

1 *House* BILL NO. *505*  
 2 INTRODUCED BY *Beaudry, Carter, Hargett, Wiseman*  
 3 *Sprick, Wilson, Quinn, Pyle, Dolvin, Merabian*

4 A BILL FOR AN ACT ENTITLED: "AN ACT REDUCING THE VESTING REQUIREMENTS FOR MEMBERS OF  
 5 THE MUNICIPAL POLICE OFFICERS' RETIREMENT SYSTEM; INCREASING EMPLOYER AND STATE  
 6 CONTRIBUTIONS; SUPERSEDING THE UNFUNDED MANDATE LAW; AMENDING SECTIONS 19-9-104,  
 7 19-9-301, 19-9-702, 19-9-703, AND 19-9-801, MCA; AND PROVIDING AN EFFECTIVE DATE."

8  
 9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

10  
 11 **Section 1.** Section 19-9-104, MCA, is amended to read:

12 **"19-9-104. Definitions.** Unless the context requires otherwise, the following definitions apply in  
 13 this chapter:

14 (1) "Compensation" means the remuneration, excluding overtime, holiday payments, shift  
 15 differential payments, compensation time payments, and payments in lieu of sick leave and annual leave,  
 16 that a member receives as an active police officer.

17 (2) "Dependent child" means a child of a deceased member:  
 18 (a) who is unmarried and under 18 years of age; or  
 19 (b) who is unmarried, under 24 years of age, and attending an accredited postsecondary  
 20 educational institution as a full-time student in anticipation of receiving a certificate or degree.

21 (3) "Employer" means any city that participated in a prior plan or that elects to join this retirement  
 22 system under 19-9-207.

23 (4) "Final average compensation" means the monthly compensation of a member, averaged over  
 24 the last 36 months of ~~his~~ the member's service or, in the event a member has not been a member that long,  
 25 over the period of membership.

26 (5) "Minimum retirement date" means the first day of the month coinciding with or, if none  
 27 coincides, the date on which a member both becomes age 50 and completes ~~40~~ 5 years of membership  
 28 service.

29 (6) Any reference to "municipality", "city", or "town" includes those jurisdictions that, prior to the  
 30 effective date of a county-municipal consolidation, were incorporated municipalities, subsequent districts

1 created for urban law enforcement services, or the entire county included in the county-municipal  
2 consolidation.

3 (7) "Prior plan" means the local police reserve or pension trust fund of a city that elects to join the  
4 retirement system under 19-9-207.

5 (8) "Retirement date" means the date on which the first payment of the retirement, disability, or  
6 survivorship benefits of a member or a survivor is payable.

7 (9) "Surviving spouse" means the spouse married to a member at the time of the member's death.

8 (10) "Survivor" means a surviving spouse or dependent child of the member."  
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10 **Section 2.** Section 19-9-301, MCA, is amended to read:

11 "**19-9-301. Active membership -- inactive vested member -- inactive nonvested member.** (1) A  
12 police officer becomes an active member of the retirement system:

13 (a) on the date the police officer's service with an employer commences;

14 (b) on July 1, 1977, if the police officer is employed by an employer on that date; or

15 (c) in the case of an employer that elects to join the retirement system as provided in 19-9-207,  
16 on the effective date of the election if the police officer is employed by the employer on that date.

17 (2) Upon becoming eligible for membership, the police officer shall complete the forms and furnish  
18 the proof required by the board.

19 (3) A member becomes an inactive member on the first day of an approved absence from service  
20 of a substantial duration.

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

24 (5) A member with less than ~~40~~ 5 years of membership service who terminates service and leaves  
25 the member's accumulated contributions in the pension trust fund is an inactive nonvested member and  
26 is not eligible for any benefits from the retirement system. An inactive nonvested member is eligible only  
27 for a refund of the member's accumulated contributions."  
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29 **Section 3.** Section 19-9-702, MCA, is amended to read:

30 "**19-9-702. State contribution.** The state of Montana shall make its contributions through the state

1 auditor out of the premium tax on motor vehicle property and casualty insurance policies. The payments  
 2 must be made annually after the end of each fiscal year but no later than November 1 from the gross  
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8 **"19-9-703. Employer contribution.** Each employer shall make its contribution through the city  
 9 treasurer or other appropriate official out of money available to the city for that purpose. The employer's  
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14 **"19-9-801. Eligibility for service retirement -- commencement of benefit.** (1) Members are eligible  
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16 (2) A member is eligible to receive a service retirement benefit when the member has completed  
 17 20 years or more of membership service and has terminated service.

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 19 but prior to completing 20 years of membership service is eligible to receive a service retirement benefit  
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24 (b) The retirement benefit for an eligible inactive member must commence no ~~later~~ earlier than the  
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 27 **NEW SECTION. Section 6. Unfunded mandate law superseded.** The provisions of [this act]  
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 30 **NEW SECTION. Section 7. Effective date.** [This act] is effective July 1, 1997.

-END-

STATE OF MONTANA - FISCAL NOTE

Fiscal Note for HB0505, as introduced

DESCRIPTION OF PROPOSED LEGISLATION:

A bill reducing the vesting requirements for members of the municipal police officers' retirement system (MPORS).

ASSUMPTIONS:

1. This bill will increase the state's contribution to the MPORS, funded by premium taxes collected from insurers on motor vehicle property & casualty insurance policies, by 0.05% of annual compensation paid to all active members during the preceding fiscal year. (From 15.66% to 15.71%)
2. The general fund will be reduced by the same amount as the increased contribution to the MPORS.
3. Annual compensation paid to all active members of the municipal police officers' retirement system is estimated to be \$18.9 million in FY98 and \$20.6 million in FY99.
4. The amount that the general fund decreases and the MPORS contribution increases is: \$9,400 (.05% x \$18.9 million) in FY98, and \$10,300 (.05% x \$20.6 million) in FY99.

FISCAL IMPACT:

	<u>FY98</u>	<u>FY99</u>
	<u>Difference</u>	<u>Difference</u>
<u>Revenue:</u>		
Premium tax to Pension Fund (08)	\$9,400	\$10,300
Premium tax to General Fund (01)	(9,400)	(10,300)

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

Cities covered by the MPORS will have increased statewide expenses of \$9,400 in FY98 and \$10,300 in FY99.

TECHNICAL NOTES:

This bill will need to be coordinated with other legislation affecting this retirement system. To date those are: HB 170, HB 173, and HB 324.

*Dave Lewis* 2-13-97  
DAVE LEWIS, BUDGET DIRECTOR      DATE  
Office of Budget and Program Planning

HALEY BEAUDRY, PRIMARY SPONSOR      DATE  
Fiscal Note for HB0505, as introduced  
**HB 505**

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House BILL NO. 505  
INTRODUCED BY *Beaudry, Patrick Harney, Wiseman, Lynch, Zuber, Quinn, Doyle, Edwin, Mendenhall*

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

**Section 1.** Section 19-9-104, MCA, is amended to read:

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(1) "Compensation" means the remuneration, excluding overtime, holiday payments, shift differential payments, compensation time payments, and payments in lieu of sick leave and annual leave, that a member receives as an active police officer.

(2) "Dependent child" means a child of a deceased member:

- (a) who is unmarried and under 18 years of age; or
- (b) who is unmarried, under 24 years of age, and attending an accredited postsecondary educational institution as a full-time student in anticipation of receiving a certificate or degree.

(3) "Employer" means any city that participated in a prior plan or that elects to join this retirement system under 19-9-207.

(4) "Final average compensation" means the monthly compensation of a member, averaged over the last 36 months of ~~his~~ the member's service or, in the event a member has not been a member that long, over the period of membership.

(5) "Minimum retirement date" means the first day of the month coinciding with or, if none coincides, the date on which a member both becomes age 50 and completes 40 5 years of membership service.

(6) Any reference to "municipality", "city", or "town" includes those jurisdictions that, prior to the effective date of a county-municipal consolidation, were incorporated municipalities, subsequent districts

1 created for urban law enforcement services, or the entire county included in the county-municipal  
2 consolidation.

3 (7) "Prior plan" means the local police reserve or pension trust fund of a city that elects to join the  
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5 (8) "Retirement date" means the date on which the first payment of the retirement, disability, or  
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8 (10) "Survivor" means a surviving spouse or dependent child of the member."  
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11 "**19-9-301. Active membership -- inactive vested member -- inactive nonvested member.** (1) A  
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13 (a) on the date the police officer's service with an employer commences;

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23 to purchase service and to receive a retirement benefit under the provisions of this chapter.

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29 **Section 3.** Section 19-9-702, MCA, is amended to read:

30 "**19-9-702. State contribution.** The state of Montana shall make its contributions through the state

1 auditor out of the premium tax on motor vehicle property and casualty insurance policies. The payments  
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8 "19-9-703. **Employer contribution.** Each employer shall make its contribution through the city  
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10 contribution, which must be paid monthly to the division, is ~~14.36%~~ 14.41% of the compensation paid to  
11 all active members."

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13 **Section 5.** Section 19-9-801, MCA, is amended to read:

14 "19-9-801. **Eligibility for service retirement -- commencement of benefit.** (1) Members are eligible  
15 for retirement as provided in this section.

16 (2) A member is eligible to receive a service retirement benefit when the member has completed  
17 20 years or more of membership service and has terminated service.

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19 but prior to completing 20 years of membership service is eligible to receive a service retirement benefit  
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30 **NEW SECTION. Section 7. Effective date.** [This act] is effective July 1, 1997.

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House BILL NO. 505

INTRODUCED BY *Beaudry, Carter, Hargrett, Wiseman, Lynch, Rubin, Givens, Pyle, Edwin, Merabian*

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APPROVED BY COM ON  
STATE ADMINISTRATION

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2 INTRODUCED BY BEAUDRY, PAVLOVICH, HARRINGTON, WISEMAN, LYNCH, QUILICI, SQUIRES,  
3 TROPILA, GALVIN, MENAHAN

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16 differential payments, compensation time payments, and payments in lieu of sick leave and annual leave,  
17 that a member receives as an active police officer.

18 (2) "Dependent child" means a child of a deceased member:

19 (a) who is unmarried and under 18 years of age; or

20 (b) who is unmarried, under 24 years of age, and attending an accredited postsecondary  
21 educational institution as a full-time student in anticipation of receiving a certificate or degree.

22 (3) "Employer" means any city that participated in a prior plan or that elects to join this retirement  
23 system under 19-9-207.

24 (4) "Final average compensation" means the monthly compensation of a member, averaged over  
25 the last 36 months of ~~his~~ the member's service or, in the event a member has not been a member that long,  
26 over the period of membership.

27 (5) "Minimum retirement date" means the first day of the month coinciding with or, if none  
28 coincides, the date on which a member both becomes age 50 and completes ~~40~~ 5 years of membership  
29 service.

30 (6) Any reference to "municipality", "city", or "town" includes those jurisdictions that, prior to the

1 effective date of a county-municipal consolidation, were incorporated municipalities, subsequent districts  
2 created for urban law enforcement services, or the entire county included in the county-municipal  
3 consolidation.

4 (7) "Prior plan" means the local police reserve or pension trust fund of a city that elects to join the  
5 retirement system under 19-9-207.

6 (8) "Retirement date" means the date on which the first payment of the retirement, disability, or  
7 survivorship benefits of a member or a survivor is payable.

8 (9) "Surviving spouse" means the spouse married to a member at the time of the member's death.

9 (10) "Survivor" means a surviving spouse or dependent child of the member."  
10

11 **Section 2.** Section 19-9-301, MCA, is amended to read:

12 **"19-9-301. Active membership -- inactive vested member -- inactive nonvested member.** (1) A  
13 police officer becomes an active member of the retirement system:

14 (a) on the date the police officer's service with an employer commences;

15 (b) on July 1, 1977, if the police officer is employed by an employer on that date; or

16 (c) in the case of an employer that elects to join the retirement system as provided in 19-9-207,  
17 on the effective date of the election if the police officer is employed by the employer on that date.

18 (2) Upon becoming eligible for membership, the police officer shall complete the forms and furnish  
19 the proof required by the board.

20 (3) A member becomes an inactive member on the first day of an approved absence from service  
21 of a substantial duration.

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

25 (5) A member with less than ~~40~~ 5 years of membership service who terminates service and leaves  
26 the member's accumulated contributions in the pension trust fund is an inactive nonvested member and  
27 is not eligible for any benefits from the retirement system. An inactive nonvested member is eligible only  
28 for a refund of the member's accumulated contributions."  
29

30 **Section 3.** Section 19-9-702, MCA, is amended to read:

1           **"19-9-702. State contribution.** The state of Montana shall make its contributions through the state  
 2 auditor out of the premium tax on motor vehicle property and casualty insurance policies. The payments  
 3 must be made annually after the end of each fiscal year but no later than November 1 from the gross  
 4 premium tax after deduction for cancellations and returned premiums. The division shall notify the auditor  
 5 by September 1 of each fiscal year of the annual compensation paid to all active members during the  
 6 preceding fiscal year. The state's contribution is ~~15.66%~~ 15.71% of compensation paid to members."

7  
 8           **Section 4.** Section 19-9-703, MCA, is amended to read:

9           **"19-9-703. Employer contribution.** Each employer shall make its contribution through the city  
 10 treasurer or other appropriate official out of money available to the city for that purpose. The employer's  
 11 contribution, which must be paid monthly to the division, is ~~14.36%~~ 14.41% of the compensation paid to  
 12 all active members."

13  
 14           **Section 5.** Section 19-9-801, MCA, is amended to read:

15           **"19-9-801. Eligibility for service retirement -- commencement of benefit.** (1) Members are eligible  
 16 for retirement as provided in this section.

17           (2) A member is eligible to receive a service retirement benefit when the member has completed  
 18 20 years or more of membership service and has terminated service.

19           (3) A member who terminates service after completing at least ~~40~~ 5 years of membership service  
 20 but prior to completing 20 years of membership service is eligible to receive a service retirement benefit  
 21 when the member has reached 50 years of age.

22           (4) (a) Except as provided in subsection (4)(b), the retirement benefit may commence on the first  
 23 day of the month following the member's minimum retirement date or, if requested by the inactive member  
 24 in writing, on the first day of the month following receipt of the written application.

25           (b) The retirement benefit for an eligible inactive member must commence no ~~later~~ earlier than the  
 26 first day of the month following the member's ~~55th~~ 50th birthday."

27  
 28           NEW SECTION. **Section 6. Unfunded mandate law superseded.** The provisions of [this act]  
 29 expressly supersede and modify the requirements of 1-2-112 through 1-2-116.



