

1 HOUSE BILL NO. 174

2 INTRODUCED BY SMITH

3 BY REQUEST OF THE PUBLIC EMPLOYEES' RETIREMENT BOARD

4
5 A BILL FOR AN ACT ENTITLED: "AN ACT EXPANDING THE GAME WARDENS' RETIREMENT SYSTEM TO
6 BE A GAME WARDENS' AND PEACE OFFICERS' RETIREMENT SYSTEM FOR STATE PEACE OFFICERS;
7 REVISING DEFINITIONS; PROVIDING MEMBERS OF THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM WHO
8 ARE PEACE OFFICERS WITH AN ELECTION TO JOIN THE GAME WARDENS' AND PEACE OFFICERS'
9 RETIREMENT SYSTEM; CLARIFYING THAT PUBLIC EMPLOYEES' RETIREMENT SYSTEM MEMBERS
10 TRANSFERRING TO THE GAME WARDENS' AND PEACE OFFICERS' RETIREMENT SYSTEM MAY
11 TRANSFER CREDITABLE SERVICE WITHOUT ACTUARIAL COST TO THE GAME WARDENS' AND PEACE
12 OFFICERS' RETIREMENT SYSTEM; REDUCING THE VESTING REQUIREMENTS; AMENDING SECTIONS
13 19-8-101, 19-8-102, 19-8-301, 19-8-302, 19-8-504, 19-8-604, 19-8-701, 19-8-712, 19-8-902, AND
14 19-8-903, MCA; AND PROVIDING AN EFFECTIVE DATE."

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

17
18 **NEW SECTION.** Section 1. Transfer of membership -- qualification of previous service. A person
19 who elects to become a member of the game wardens' and peace officers' retirement system pursuant to
20 19-8-302 may transfer the member's creditable service in the public employees' retirement system into the
21 game wardens' and peace officers' retirement system under the provisions of 19-8-902.

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23 Section 2. Section 19-8-101, MCA, is amended to read:

24 "19-8-101. **Definitions.** Unless the context requires otherwise, the following definitions apply in
25 this chapter:

26 (1) "Compensation" means remuneration paid for services to a member out of funds controlled by
27 an employer before any deductions are made and exclusive of maintenance, allowances, and expenses.

28 (2) "Final average salary" means the average monthly compensation received by a member for any
29 3 years of continuous service upon which contributions were made or, in the event a member has not
30 served 3 years, the total compensation earned divided by the number of months served. Lump-sum

1 payments for severance pay, sick leave, and annual leave paid to an employee upon termination of
 2 employment may be used in the calculation of a retirement benefit only to the extent that they are used
 3 to replace, on a month-for-month basis, the normal compensation for a month or months included in the
 4 calculation of the final average salary. A lump-sum payment may not be added to a single month's
 5 compensation.

6 (3) "~~State game~~ Game warden" means a state fish and game warden hired by the department of
 7 fish, wildlife, and parks and includes all warden supervisory personnel whose salaries or compensation is
 8 paid out of the department of fish, wildlife, and parks money.

9 (4) "Motor carrier officer" means an employee of the department of transportation appointed as
 10 a peace officer pursuant to 61-12-201.

11 (5) "Peace officer" or "state peace officer" means a person who by virtue of the person's
 12 employment with the state is vested by law with a duty to maintain public order or make arrests for
 13 offenses while acting within the scope of the person's authority or who is charged with specific law
 14 enforcement responsibilities on behalf of the state."

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 16 Section 3. Section 19-8-102, MCA, is amended to read:

17 "19-8-102. Game wardens' and peace officers' retirement system established. There is a
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 19 governed by the provisions of chapter 2 and this chapter."

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 21 Section 4. Section 19-8-301, MCA, is amended to read:

22 "19-8-301. Membership -- inactive vested members -- inactive nonvested members. (1) Except
 23 as provided in 19-8-302, the following state peace officers must be covered under the game wardens' and
 24 peace officers' retirement system and, beginning on the first day of employment, shall become and remain
 25 active members for as long as they are employed as peace officers:

26 (a) ~~each state game warden wardens~~ wardens who ~~is~~ are assigned to law enforcement in the department
 27 of fish, wildlife, and parks ~~shall become a member of the retirement system when first becoming a state~~
 28 ~~game warden. All state game wardens are members of the retirement system so long as they are actively~~
 29 ~~employed in that capacity.;~~

30 (b) motor carrier officers employed by the department of transportation;

1 (c) campus security officers employed by the university system;

2 (d) the warden and deputy wardens of the state prison system;

3 (e) corrections officers employed by the department of corrections;

4 (f) probation and parole officers employed by the department of corrections;

5 (g) stock inspectors and detectives employed by the department of livestock;

6 (h) motor vehicle inspectors employed by the department of justice;

7 (i) weights and measures inspectors employed by the department of commerce; and

8 (j) enforcement officers employed by the public service commission.

9 (2) A member with at least ~~40~~ 5 years of membership service who terminates service and does not
10 take a refund of the member's accumulated contributions is an inactive vested member and retains the right
11 to purchase service and to receive a retirement benefit under the provisions of this chapter.

12 (3) A member with less than ~~40~~ 5 years of membership service who terminates service and leaves
13 the member's accumulated contributions in the pension trust fund is an inactive nonvested member and
14 is not eligible for any benefits from the retirement system. An inactive nonvested member is eligible only
15 for a refund of the member's accumulated contributions."

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17 Section 5. Section 19-8-302, MCA, is amended to read:

18 "**19-8-302. ~~Ineligibility for public~~ Public employees' retirement system -- transfer of membership.**

19 (1) Except as provided in subsections (2) and (4), an eligible peace officer shall become a member of the
20 game wardens' and peace officers' retirement system on the first day of covered service.

21 (2) A member of the public employees' retirement system who first becomes eligible for membership
22 in the game wardens' and peace officers' retirement system on July 1, 1997, may elect to become a
23 member of the retirement system or may continue membership in the public employees' retirement system
24 by submitting a written election of intent to the board no later than December 31, 1997.

25 (3) A person who is a member of the game wardens' and peace officers' retirement system
26 assigned to law enforcement who transfers to a position involving duties other than law enforcement ~~in the~~
27 ~~department of fish, wildlife, and parks~~ within the same state agency may retain membership in the
28 retirement system by filing a written election of intent with the board no later than 30 days after transfer
29 to the new position.

30 (2) A person who is a member of the public employees' retirement system who transfers to a

1 position ~~as a state game warden covered by the game wardens' and peace officers' retirement system~~ may
 2 elect to become a member of the retirement system or may continue membership in the public employees'
 3 retirement system by filing a written election of intent with the board no later than 30 days after transfer
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 6 **Section 6.** Section 19-8-504, MCA, is amended to read:

7 **"19-8-504. ~~State's~~ State employer's contribution.** Each month, ~~the state treasurer~~ employers shall
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 9 8.15% of ~~all members' salaries~~ the total compensation paid to their covered employees."

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 11 **Section 7.** Section 19-8-604, MCA, is amended to read:

12 **"19-8-604. Early retirement benefit.** If a member is discontinued from service after having
 13 completed ~~40~~ 5 years of membership service but before reaching retirement age, the member must, upon
 14 filing a written application with the board, be paid a retirement benefit beginning on the member's 55th
 15 birthday calculated under the provisions of 19-8-603."

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 17 **Section 8.** Section 19-8-701, MCA, is amended to read:

18 **"19-8-701. Disability retirement benefit.** (1) A member who is determined by the board to be
 19 disabled must be granted a disability retirement benefit in an amount calculated on the actuarial equivalent
 20 of the service retirement benefit standing to the member's credit at the time of the member's disability
 21 retirement.

22 (2) If the disability is a direct result of any service to the ~~department of fish, wildlife, and parks~~
 23 state in the line of duty and the member has at least ~~40~~ 5 years of membership service, the member who
 24 is disabled must be retired on a disability retirement benefit of not less than one-half of the member's final
 25 average salary."

26
 27 **Section 9.** Section 19-8-712, MCA, is amended to read:

28 **"19-8-712. Medical examination of disability retiree -- cancellation of benefit.** (1) The board, in
 29 its discretion, may require the recipient of a disability retirement benefit to undergo a medical examination.
 30 The examination must be made by a physician or surgeon at the recipient's place of residence or at another

1 place mutually agreed on, at the board's expense. Upon the basis of the examination, the board shall
2 determine, by reason of physical or mental capacity, whether the recipient can perform the essential
3 elements of the position held by the recipient when the recipient retired. If the board determines that the
4 recipient is not incapacitated, the recipient's disability retirement benefit must be canceled when the
5 recipient is offered a position under subsection (3). If the recipient refuses to submit to a medical
6 examination, the recipient's disability retirement benefit must be canceled when the recipient is notified of
7 the determination of the board.

8 (2) If the board determines that a recipient of a disability retirement benefit should no longer be
9 subject to medical review, the board may grant a service retirement status to the recipient without
10 recalculating the recipient's monthly benefit. The board shall notify the recipient in writing as to the change
11 in status. If the recipient disagrees with the board's determination, the recipient may request the board to
12 reconsider its action. The request for reconsideration must be made in writing within 60 days after receipt
13 of the notice of the status change.

14 (3) A recipient whose disability retirement benefit is canceled because the board has determined
15 that the recipient is no longer incapacitated must be reinstated to the position held by the recipient
16 immediately before the recipient's retirement or to a position in the same classification within the recipient's
17 capacity, whichever is first open. The fact that the recipient was retired for disability may not prejudice any
18 right to reinstatement to duty that the recipient may have or claim to have.

19 (4) ~~The department of fish, wildlife, and parks~~ member's former employer may request a medical
20 or psychological review as to the ability of the recipient to return to work as a ~~game warden~~ peace officer.
21 If the board's findings are upheld, ~~the department of fish, wildlife, and parks~~ former employer shall pay the
22 cost of the review."

23

24 **Section 10.** Section 19-8-902, MCA, is amended to read:

25 **"19-8-902. Qualification of other Montana public service.** (1) (a) A member may, at any time
26 before retirement, make a written election with the board to qualify all or any portion of the member's
27 service credit in the public employees', highway patrol officers', firefighters' unified, sheriffs', or municipal
28 police officers' retirement system for which the member either has received or is eligible to receive a refund
29 of the member's accumulated contributions. To qualify this service, the member shall contribute to the
30 pension trust fund the actuarial cost of granting the service in the game wardens' and peace officers'

1 retirement system, as determined by the board, based on the most recent actuarial valuation of the system
 2 minus the employer contribution provided in subsection (1)(b). This service may not be credited in more
 3 than one retirement system under Title 19.

4 (b) Upon receiving the member's payment under subsection (1)(a), the division shall transfer from
 5 the member's former retirement system to the game wardens' and peace officers' retirement system an
 6 amount equal to the employer contributions made during the member's service but no more than an amount
 7 equal to the normal contribution rate minus the employee contribution rate in the game wardens' and peace
 8 officers' retirement system, according to the most recent actuarial valuation, based on the salaries earned
 9 by the employee as a member of the former system.

10 (2) (a) A member may, at any time before retirement, make a written election with the board to
 11 qualify any full-time public service employment performed for the state or a political subdivision of the state.
 12 The member shall provide salary and employment documentation certified by the member's public employer.
 13 The board shall grant service credit subject to rules adopted by the board upon contribution by the
 14 employee of the actuarial cost of granting this service in the game wardens' and peace officers' retirement
 15 system, as determined by the board, based on the most recent actuarial valuation of the system.

16 (b) The board is the sole authority under this subsection (2) in determining what constitutes
 17 full-time public service.

18 (c) This service may not be credited in more than one retirement system under Title 19."
 19

20 **Section 11.** Section 19-8-903, MCA, is amended to read:

21 **"19-8-903. Employment in United States government.** (1) A member who is assigned to an agency
 22 of the United States government under Title IV, the Intergovernmental Personnel Act of 1970, may qualify
 23 the federal employment in the retirement system under subsection (2) of this section, provided that:

24 (a) the member has accumulated at least 5 years of membership service; and

25 (b) the member returns to full-time service for at least 1 year after completing employment in the
 26 United States government.

27 (2) A member who is assigned to an agency of the United States government has the option to:

28 (a) continue the member's payments into the pension trust fund; or

29 (b) pay an amount equal to the normal employer and employee contributions plus interest within
 30 2 years after the member's return to active state ~~game warden~~ peace officer status.

1 (3) Compensation earned while on assignment to an agency of the United States government must
2 be considered compensation for purposes of the retirement system and may be included in the
3 determination of final average salary, provided that the final average salary cannot exceed 100% of the
4 member's highest monthly compensation earned as a state ~~game warden~~ peace officer."

5

6 NEW SECTION. Section 12. Instruction to code commissioner. In the Montana Code Annotated
7 and in material enacted by the 55th legislature, unless the context requires otherwise, the code
8 commissioner shall change the term "game wardens' retirement system" to "game wardens' and peace
9 officers' retirement system", and whenever the term "game wardens" is used in reference to the retirement
10 system, the code commissioner shall change the term to "peace officers".

11

12 NEW SECTION. Section 13. Codification instruction. [Section 1] is intended to be codified as an
13 integral part of Title 19, chapter 8, part 3, and the provisions of Title 19, chapter 8, part 3, apply to
14 [section 1].

15

16 NEW SECTION. Section 14. Effective date. [This act] is effective July 1, 1997.

17

-END-

STATE OF MONTANA - FISCAL NOTE

Fiscal Note for HB0174, as introduced

DESCRIPTION OF PROPOSED LEGISLATION:

The bill expands the eligibility for membership in the existing Game Wardens' Retirement System (GWRs) to other state employees who are peace officers or who have state law enforcement responsibilities. Affected persons employed on June 30, 1997, will be able to elect whether they will stay in the Public Employees' Retirement System (PERS) or join GWRs; persons hired into eligible positions on or after July 1, 1997, will be required to be members of the GWRs. Persons transferring from PERS to GWRs may remain inactive members of PERS and draw two separate retirement benefits upon termination from state service or may elect to qualify their previous PERS service into GWRs by paying the actuarial cost of transferring the service.

ASSUMPTIONS:

Public Employees' Retirement Division (PERD):

1. Only those PERS members who will be expected to work at least another five years or who will receive a higher retirement benefit in GWRs will elect to transfer into the GWRs. It is assumed that in most agencies no more than 25% of persons potentially affected by the bill will actually elect to transfer to GWRs.
2. Those eligible PERS members who do elect membership in GWRs will become members of the GWRs effective October 1, 1997 (average date for election during the first year of eligibility).
3. The fiscal impact to state agencies during the next biennium will be the difference between the PERS employer contribution rate and the GWRs employer contribution rate applied to the salaries of those employees who actually become members of the GWRs during the next biennium. The difference in employer contribution rates is: (GWRs) 8.15 - 6.70 (PERS) = 1.45 percent of covered salaries during the period after joining GWRs.
4. The Public Employees' Retirement Board will provide educational information and group and individual counseling to PERS members who will have the option to change systems. The cost of printed materials, travel, postage, and other operating expenses associated with this effort are estimated to be \$25,000 in fiscal year 1998.

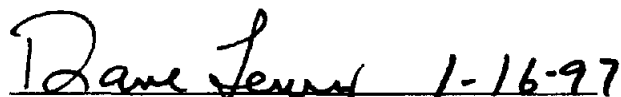
Department of Corrections:

5. The department currently has 98 grade 10 correctional officers, 168 grade 11 correctional officers, 39 grade 13 correctional officers, two wardens, four deputy wardens, 91 grade 14 probation and parole officers, 11 grade 16 probation and parole officers, and five grade 18 probation and parole officers (418.00 FTE). 25 percent of the 418.00 FTE amounts to 104.50 FTE.
6. The average salary base used to calculate the estimated cost of the increased contributions varies according to the respective grades. For example, the average salary for grade 10 and grade 11 positions is the midpoint between entry and market salary; the market salary is used for the grade 13 positions because these FTE typically have been working in the positions for a longer time period.

Department of Transportation:

7. Total salaries in the Governor's Executive Budget for the Enforcement Bureau are \$2,389,346 in fiscal year 1998 and \$2,396,289 in fiscal year 1999.
8. The initial indication is that 43.5 percent of the Enforcement Bureau employees (40 of 92) would transfer from PERS to GWRs.
9. The employer contribution amount will increase incrementally over time as longer-tenured officers currently enrolled in PERS leave employment and are replaced by newly-hired officers required to be enrolled in GWRs. The average annual turnover rate is estimated to be 9 percent.

(Continued)


DAVE LEWIS, BUDGET DIRECTOR DATE
Office of Budget and Program Planning

LIZ SMITH, PRIMARY SPONSOR DATE

Fiscal Note for HB0174, as introduced

HB 174

(continued)

10. The contribution increase is estimated to be \$15,071 in fiscal year 1998 (\$2,389,346 x 0.435 x 0.0145) and \$16,475 in fiscal year 1999 (\$2,396,289 x 0.435 x 1.09 x 0.0145).

Department of Livestock:

11. It is assumed that 16.00 FTE stock inspectors with seven years of service or less would consider the system transfer to be beneficial. It is estimated that the total salaries for these 16.00 FTE will be \$480,000 for fiscal years 1998 and 1999.

Department of Justice:

12. There are 10.00 FTE eligible for the transfer in the Motor Vehicle Inspection Bureau. It is estimated that 25 percent of these FTE, rounded up to 3.00 FTE, would opt to make the transfer.
13. The estimated annual salaries for the 10.00 FTE is \$262,995. The estimated annual increase in contributions is \$1,144 (\$262,995 x 30 percent x 1.45 percent).

Department of Commerce:

14. The Weights and Measures Bureau has 10.00 FTE eligible for transfer. It is estimated that 25 percent, or 2.50 FTE, rounded up to 3.00 FTE, would opt to make the transfer. The total estimated annual salaries for the 10.00 FTE is \$255,000.
15. The estimated increase in annual contributions is \$1,109 (\$255,000 x 30 percent x 1.45 percent).

Department of Public Service Regulation:

15. There are 2.00 FTE Public Service Commission enforcement officers who may elect to become members of GWRs at an annual increased cost of \$674.

Department of Fish, Wildlife, and Parks:

16. There is no fiscal impact to the department.

FISCAL IMPACT:

<u>PERD:</u>	<u>FY98</u>	<u>FY99</u>
<u>Expenditures:</u>	<u>Difference</u>	<u>Difference</u>
Operating expenses	25,000	0
 <u>Funding:</u>		
Non-expendable trust (09)	25,000	0
 <u>Department of Corrections:</u>		
Personal services	36,455	36,455
 <u>Funding:</u>		
General fund (01)	36,455	36,455
 <u>Department of Transportation:</u>		
Personal services	15,071	16,475
 <u>Funding:</u>		
Highways special revenue (02)	15,071	15,071
 <u>Department of Livestock:</u>		
Personal services	6,960	6,960
 <u>Funding:</u>		
State special revenue (02)	6,960	6,960
 <u>Department of Justice:</u>		
Personal services	1,144	1,144
 <u>Funding:</u>		
Highways special revenue (02)	229	229
Federal special revenue (03)	915	915

(Continued)

Fiscal Note Request, HB0174, as introduced

Page 3

(continued)

	<u>FY98</u> <u>Difference</u>	<u>FY99</u> <u>Difference</u>
<u>Department of Commerce:</u>		
Personal services	1,109	1,109
<u>Funding:</u>		
State special revenue (02)	1,109	1,109
<u>Department of Public Service Regulation:</u>		
Personal services	674	674
<u>Funding:</u>		
State special revenue (02)	674	674
<u>Net Impact on Fund Balance: (Increased expenses)</u>		
General fund (01)	(36,455)	(36,455)
State special revenue (02)	(24,043)	(25,447)
Federal special revenue (03)	(915)	(915)

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1 The examination must be made by a physician or surgeon at the recipient's place of residence or at another
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3 determine, by reason of physical or mental capacity, whether the recipient can perform the essential
4 elements of the position held by the recipient when the recipient retired. If the board determines that the
5 recipient is not incapacitated, the recipient's disability retirement benefit must be canceled when the
6 recipient is offered a position under subsection (3). If the recipient refuses to submit to a medical
7 examination, the recipient's disability retirement benefit must be canceled when the recipient is notified of
8 the determination of the board.

9 (2) If the board determines that a recipient of a disability retirement benefit should no longer be
10 subject to medical review, the board may grant a service retirement status to the recipient without
11 recalculating the recipient's monthly benefit. The board shall notify the recipient in writing as to the change
12 in status. If the recipient disagrees with the board's determination, the recipient may request the board to
13 reconsider its action. The request for reconsideration must be made in writing within 60 days after receipt
14 of the notice of the status change.

15 (3) A recipient whose disability retirement benefit is canceled because the board has determined
16 that the recipient is no longer incapacitated must be reinstated to the position held by the recipient
17 immediately before the recipient's retirement or to a position in the same classification within the recipient's
18 capacity, whichever is first open. The fact that the recipient was retired for disability may not prejudice any
19 right to reinstatement to duty that the recipient may have or claim to have.

20 (4) The ~~department of fish, wildlife, and parks~~ member's former employer may request a medical
21 or psychological review as to the ability of the recipient to return to work as a ~~game warden~~ peace officer.
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25 **Section 10.** Section 19-8-902, MCA, is amended to read:

26 **"19-8-902. Qualification of other Montana public service.** (1) (a) A member may, at any time
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29 police officers' retirement system for which the member either has received or is eligible to receive a refund
30 of the member's accumulated contributions. To qualify this service, the member shall contribute to the

1 pension trust fund the actuarial cost of granting the service in the game wardens' and peace officers'
2 retirement system, as determined by the board, based on the most recent actuarial valuation of the system
3 minus the employer contribution provided in subsection (1)(b). This service may not be credited in more
4 than one retirement system under Title 19.

5 (b) Upon receiving the member's payment under subsection (1)(a), the division shall transfer from
6 the member's former retirement system to the game wardens' and peace officers' retirement system an
7 amount equal to the employer contributions made during the member's service but no more than an amount
8 equal to the normal contribution rate minus the employee contribution rate in the game wardens' and peace
9 officers' retirement system, according to the most recent actuarial valuation, based on the salaries earned
10 by the employee as a member of the former system.

11 (2) (a) A member may, at any time before retirement, make a written election with the board to
12 qualify any full-time public service employment performed for the state or a political subdivision of the state.
13 The member shall provide salary and employment documentation certified by the member's public employer.
14 The board shall grant service credit subject to rules adopted by the board upon contribution by the
15 employee of the actuarial cost of granting this service in the game wardens' and peace officers' retirement
16 system, as determined by the board, based on the most recent actuarial valuation of the system.

17 (b) The board is the sole authority under this subsection (2) in determining what constitutes
18 full-time public service.

19 (c) This service may not be credited in more than one retirement system under Title 19."
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21 **Section 11.** Section 19-8-903, MCA, is amended to read:

22 "**19-8-903. Employment in United States government.** (1) A member who is assigned to an agency
23 of the United States government under Title IV, the Intergovernmental Personnel Act of 1970, may qualify
24 the federal employment in the retirement system under subsection (2) of this section, provided that:

25 (a) the member has accumulated at least 5 years of membership service; and

26 (b) the member returns to full-time service for at least 1 year after completing employment in the
27 United States government.

28 (2) A member who is assigned to an agency of the United States government has the option to:

29 (a) continue the member's payments into the pension trust fund; or

30 (b) pay an amount equal to the normal employer and employee contributions plus interest within

1 2 years after the member's return to active state ~~game warden~~ peace officer status.

2 (3) Compensation earned while on assignment to an agency of the United States government must
3 be considered compensation for purposes of the retirement system and may be included in the
4 determination of final average salary, provided that the final average salary cannot exceed 100% of the
5 member's highest monthly compensation earned as a state ~~game warden~~ peace officer."

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7 **NEW SECTION. Section 12. Instruction to code commissioner.** In the Montana Code Annotated
8 and in material enacted by the 55th legislature, unless the context requires otherwise, the code
9 commissioner shall change the term "game wardens' retirement system" to "game wardens' and peace
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11 system, the code commissioner shall change the term to "peace officers".

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13 **NEW SECTION. Section 13. Codification instruction.** [Section 1] is intended to be codified as an
14 integral part of Title 19, chapter 8, part 3, and the provisions of Title 19, chapter 8, part 3, apply to
15 [section 1].

16
17 **NEW SECTION. Section 14. Effective date.** [This act] is effective July 1, 1997.

18 -END-

STATE OF MONTANA - FISCAL NOTE

Fiscal Note for HB0174, second reading

DESCRIPTION OF PROPOSED LEGISLATION:

An act expanding the Game Wardens' Retirement System (GWRs) to be a Game Wardens' and Peace Officers' Retirement System (GWPORS) for state peace officers.

ASSUMPTIONS:

Public Employees' Retirement Division (PERD):

1. Only those PERS members who will be expected to work at least another five years or who will receive a higher retirement benefit in GWPORS will elect to transfer into the GWPORS. It is assumed that in most agencies no more than 25 percent of persons potentially affected by the bill will actually elect to transfer to GWPORS.
2. Those eligible PERS members who do elect membership in GWPORS will become members of the GWPORS effective October 1, 1997 (average date for election during the first year of eligibility).
3. The fiscal impact to state agencies during the next biennium will be the difference between the PERS employer contribution rate and the GWPORS employer contribution rate applied to the salaries of those employees who actually become members of the GWPORS during the next biennium. The difference in employer contribution rates is: 8.15 (GWPORS) - 6.70 (PERS) = 1.45 percent of covered salaries during the period after joining GWPORS.
4. The Public Employees' Retirement Board will provide educational information and group and individual counseling to PERS members who will have the option to change systems. The cost of printed materials, travel, postage, and other operating expenses associated with this effort are estimated to be \$25,000 in fiscal year 1998.

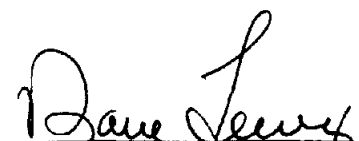
Department of Corrections:

5. The department currently has 98.00 FTE grade 10 correctional officers, 168.00 grade 11 correctional officers, 39.00 grade 13 correctional officers, 2.00 wardens, 4.00 deputy wardens, 91.00 grade 14 probation and parole officers, 11.00 grade 16 probation and parole officers, 5.00 grade 18 probation and parole officers, 10.50 grade 12 drill instructors, 2.00 grade 14 drill instructors, 1.00 grade 13 drill instructor, and 1.00 grade 15 drill instructor (432.50 FTE). It is assumed that 25 percent of the 432.50 FTE, or 108.125 FTE, will elect to transfer to the GWPORS.
6. The average salary base used to calculate the estimated cost of the increased contributions varies according to the respective grades. For example, the average salary for grade 10 and grade 11 positions is the midpoint between entry and market salary; the market salary is used for the grade 13 positions because these FTE typically have been working in the positions for a longer time period.

Department of Transportation:

7. Total salaries in the Governor's Executive Budget for the Enforcement Bureau are \$2,389,346 in fiscal year 1998 and \$2,396,289 in fiscal year 1999.
8. The initial indication is that 43.5 percent of the Enforcement Bureau employees (40 of 92) would transfer from PERS to GWPORS.
9. The employer contribution amount will increase incrementally over time as longer-tenured officers currently enrolled in PERS leave employment and are replaced by newly-hired officers required to be enrolled in GWPORS. The average annual turnover rate is estimated to be 9 percent.

(Continued)


DAVE LEWIS, BUDGET DIRECTOR DATE
Office of Budget and Program Planning


LIZ SMITH, PRIMARY SPONSOR DATE

Fiscal Note for HB0174, second reading

HB 174 #2

10. The contribution increase is estimated to be \$15,071 in fiscal year 1998 (\$2,389,346 x 0.435 x 0.0145) and \$16,475 in fiscal year 1999 (\$2,396,289 x 0.435 x 1.09 x 0.0145).

Department of Livestock:

11. It is assumed that 16.00 FTE stock inspectors with seven years of service or less would consider the system transfer to be beneficial. It is estimated that the total salaries for these 16.00 FTE will be \$480,000 for fiscal years 1998 and 1999.

Department of Justice:

12. There are 10.00 FTE eligible for the transfer in the Motor Vehicle Inspection Bureau. It is estimated that 25 percent of these FTE, rounded up to 3.00 FTE, would opt to make the transfer.

13. The estimated annual salaries for the 10.00 FTE is \$262,995. The estimated annual increase in contributions is \$1,144 (\$262,995 x 30 percent x 1.45 percent).

Department of Fish, Wildlife, and Parks:

14. There is no fiscal impact to the department.

FISCAL IMPACT:

<u>PERD:</u>	<u>FY98</u>	<u>FY99</u>
<u>Expenditures:</u>	<u>Difference</u>	<u>Difference</u>
Operating expenses	25,000	0
 <u>Funding:</u>		
Non-expendable trust (09)	25,000	0
 <u>Department of Corrections:</u>		
Personal services	37,610	37,610
 <u>Funding:</u>		
General fund (01)	37,610	37,610
 <u>Department of Transportation:</u>		
Personal services	15,071	16,475
 <u>Funding:</u>		
Highways special revenue (02)	15,071	15,071
 <u>Department of Livestock:</u>		
Personal services	6,960	6,960
 <u>Funding:</u>		
State special revenue (02)	6,960	6,960
 <u>Department of Justice:</u>		
Personal services	1,144	1,144
 <u>Funding:</u>		
Highways special revenue (02)	229	229
Federal special revenue (03)	915	915
 <u>Net Impact on Fund Balance: (Increased expenses)</u>		
General fund (01)	(37,610)	(37,610)
State special revenue (02)	(22,260)	(22,260)
Federal special revenue (03)	(915)	(915)

1 HOUSE BILL NO. 174

2 INTRODUCED BY SMITH

3 BY REQUEST OF THE PUBLIC EMPLOYEES' RETIREMENT BOARD

4
5 A BILL FOR AN ACT ENTITLED: "AN ACT EXPANDING THE GAME WARDENS' RETIREMENT SYSTEM TO
6 BE A GAME WARDENS' AND PEACE OFFICERS' RETIREMENT SYSTEM FOR STATE PEACE OFFICERS;
7 REVISING DEFINITIONS; PROVIDING MEMBERS OF THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM WHO
8 ARE PEACE OFFICERS WITH AN ELECTION TO JOIN THE GAME WARDENS' AND PEACE OFFICERS'
9 RETIREMENT SYSTEM; CLARIFYING THAT PUBLIC EMPLOYEES' RETIREMENT SYSTEM MEMBERS
10 TRANSFERRING TO THE GAME WARDENS' AND PEACE OFFICERS' RETIREMENT SYSTEM MAY
11 TRANSFER CREDITABLE SERVICE WITHOUT ACTUARIAL COST TO THE GAME WARDENS' AND PEACE
12 OFFICERS' RETIREMENT SYSTEM; REDUCING THE VESTING REQUIREMENTS; AMENDING SECTIONS
13 19-8-101, 19-8-102, 19-8-301, 19-8-302, 19-8-504, 19-8-604, 19-8-701, 19-8-712, 19-8-902, AND
14 19-8-903, MCA; AND PROVIDING AN EFFECTIVE DATE."

15
16 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.**

APPROVED BY COM ON
STATE ADMINISTRATION

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

NEW SECTION. Section 1. Transfer of membership -- qualification of previous service. A person who elects to become a member of the game wardens' and peace officers' retirement system pursuant to 19-8-302 may transfer the member's creditable service in the public employees' retirement system into the game wardens' and peace officers' retirement system under the provisions of 19-8-902.

Section 2. Section 19-8-101, MCA, is amended to read:

"19-8-101. Definitions. Unless the context requires otherwise, the following definitions apply in this chapter:

(1) "Compensation" means remuneration paid for services to a member out of funds controlled by an employer before any deductions are made and exclusive of maintenance, allowances, and expenses.

(2) "Final average salary" means the average monthly compensation received by a member for any 3 years of continuous service upon which contributions were made or, in the event a member has not served 3 years, the total compensation earned divided by the number of months served. Lump-sum

1 payments for severance pay, sick leave, and annual leave paid to an employee upon termination of
 2 employment may be used in the calculation of a retirement benefit only to the extent that they are used
 3 to replace, on a month-for-month basis, the normal compensation for a month or months included in the
 4 calculation of the final average salary. A lump-sum payment may not be added to a single month's
 5 compensation.

6 (3) "~~State game~~ Game warden" means a state fish and game warden hired by the department of
 7 fish, wildlife, and parks and includes all warden supervisory personnel whose salaries or compensation is
 8 paid out of the department of fish, wildlife, and parks money.

9 (4) "Motor carrier officer" means an employee of the department of transportation appointed as
 10 a peace officer pursuant to 61-12-201.

11 (5) "Peace officer" or "state peace officer" means a person who by virtue of the person's
 12 employment with the state is vested by law with a duty to maintain public order or make arrests for
 13 offenses while acting within the scope of the person's authority or who is charged with specific law
 14 enforcement responsibilities on behalf of the state."

15
 16 **Section 3.** Section 19-8-102, MCA, is amended to read:

17 "**19-8-102. Game wardens' and peace officers' retirement system established.** There is a
 18 retirement system known as the ~~state game wardens'~~ and peace officers' retirement system, which is
 19 governed by the provisions of chapter 2 and this chapter."

20
 21 **Section 4.** Section 19-8-301, MCA, is amended to read:

22 "**19-8-301. Membership -- inactive vested members -- inactive nonvested members.** (1) Except
 23 as provided in 19-8-302, the following state peace officers must be covered under the game wardens' and
 24 peace officers' retirement system and, beginning on the first day of employment, shall become and remain
 25 active members for as long as they are employed as peace officers:

26 (a) ~~each state game warden wardens~~ wardens who ~~is~~ are assigned to law enforcement in the department
 27 of fish, wildlife, and parks ~~shall become a member of the retirement system when first becoming a state~~
 28 ~~game warden. All state game wardens are members of the retirement system so long as they are actively~~
 29 ~~employed in that capacity;~~

30 (b) motor carrier officers employed by the department of transportation;

1 (c) campus security officers employed by the university system;

2 (d) the warden and deputy wardens of the state prison system;

3 (e) corrections officers employed by the department of corrections;

4 (f) probation and parole officers employed by the department of corrections;

5 (g) stock inspectors and detectives employed by the department of livestock;

6 (h) motor vehicle inspectors employed by the department of justice; AND

7 (i) weights and measures inspectors employed by the department of commerce; and

8 (j) enforcement officers employed by the public service commission DRILL INSTRUCTORS

9 EMPLOYED BY THE DEPARTMENT OF CORRECTIONS.

10 (2) A member with at least ~~40~~ 5 years of membership service who terminates service and does not
11 take a refund of the member's accumulated contributions is an inactive vested member and retains the right
12 to purchase service and to receive a retirement benefit under the provisions of this chapter.

13 (3) A member with less than ~~40~~ 5 years of membership service who terminates service and leaves
14 the member's accumulated contributions in the pension trust fund is an inactive nonvested member and
15 is not eligible for any benefits from the retirement system. An inactive nonvested member is eligible only
16 for a refund of the member's accumulated contributions."

17
18 **Section 5.** Section 19-8-302, MCA, is amended to read:

19 "**19-8-302. ~~Ineligibility for public~~ Public employees' retirement system -- transfer of membership.**

20 (1) Except as provided in subsections (2) and (4), an eligible peace officer shall become a member of the
21 game wardens' and peace officers' retirement system on the first day of covered service.

22 (2) A member of the public employees' retirement system who first becomes eligible for membership
23 in the game wardens' and peace officers' retirement system on July 1, 1997, may elect to become a
24 member of the retirement system or may continue membership in the public employees' retirement system
25 by submitting a written election of intent to the board no later than December 31, 1997.

26 (3) A person who is a member of the game wardens' and peace officers' retirement system
27 assigned to law enforcement who transfers to a position involving duties other than law enforcement ~~in the~~
28 ~~department of fish, wildlife, and parks~~ within the same state agency may retain membership in the
29 retirement system by filing a written election of intent with the board no later than 30 days after transfer
30 to the new position.

1 (2) A person who is a member of the public employees' retirement system who transfers to a
 2 position ~~as a state game warden covered by the game wardens' and peace officers' retirement system~~ may
 3 elect to become a member of the retirement system or may continue membership in the public employees'
 4 retirement system by filing a written election of intent with the board no later than 30 days after transfer
 5 to the new position."

6
 7 **Section 6.** Section 19-8-504, MCA, is amended to read:

8 "19-8-504. ~~State's~~ **State employer's contribution.** Each month, ~~the state treasurer~~ employers shall
 9 pay to the pension trust fund ~~out of the department of fish, wildlife, and parks funds,~~ a sum equal to
 10 8.15% of ~~all members' salaries~~ the total compensation paid to their covered employees."

11
 12 **Section 7.** Section 19-8-604, MCA, is amended to read:

13 "19-8-604. **Early retirement benefit.** If a member is discontinued from service after having
 14 completed ~~40~~ 5 years of membership service but before reaching retirement age, the member must, upon
 15 filing a written application with the board, be paid a retirement benefit beginning on the member's 55th
 16 birthday calculated under the provisions of 19-8-603."

17
 18 **Section 8.** Section 19-8-701, MCA, is amended to read:

19 "19-8-701. **Disability retirement benefit.** (1) A member who is determined by the board to be
 20 disabled must be granted a disability retirement benefit in an amount calculated on the actuarial equivalent
 21 of the service retirement benefit standing to the member's credit at the time of the member's disability
 22 retirement.

23 (2) If the disability is a direct result of any service to the ~~department of fish, wildlife, and parks~~
 24 state in the line of duty and the member has at least ~~40~~ 5 years of membership service, the member who
 25 is disabled must be retired on a disability retirement benefit of not less than one-half of the member's final
 26 average salary."

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18 capacity, whichever is first open. The fact that the recipient was retired for disability may not prejudice any
19 right to reinstatement to duty that the recipient may have or claim to have.

20 (4) The ~~department of fish, wildlife, and parks~~ member's former employer may request a medical
21 or psychological review as to the ability of the recipient to return to work as a ~~game warden~~ peace officer.
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3 minus the employer contribution provided in subsection (1)(b). This service may not be credited in more
4 than one retirement system under Title 19.

5 (b) Upon receiving the member's payment under subsection (1)(a), the division shall transfer from
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8 equal to the normal contribution rate minus the employee contribution rate in the game wardens' and peace
9 officers' retirement system, according to the most recent actuarial valuation, based on the salaries earned
10 by the employee as a member of the former system.

11 (2) (a) A member may, at any time before retirement, make a written election with the board to
12 qualify any full-time public service employment performed for the state or a political subdivision of the state.
13 The member shall provide salary and employment documentation certified by the member's public employer.
14 The board shall grant service credit subject to rules adopted by the board upon contribution by the
15 employee of the actuarial cost of granting this service in the game wardens' and peace officers' retirement
16 system, as determined by the board, based on the most recent actuarial valuation of the system.

17 (b) The board is the sole authority under this subsection (2) in determining what constitutes
18 full-time public service.

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26 (b) the member returns to full-time service for at least 1 year after completing employment in the
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29 (a) continue the member's payments into the pension trust fund; or

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15 [section 1].

16
17 **NEW SECTION. Section 14. Effective date.** [This act] is effective July 1, 1997.

18 -END-