laws of
 7 Montana to pay the state treasurer, for deposit in accordance with 17-2-101 through 17-2-107, as
 8 determined by the state treasurer, an amount sufficient to pay the principal and interest as due on the
 9 bonds or notes have statutory appropriation authority for the payments. (In subsection (3): pursuant to sec.
 10 7, Ch. 567, L. 1991, the inclusion of 19-6-709 terminates upon death of last recipient eligible for
 11 supplemental benefit; and pursuant to sec. 7(2), Ch. 29, L. 1995, the inclusion of 15-30-195 terminates
 12 July 1, 2001.)"

13

14 **Section 2.** Section 19-9-702, MCA, is amended to read:

15 "**19-9-702. State contribution.** The state of Montana shall make its contributions through the state
 16 auditor out of the premium tax on motor vehicle property and casualty insurance policies. The payments
 17 must be made annually after the end of each fiscal year but no later than November 1 from the gross
 18 premium tax after deduction for cancellations and returned premiums. The division shall notify the auditor
 19 by September 1 of each fiscal year of the annual compensation paid to all active members during the
 20 preceding fiscal year. The state's contribution is ~~15.66%~~ ~~29.61%~~ 29.02% of compensation paid to
 21 members."

22

23 **Section 3.** Section 19-9-1007, MCA, is amended to read:

24 "**19-9-1007. ~~Supplement to certain benefits~~ Minimum benefit adjustment.** (1) The benefits paid
 25 in each fiscal year to a retired member or the member's survivors may not be less than one-half of the
 26 compensation that will be paid to newly confirmed police officers in the current fiscal year in the
 27 ~~appropriate city or town to newly confirmed police officers~~ from which the member retired.

28 (2) ~~On or before October 1 of each year, the division shall make a report including the following~~
 29 ~~information:~~

30 (a) ~~the names of all retired members who are receiving benefits from the retirement system as of~~

1 the date of the report;

2 ~~(b) the names of all surviving spouses or dependent children who are receiving benefits from the~~
3 ~~retirement system because of the death of an active or retired member of this or a prior plan;~~

4 ~~(c) for the purpose of determining the base retirement, disability, or survivorship benefits for the~~
5 ~~computations set forth in subsection (3), the following information relating to the base fiscal year~~
6 ~~commencing July 1, 1976:~~

7 ~~(i) the amount of the benefits paid in the base fiscal year to each retired member described in~~
8 ~~subsection (2)(a);~~

9 ~~(ii) the amount of the benefits paid in the base fiscal year to each surviving spouse or dependent~~
10 ~~child described in subsection (2)(b);~~

11 ~~(iii) upon the death after the base fiscal year of any retired member who was receiving benefits, the~~
12 ~~amount of benefits that would have been paid to an eligible surviving spouse of the retired member if the~~
13 ~~surviving spouse had been receiving benefits in the base fiscal year;~~

14 ~~(d) the original amount of retirement, disability, or survivorship benefits paid to retired members~~
15 ~~or their eligible survivors as of the original retirement dates after July 1, 1975;~~

16 ~~(e) the compensation that will be paid during the current fiscal year to a newly confirmed police~~
17 ~~officer of each city or town participating in the retirement system.~~

18 ~~(3) The division shall compute the difference between each amount reported under subsections~~
19 ~~(2)(c) through (2)(e) and one half the compensation to be paid during the current fiscal year to a newly~~
20 ~~confirmed police officer of the appropriate city or town. The difference must be reported to the state auditor~~
21 ~~who shall pay the difference to the pension trust fund out of the premium tax collected on insurance sold~~
22 ~~in this state to insure against the risks enumerated in 19-18-512(3) no later than November 1. If the~~
23 ~~compensation of a newly confirmed police officer has not been set for the current fiscal year in time to be~~
24 ~~included in the October 1 report to the state auditor make minimum benefit adjustments effective July 1,~~
25 ~~the division shall make any retroactive adjustments necessary to individual ~~supplemental~~ minimum benefits~~
26 ~~after the current compensation has been determined and shall include these amounts in the next year's~~
27 ~~report for reimbursement at that time.~~

28 ~~(4) The premium tax amount paid by the state auditor is statutorily appropriated, as provided in~~
29 ~~17-7-502, for the payment of supplemental retirement benefits to eligible retired members and their~~
30 ~~survivors. This payment is in addition to the payment to be made by the state auditor under 19-9-702.~~

1 ~~(5)(3)~~ If more than one dependent child is entitled to ~~supplementary~~ benefits under this section by
 2 virtue of the death of a common parent, the minimum benefit paid to the dependent children under this
 3 section must be determined as if there were one dependent child and the ~~supplementary~~ benefits must be
 4 paid to the dependent children collectively."

5
 6 **Section 4.** Section 19-13-604, MCA, is amended to read:

7 "**19-13-604. State contribution.** The state shall make its contributions through the state auditor
 8 from the premium taxes on the insurance risks enumerated in 19-18-512. These payments must be made
 9 annually to the pension trust fund after the end of each fiscal year but no later than November 1 from the
 10 gross premium taxes after deduction for cancellations and returned premiums. The division shall notify the
 11 auditor of the annual compensation, excluding overtime, holiday payments, shift differential payments,
 12 compensatory time payments, and payments in lieu of sick leave, paid to all active members during the
 13 preceding fiscal year. The state's contribution is ~~24.21%~~ ~~31.96%~~ 31.02% of this total compensation. As
 14 soon as practicable after receipt of the state contribution, the division shall deposit it in the pension trust
 15 fund."

16
 17 **Section 5.** Section 19-13-1007, MCA, is amended to read:

18 "**19-13-1007. Benefit adjustment.** (1) ~~For a member retiring on or after July 1, 1973, who was~~
 19 ~~hired before July 1, 1981, or the member's surviving spouse or dependent children, the~~ The service
 20 ~~retirement benefit provided in 19-13-704(1)(a), the disability retirement benefit provided in 19-13-803(1),~~
 21 ~~and, or the survivorship benefit provided in 19-13-902(1) paid to a retired member or the member's~~
 22 surviving spouse or dependent children may not be less than one-half the monthly compensation paid to
 23 a newly confirmed, active firefighter of a city that last employed the member as a firefighter, as provided
 24 each year in the budget of that city.

25 (2) ~~For a member hired on or after July 1, 1981, or the member's surviving spouse or dependent~~
 26 ~~children, the disability retirement benefit provided in 19-13-803(2) and the survivorship benefit provided~~
 27 ~~in 19-13-902(2) may not be less than one-half the monthly compensation paid to a newly confirmed, active~~
 28 ~~firefighter of a city that last employed the member as a firefighter, as provided each year in the budget of~~
 29 ~~that city.~~

30 ~~(3)~~ If after a member retires, the city that last employed the member no longer employs a full-paid

1 firefighter, the member's or survivor's benefit under ~~subsections~~ subsection (1) ~~and (2)~~ must be adjusted
 2 on the basis of the average monthly compensation paid to all newly confirmed full-paid firefighters, as
 3 provided each year in the budgets of those cities that participate in the retirement system and employ a
 4 full-paid firefighter.

5 ~~(4)(3)~~ If the employment of a vested member ~~hired before July 1, 1981~~, is involuntarily
 6 discontinued because of the termination of employment of all full-paid firefighters in the city that employed
 7 the member, the member's service retirement benefit ~~provided in 19-13-704(1)(b) and~~ or the member's
 8 spouse's or dependent child's survivorship benefit ~~provided in 19-13-902(1)~~ may not be less than:

9 (a) if the member has earned 20 years or more of membership service, one-half the average
 10 monthly compensation paid to all newly confirmed, full-paid firefighters, as provided each year in the
 11 budgets of those cities that participate in the retirement system and employ a full-paid firefighter; or

12 (b) if the member has earned more than 10 but less than 20 years of membership service, 2% of
 13 the average monthly compensation paid to all newly confirmed, full-paid firefighters, as provided each year
 14 in the budgets of those cities that participate in the retirement system and employ a full-paid firefighter,
 15 for each year of the member's service."

16

17 **Section 6.** Section 19-18-606, MCA, is amended to read:

18 **"19-18-606. Supplement to certain pensions.** (1) In addition to the taxes on premiums required
 19 by law to be paid by each insurer doing business in this state that is authorized to effect insurance on risks
 20 enumerated in 19-18-512, there is a tax of 1 1/2% on the fire portion of the direct premiums received
 21 during ~~the calendar year of 1989 and each succeeding calendar year~~, with allowance for cancellations and
 22 returned premiums. The insurance commissioner shall collect the tax during March of each year and deposit
 23 the ~~moneys~~ money in the state special revenue fund. The proceeds of ~~such~~ the tax are statutorily
 24 appropriated, as provided in 17-7-502, to the auditor, who shall pay claims as provided in subsection (2)
 25 of this section ~~and 19-13-1006~~. If sufficient cash remains in the fund each year after the payment of claims
 26 as provided in subsection (2) ~~of this section and 19-13-1006~~, the state auditor shall deposit any excess
 27 amount in the ~~account provided for in 19-13-615~~ general fund.

28 (2) ~~Effective January 1, 1976, each~~ Each association shall pay to the firefighters retired before July
 29 1, 1973, or their surviving spouses and children a monthly pension of not less than one-half the regular
 30 monthly salary paid to a confirmed active firefighter of that city, as provided each year in the budget of that

1 city. In the case of volunteer firefighters, the pension may not exceed \$75 per month. Distribution of the
2 funds provided for this purpose under subsection (1) ~~shall~~ must be made as follows:

3 (a) At the beginning of each fiscal year the treasurer of each association shall request and the state
4 auditor shall issue from the state special revenue fund and deliver to the treasurer of the respective city or
5 town an amount certified to be equal to the total annual dollar difference between what the retirees or their
6 surviving spouses and children received from the fund and one-half of the salary paid by the respective city
7 or town to a confirmed active firefighter for the fiscal year just preceding. The state auditor shall, at the
8 same time, report to the treasurer of the appropriate association the amount of any payment delivered to
9 the board of investments.

10 (b) The treasurer of a city or town receiving funds shall immediately disburse them to the treasurer
11 of the respective association.

12 (c) The treasurer of the association shall ~~utilize~~ use these funds to increase the monthly pension
13 of retirees or their surviving spouses and children to an amount equal to one-half of the salary that was paid
14 to a confirmed active firefighter in the city or town for the preceding year."

15
16 NEW SECTION. Section 7. Repealer. Sections 19-13-615, 19-13-1006, and 19-13-1009, MCA,
17 are repealed.

18
19 NEW SECTION. Section 8. Coordination instruction. (1) If ___ Bill No. ___ [LC 0063] is passed
20 and approved and if it amends 19-9-1007, then [section 22] of ___ Bill No. ___ [LC 0063], amending
21 19-9-1007, is void.

22 (2) IF HOUSE BILL NO. 430 IS PASSED AND APPROVED, THEN THE FOLLOWING SECTIONS OF
23 [THIS ACT] ARE VOID:

24 (A) [SECTION 4], AMENDING 19-13-604;

25 (B) [SECTION 5], AMENDING 19-13-1007;

26 (C) [SECTION 6], AMENDING 19-18-606; AND

27 (D) [SECTION 7], REPEALING 19-13-615, 19-13-1006, AND 19-13-1009.

28 (3) (A) IF HOUSE BILL NO. 505 IS PASSED AND APPROVED AND IF IT AMENDS 19-9-702, AND
29 IF [THIS ACT] IS PASSED AND APPROVED AND IF IT AMENDS 19-9-702, THEN THE PERCENTAGE OF
30 THE STATE'S CONTRIBUTION CONTAINED IN THE LAST SENTENCE OF [SECTION 2 OF THIS ACT],

1 AMENDING 19-9-702, MUST BE 29.07% AND [SECTION 3 OF HOUSE BILL NO. 505], AMENDING
2 19-9-702, IS VOID.

3 (B) IF HOUSE BILL NO. 170 IS PASSED AND APPROVED AND IF IT AMENDS 19-9-702, AND IF
4 [THIS ACT] IS PASSED AND APPROVED AND IF IT AMENDS 19-9-702, THEN THE PERCENTAGE OF THE
5 STATE'S CONTRIBUTION CONTAINED IN THE LAST SENTENCE OF [SECTION 2 OF THIS ACT],
6 AMENDING 19-9-702, MUST BE 29.32% AND [SECTION 26 OF HOUSE BILL NO. 170], AMENDING
7 19-9-702, IS VOID.

8 (C) IF BOTH HOUSE BILL NO. 505 AND HOUSE BILL NO. 170 ARE PASSED AND APPROVED AND
9 IF BOTH AMEND 19-9-702, AND IF [THIS ACT] IS PASSED AND APPROVED AND IF IT AMENDS
10 19-9-702, THEN THE PERCENTAGE OF THE STATE'S CONTRIBUTION CONTAINED IN THE LAST
11 SENTENCE OF [SECTION 2 OF THIS ACT], AMENDING 19-9-702, MUST BE 29.37% AND [SECTION 3 OF
12 HOUSE BILL NO. 505], AMENDING 19-9-702, AND [SECTION 26 OF HOUSE BILL NO. 170], AMENDING
13 19-9-702, ARE VOID.

14 (4) (A) IF HOUSE BILL NO. 170 IS PASSED AND APPROVED AND IF IT AMENDS 19-13-604, AND
15 IF [THIS ACT] IS PASSED AND APPROVED AND IF IT AMENDS 19-13-604, THEN THE PERCENTAGE OF
16 THE STATE'S CONTRIBUTION CONTAINED IN [SECTION 4 OF THIS ACT], AMENDING 19-13-604, MUST
17 BE 31.31% AND [SECTION 30 OF HOUSE BILL NO. 170], AMENDING 19-13-604, IS VOID.

18 (B) IF BOTH HOUSE BILL NO. 430 AND HOUSE BILL NO. 170 ARE PASSED AND APPROVED AND
19 IF BOTH AMEND 19-13-604, AND IF [THIS ACT] IS PASSED AND APPROVED AND IF IT AMENDS
20 19-13-604, THEN THE PERCENTAGE OF THE STATE'S CONTRIBUTION CONTAINED IN [SECTION 4 OF
21 THIS ACT], AMENDING 19-13-604, MUST BE 32.61% AND [SECTION 4 OF HOUSE BILL NO. 430] AND
22 [SECTION 30 OF HOUSE BILL NO. 170], AMENDING 19-13-604, ARE VOID.

23 (5) IF HOUSE BILL NO. 170 IS PASSED AND APPROVED AND IF IT AMENDS 19-13-1006, AND
24 IF [THIS ACT] IS PASSED AND APPROVED AND IF IT REPEALS 19-13-1006, THEN [SECTION 34 OF
25 HOUSE BILL NO. 170], AMENDING 19-13-1006, IS VOID.

26 (6) IF BOTH HOUSE BILL NO. 430 AND HOUSE BILL NO. 170 ARE PASSED AND APPROVED AND
27 IF BOTH AMEND 19-13-1007, AND IF [THIS ACT] IS PASSED AND APPROVED AND IF IT AMENDS
28 19-13-1007, THEN [SECTION 9 OF HOUSE BILL NO. 430] AND [SECTION 35 OF HOUSE BILL NO. 170]
29 ARE VOID AND [SECTION 5 OF THIS ACT], AMENDING 19-13-1007, MUST READ:

30 **"Section 5.** Section 19-13-1007, MCA, is amended to read:

1 "19-13-1007. **Benefit Minimum benefit adjustment.** (1) ~~For a member retiring on or after July 1,~~
 2 ~~1973, who was hired before July 1, 1981, The following applies to a member who has not elected to be~~
 3 ~~covered under [section 3 of House Bill No. 170]:~~

4 ~~(a) For the member~~ or the member's surviving spouse or dependent children, the service retirement
 5 benefit provided in 19-13-704(1)(a), the disability retirement benefit provided in 19-13-803(1), and the
 6 survivorship benefit provided in 19-13-902(1) may not be less than one-half the monthly compensation paid
 7 to a newly confirmed, active firefighter of a city that last employed the member as a firefighter, as provided
 8 each year in the budget of that city.

9 ~~(2) For a member hired on or after July 1, 1981, or the member's surviving spouse or dependent~~
 10 ~~children, the disability retirement benefit provided in 19-13-803(2) and the survivorship benefit provided~~
 11 ~~in 19-13-902(2) may not be less than one-half the monthly compensation paid to a newly confirmed, active~~
 12 ~~firefighter of a city that last employed the member as a firefighter, as provided each year in the budget of~~
 13 ~~that city.~~

14 ~~(3) (b)~~ If after a member retires, the city that last employed the member no longer employs a
 15 full-paid firefighter, the member's or survivor's benefit under ~~subsections (1) and (2)~~ subsection (1)(a) must
 16 be adjusted on the basis of the average monthly compensation paid to all newly confirmed full-paid
 17 firefighters, as provided each year in the budgets of those cities that participate in the retirement system
 18 and employ a full-paid firefighter.

19 ~~(4) (2)~~ If the employment of a vested member hired before July 1, 1981, who has not elected to
 20 be covered under [section 3 of House Bill No. 170] is involuntarily discontinued because of the termination
 21 of employment of all full-paid firefighters in the city that employed the member, the member's service
 22 retirement benefit provided in 19-13-704(1)(b) and the member's spouse's or dependent child's survivorship
 23 benefit provided in 19-13-902(1) may not be less than:

24 (a) if the member has earned 20 years or more of membership service, one-half the average
 25 monthly compensation paid to all newly confirmed, full-paid firefighters, as provided each year in the
 26 budgets of those cities that participate in the retirement system and employ a full-paid firefighter; or

27 (b) if the member has earned more than ~~40~~ 5 but less than 20 years of membership service, ~~2%~~
 28 2.5% of the average monthly compensation paid to all newly confirmed, full-paid firefighters, as provided
 29 each year in the budgets of those cities that participate in the retirement system and employ a full-paid
 30 firefighter, for each year of the member's service.""

1 (7) IF HOUSE BILL NO. 170 IS PASSED AND APPROVED AND IF IT AMENDS 19-13-1009, AND
2 IF [THIS ACT] IS PASSED AND APPROVED AND IF IT REPEALS 19-13-1009, THEN [SECTION 36 OF
3 HOUSE BILL NO. 170], AMENDING 19-13-1009, IS VOID.

4

5 NEW SECTION. Section 9. Effective date. [This act] is effective July 1, 1997.

6

-END-

HOUSE BILL NO. 173

INTRODUCED BY SQUIRES

BY REQUEST OF THE PUBLIC EMPLOYEES' RETIREMENT BOARD

A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING ACTUARIAL FUNDING MECHANISMS FOR MINIMUM BENEFIT ADJUSTMENTS UNDER THE MUNICIPAL POLICE OFFICERS' AND THE FIREFIGHTERS' UNIFIED RETIREMENT SYSTEMS; ELIMINATING DIRECT REIMBURSEMENT OF SUPPLEMENTAL BENEFIT PAYMENTS; INCREASING CONTRIBUTIONS; AMENDING SECTIONS 17-7-502, 19-9-702, 19-9-1007, 19-13-604, 19-13-1007, AND 19-18-606, MCA; REPEALING SECTIONS 19-13-615, 19-13-1006, AND 19-13-1009, MCA; AND PROVIDING AN EFFECTIVE DATE."

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

Section 1. Section 17-7-502, MCA, is amended to read:

"17-7-502. Statutory appropriations -- definition -- requisites for validity. (1) A statutory appropriation is an appropriation made by permanent law that authorizes spending by a state agency without the need for a biennial legislative appropriation or budget amendment.

(2) Except as provided in subsection (4), to be effective, a statutory appropriation must comply with both of the following provisions:

(a) The law containing the statutory authority must be listed in subsection (3).

(b) The law or portion of the law making a statutory appropriation must specifically state that a statutory appropriation is made as provided in this section.

(3) The following laws are the only laws containing statutory appropriations: 2-9-202; 2-17-105; 2-18-812; 3-5-901; 5-13-403; 10-3-203; 10-3-310; 10-3-312; 10-3-314; 10-4-301; 15-1-111; 15-23-706; 15-30-195; 15-31-702; 15-37-117; 15-38-202; 15-65-121; 15-70-101; 16-1-404; 16-1-410; 16-1-411; 16-11-308; 17-3-106; 17-3-212; 17-5-404; 17-5-424; 17-5-804; 17-6-101; 17-6-201; 17-7-304; 18-11-112; 19-2-502; 19-6-709; 19-9-1007; 19-17-301; 19-18-512; 19-18-513; 19-18-606; 19-19-205; 19-19-305; 19-19-506; 20-8-107; 20-8-111; 20-9-361; 20-26-1503; 23-5-136; 23-5-306; 23-5-409; 23-5-610; 23-5-612; 23-5-631; 23-7-301; 23-7-402; 32-1-537; 37-43-204; 37-51-501; 39-71-503; 39-71-907; 39-71-2321; 39-71-2504; 44-12-206; 44-13-102; 50-4-623; 50-5-232; 50-40-206; 53-6-150;



1 53-6-703; 53-24-206; 60-2-220; 67-3-205; 75-1-1101; 75-5-1108; 75-6-214; 75-11-313; 76-12-123;
 2 80-2-103; 80-2-222; 80-4-416; 81-5-111; 82-11-136; 82-11-161; 85-1-220; 85-20-402; 90-3-301;
 3 90-4-215; 90-6-331; 90-7-220; 90-7-221; and 90-9-306.

4 (4) There is a statutory appropriation to pay the principal, interest, premiums, and costs of issuing,
 5 paying, and securing all bonds, notes, or other obligations, as due, that have been authorized and issued
 6 pursuant to the laws of Montana. Agencies that have entered into agreements authorized by the laws of
 7 Montana to pay the state treasurer, for deposit in accordance with 17-2-101 through 17-2-107, as
 8 determined by the state treasurer, an amount sufficient to pay the principal and interest as due on the
 9 bonds or notes have statutory appropriation authority for the payments. (In subsection (3): pursuant to sec.
 10 7, Ch. 567, L. 1991, the inclusion of 19-6-709 terminates upon death of last recipient eligible for
 11 supplemental benefit; and pursuant to sec. 7(2), Ch. 29, L. 1995, the inclusion of 15-30-195 terminates
 12 July 1, 2001.)"

13

14 **Section 2.** Section 19-9-702, MCA, is amended to read:

15 "19-9-702. **State contribution.** The state of Montana shall make its contributions through the state
 16 auditor out of the premium tax on motor vehicle property and casualty insurance policies. The payments
 17 must be made annually after the end of each fiscal year but no later than November 1 from the gross
 18 premium tax after deduction for cancellations and returned premiums. The division shall notify the auditor
 19 by September 1 of each fiscal year of the annual compensation paid to all active members during the
 20 preceding fiscal year. The state's contribution is ~~15.66%~~ 29.61% 29.02% of compensation paid to
 21 members."

22

23 **Section 3.** Section 19-9-1007, MCA, is amended to read:

24 "19-9-1007. ~~Supplement to certain benefits~~ **Minimum benefit adjustment.** (1) The benefits paid
 25 in each fiscal year to a retired member or the member's survivors may not be less than one-half of the
 26 compensation that will be paid to newly confirmed police officers in the current fiscal year in the
 27 ~~appropriate city or town to newly confirmed police officers~~ from which the member retired.

28 (2) ~~On or before October 1 of each year, the division shall make a report including the following~~
 29 ~~information:~~

30 ~~(a) the names of all retired members who are receiving benefits from the retirement system as of~~

1 ~~the date of the report;~~

2 ~~(b) the names of all surviving spouses or dependent children who are receiving benefits from the~~
3 ~~retirement system because of the death of an active or retired member of this or a prior plan;~~

4 ~~(c) for the purpose of determining the base retirement, disability, or survivorship benefits for the~~
5 ~~computations set forth in subsection (3), the following information relating to the base fiscal year~~
6 ~~commencing July 1, 1976:~~

7 ~~(i) the amount of the benefits paid in the base fiscal year to each retired member described in~~
8 ~~subsection (2)(a);~~

9 ~~(ii) the amount of the benefits paid in the base fiscal year to each surviving spouse or dependent~~
10 ~~child described in subsection (2)(b);~~

11 ~~(iii) upon the death after the base fiscal year of any retired member who was receiving benefits, the~~
12 ~~amount of benefits that would have been paid to an eligible surviving spouse of the retired member if the~~
13 ~~surviving spouse had been receiving benefits in the base fiscal year;~~

14 ~~(d) the original amount of retirement, disability, or survivorship benefits paid to retired members~~
15 ~~or their eligible survivors as of the original retirement dates after July 1, 1976;~~

16 ~~(e) the compensation that will be paid during the current fiscal year to a newly confirmed police~~
17 ~~officer of each city or town participating in the retirement system.~~

18 ~~(3) The division shall compute the difference between each amount reported under subsections~~
19 ~~(2)(c) through (2)(e) and one half the compensation to be paid during the current fiscal year to a newly~~
20 ~~confirmed police officer of the appropriate city or town. The difference must be reported to the state auditor~~
21 ~~who shall pay the difference to the pension trust fund out of the premium tax collected on insurance sold~~
22 ~~in this state to insure against the risks enumerated in 19-18-512(3) no later than November 1. If the~~
23 ~~compensation of a newly confirmed police officer has not been set for the current fiscal year in time to be~~
24 ~~included in the October 1 report to the state auditor make minimum benefit adjustments effective July 1,~~
25 ~~the division shall make any retroactive adjustments necessary to individual ~~supplemental~~ minimum benefits~~
26 ~~after the current compensation has been determined and shall include these amounts in the next year's~~
27 ~~report for reimbursement at that time.~~

28 ~~(4) The premium tax amount paid by the state auditor is statutorily appropriated, as provided in~~
29 ~~17-7-502, for the payment of supplemental retirement benefits to eligible retired members and their~~
30 ~~survivors. This payment is in addition to the payment to be made by the state auditor under 19-9-702.~~

1 ~~(5)(3)~~ If more than one dependent child is entitled to ~~supplementary~~ benefits under this section by
 2 virtue of the death of a common parent, the minimum benefit paid to the dependent children under this
 3 section must be determined as if there were one dependent child and the ~~supplementary~~ benefits must be
 4 paid to the dependent children collectively."

5

6 **Section 4.** Section 19-13-604, MCA, is amended to read:

7 "**19-13-604. State contribution.** The state shall make its contributions through the state auditor
 8 from the premium taxes on the insurance risks enumerated in 19-18-512. These payments must be made
 9 annually to the pension trust fund after the end of each fiscal year but no later than November 1 from the
 10 gross premium taxes after deduction for cancellations and returned premiums. The division shall notify the
 11 auditor of the annual compensation, excluding overtime, holiday payments, shift differential payments,
 12 compensatory time payments, and payments in lieu of sick leave, paid to all active members during the
 13 preceding fiscal year. The state's contribution is ~~24.21%~~ ~~31.96%~~ 31.02% of this total compensation. As
 14 soon as practicable after receipt of the state contribution, the division shall deposit it in the pension trust
 15 fund."

16

17 **Section 5.** Section 19-13-1007, MCA, is amended to read:

18 "**19-13-1007. Benefit adjustment.** (1) ~~For a member retiring on or after July 1, 1973, who was~~
 19 ~~hired before July 1, 1981, or the member's surviving spouse or dependent children, the~~ The service
 20 retirement benefit ~~provided in 19-13-704(1)(a), the disability retirement benefit provided in 19-13-803(1),~~
 21 ~~and, or the survivorship benefit provided in 19-13-902(1) paid to a retired member or the member's~~
 22 surviving spouse or dependent children may not be less than one-half the monthly compensation paid to
 23 a newly confirmed, active firefighter of a city that last employed the member as a firefighter, as provided
 24 each year in the budget of that city.

25 (2) ~~For a member hired on or after July 1, 1981, or the member's surviving spouse or dependent~~
 26 ~~children, the disability retirement benefit provided in 19-13-803(2) and the survivorship benefit provided~~
 27 ~~in 19-13-902(2) may not be less than one-half the monthly compensation paid to a newly confirmed, active~~
 28 ~~firefighter of a city that last employed the member as a firefighter, as provided each year in the budget of~~
 29 ~~that city.~~

30 ~~(3)~~ If after a member retires, the city that last employed the member no longer employs a full-paid

1 firefighter, the member's or survivor's benefit under ~~subsections~~ subsection (1) ~~and (2)~~ must be adjusted
 2 on the basis of the average monthly compensation paid to all newly confirmed full-paid firefighters, as
 3 provided each year in the budgets of those cities that participate in the retirement system and employ a
 4 full-paid firefighter.

5 ~~(4)(3)~~ If the employment of a vested member ~~hired before July 1, 1981~~, is involuntarily
 6 discontinued because of the termination of employment of all full-paid firefighters in the city that employed
 7 the member, the member's service retirement benefit ~~provided in 19-13-704(1)(b) and or~~ the member's
 8 spouse's or dependent child's survivorship benefit ~~provided in 19-13-902(1)~~ may not be less than:

9 (a) if the member has earned 20 years or more of membership service, one-half the average
 10 monthly compensation paid to all newly confirmed, full-paid firefighters, as provided each year in the
 11 budgets of those cities that participate in the retirement system and employ a full-paid firefighter; or

12 (b) if the member has earned more than 10 but less than 20 years of membership service, 2% of
 13 the average monthly compensation paid to all newly confirmed, full-paid firefighters, as provided each year
 14 in the budgets of those cities that participate in the retirement system and employ a full-paid firefighter,
 15 for each year of the member's service."

16
 17 **Section 6.** Section 19-18-606, MCA, is amended to read:

18 **"19-18-606. Supplement to certain pensions.** (1) In addition to the taxes on premiums required
 19 by law to be paid by each insurer doing business in this state that is authorized to effect insurance on risks
 20 enumerated in 19-18-512, there is a tax of 1 1/2% on the fire portion of the direct premiums received
 21 during ~~the calendar year of 1989 and each succeeding~~ calendar year, with allowance for cancellations and
 22 returned premiums. The insurance commissioner shall collect the tax during March of each year and deposit
 23 the ~~moneys~~ money in the state special revenue fund. The proceeds of ~~such~~ the tax are statutorily
 24 appropriated, as provided in 17-7-502, to the auditor, who shall pay claims as provided in subsection (2)
 25 of this section ~~and 19-13-1006~~. If sufficient cash remains in the fund each year after the payment of claims
 26 as provided in subsection (2) ~~of this section and 19-13-1006~~, the state auditor shall deposit any excess
 27 amount in the ~~account provided for in 19-13-615~~ general fund.

28 (2) ~~Effective January 1, 1976, each~~ Each association shall pay to the firefighters retired before July
 29 1, 1973, or their surviving spouses and children a monthly pension of not less than one-half the regular
 30 monthly salary paid to a confirmed active firefighter of that city, as provided each year in the budget of that

1 city. In the case of volunteer firefighters, the pension may not exceed \$75 per month. Distribution of the
2 funds provided for this purpose under subsection (1) ~~shall~~ must be made as follows:

3 (a) At the beginning of each fiscal year the treasurer of each association shall request and the state
4 auditor shall issue from the state special revenue fund and deliver to the treasurer of the respective city or
5 town an amount certified to be equal to the total annual dollar difference between what the retirees or their
6 surviving spouses and children received from the fund and one-half of the salary paid by the respective city
7 or town to a confirmed active firefighter for the fiscal year just preceding. The state auditor shall, at the
8 same time, report to the treasurer of the appropriate association the amount of any payment delivered to
9 the board of investments.

10 (b) The treasurer of a city or town receiving funds shall immediately disburse them to the treasurer
11 of the respective association.

12 (c) The treasurer of the association shall ~~utilize~~ use these funds to increase the monthly pension
13 of retirees or their surviving spouses and children to an amount equal to one-half of the salary that was paid
14 to a confirmed active firefighter in the city or town for the preceding year."

15
16 **NEW SECTION. Section 7. Repealer.** Sections 19-13-615, 19-13-1006, and 19-13-1009, MCA,
17 are repealed.

18
19 **NEW SECTION. Section 8. Coordination instruction.** (1) If ___ Bill No. ___ [LC 0063] is passed
20 and approved and if it amends 19-9-1007, then [section 22] of ___ Bill No. ___ [LC 0063], amending
21 19-9-1007, is void.

22 **(2) IF HOUSE BILL NO. 430 IS PASSED AND APPROVED, THEN THE FOLLOWING SECTIONS OF**
23 **[THIS ACT] ARE VOID:**

24 **(A) [SECTION 4], AMENDING 19-13-604;**

25 **(B) [SECTION 5], AMENDING 19-13-1007;**

26 **(C) [SECTION 6], AMENDING 19-18-606; AND**

27 **(D) [SECTION 7], REPEALING 19-13-615, 19-13-1006, AND 19-13-1009.**

28 **(3) (A) IF HOUSE BILL NO. 505 IS PASSED AND APPROVED AND IF IT AMENDS 19-9-702, AND**
29 **IF [THIS ACT] IS PASSED AND APPROVED AND IF IT AMENDS 19-9-702, THEN THE PERCENTAGE OF**
30 **THE STATE'S CONTRIBUTION CONTAINED IN THE LAST SENTENCE OF [SECTION 2 OF THIS ACT],**

1 AMENDING 19-9-702, MUST BE 29.07% AND [SECTION 3 OF HOUSE BILL NO. 505], AMENDING
2 19-9-702, IS VOID.

3 (B) IF HOUSE BILL NO. 170 IS PASSED AND APPROVED AND IF IT AMENDS 19-9-702, AND IF
4 [THIS ACT] IS PASSED AND APPROVED AND IF IT AMENDS 19-9-702, THEN THE PERCENTAGE OF THE
5 STATE'S CONTRIBUTION CONTAINED IN THE LAST SENTENCE OF [SECTION 2 OF THIS ACT],
6 AMENDING 19-9-702, MUST BE 29.32% AND [SECTION 26 OF HOUSE BILL NO. 170], AMENDING
7 19-9-702, IS VOID.

8 (C) IF BOTH HOUSE BILL NO. 505 AND HOUSE BILL NO. 170 ARE PASSED AND APPROVED AND
9 IF BOTH AMEND 19-9-702, AND IF [THIS ACT] IS PASSED AND APPROVED AND IF IT AMENDS
10 19-9-702, THEN THE PERCENTAGE OF THE STATE'S CONTRIBUTION CONTAINED IN THE LAST
11 SENTENCE OF [SECTION 2 OF THIS ACT], AMENDING 19-9-702, MUST BE 29.37% AND [SECTION 3 OF
12 HOUSE BILL NO. 505], AMENDING 19-9-702, AND [SECTION 26 OF HOUSE BILL NO. 170], AMENDING
13 19-9-702, ARE VOID.

14 (4) (A) IF HOUSE BILL NO. 170 IS PASSED AND APPROVED AND IF IT AMENDS 19-13-604, AND
15 IF [THIS ACT] IS PASSED AND APPROVED AND IF IT AMENDS 19-13-604, THEN THE PERCENTAGE OF
16 THE STATE'S CONTRIBUTION CONTAINED IN [SECTION 4 OF THIS ACT], AMENDING 19-13-604, MUST
17 BE 31.31% AND [SECTION 30 OF HOUSE BILL NO. 170], AMENDING 19-13-604, IS VOID.

18 (B) IF BOTH HOUSE BILL NO. 430 AND HOUSE BILL NO. 170 ARE PASSED AND APPROVED AND
19 IF BOTH AMEND 19-13-604, AND IF [THIS ACT] IS PASSED AND APPROVED AND IF IT AMENDS
20 19-13-604, THEN THE PERCENTAGE OF THE STATE'S CONTRIBUTION CONTAINED IN [SECTION 4 OF
21 THIS ACT], AMENDING 19-13-604, MUST BE 32.61% AND [SECTION 4 OF HOUSE BILL NO. 430] AND
22 [SECTION 30 OF HOUSE BILL NO. 170], AMENDING 19-13-604, ARE VOID.

23 (5) IF HOUSE BILL NO. 170 IS PASSED AND APPROVED AND IF IT AMENDS 19-13-1006, AND
24 IF [THIS ACT] IS PASSED AND APPROVED AND IF IT REPEALS 19-13-1006, THEN [SECTION 34 OF
25 HOUSE BILL NO. 170], AMENDING 19-13-1006, IS VOID.

26 (6) IF BOTH HOUSE BILL NO. 430 AND HOUSE BILL NO. 170 ARE PASSED AND APPROVED AND
27 IF BOTH AMEND 19-13-1007, AND IF [THIS ACT] IS PASSED AND APPROVED AND IF IT AMENDS
28 19-13-1007, THEN [SECTION 9 OF HOUSE BILL NO. 430] AND [SECTION 35 OF HOUSE BILL NO. 170]
29 ARE VOID AND [SECTION 5 OF THIS ACT], AMENDING 19-13-1007, MUST READ:

30 "Section 5. Section 19-13-1007, MCA, is amended to read:

1 "19-13-1007. **Benefit Minimum benefit adjustment.** (1) ~~For a member retiring on or after July 1,~~
 2 ~~1973, who was hired before July 1, 1981, The following applies to a member who has not elected to be~~
 3 ~~covered under [section 3 of House Bill No. 170]:~~

4 ~~(a) For the member or the member's surviving spouse or dependent children, the service retirement~~
 5 ~~benefit provided in 19-13-704(1)(a), the disability retirement benefit provided in 19-13-803(1), and the~~
 6 ~~survivorship benefit provided in 19-13-902(1) may not be less than one-half the monthly compensation paid~~
 7 ~~to a newly confirmed, active firefighter of a city that last employed the member as a firefighter, as provided~~
 8 ~~each year in the budget of that city.~~

9 ~~(2) For a member hired on or after July 1, 1981, or the member's surviving spouse or dependent~~
 10 ~~children, the disability retirement benefit provided in 19-13-803(2) and the survivorship benefit provided~~
 11 ~~in 19-13-902(2) may not be less than one-half the monthly compensation paid to a newly confirmed, active~~
 12 ~~firefighter of a city that last employed the member as a firefighter, as provided each year in the budget of~~
 13 ~~that city.~~

14 ~~(3) (b) If after a member retires, the city that last employed the member no longer employs a~~
 15 ~~full-paid firefighter, the member's or survivor's benefit under ~~subsections (1) and (2)~~ subsection (1)(a) must~~
 16 ~~be adjusted on the basis of the average monthly compensation paid to all newly confirmed full-paid~~
 17 ~~firefighters, as provided each year in the budgets of those cities that participate in the retirement system~~
 18 ~~and employ a full-paid firefighter.~~

19 ~~(4) (2) If the employment of a vested member hired before July 1, 1981, who has not elected to~~
 20 ~~be covered under [section 3 of House Bill No. 170] is involuntarily discontinued because of the termination~~
 21 ~~of employment of all full-paid firefighters in the city that employed the member, the member's service~~
 22 ~~retirement benefit provided in 19-13-704(1)(b) and the member's spouse's or dependent child's survivorship~~
 23 ~~benefit provided in 19-13-902(1) may not be less than:~~

24 (a) if the member has earned 20 years or more of membership service, one-half the average
 25 monthly compensation paid to all newly confirmed, full-paid firefighters, as provided each year in the
 26 budgets of those cities that participate in the retirement system and employ a full-paid firefighter; or

27 (b) if the member has earned more than ~~40~~ 5 but less than 20 years of membership service, ~~2%~~
 28 2.5% of the average monthly compensation paid to all newly confirmed, full-paid firefighters, as provided
 29 each year in the budgets of those cities that participate in the retirement system and employ a full-paid
 30 firefighter, for each year of the member's service."

1 (7) IF HOUSE BILL NO. 170 IS PASSED AND APPROVED AND IF IT AMENDS 19-13-1009, AND
2 IF [THIS ACT] IS PASSED AND APPROVED AND IF IT REPEALS 19-13-1009, THEN [SECTION 36 OF
3 HOUSE BILL NO. 170], AMENDING 19-13-1009, IS VOID.

4

5 NEW SECTION. Section 9. Effective date. [This act] is effective July 1, 1997.

6

-END-