

**PUBLIC EMPLOYEES' RETIREMENT BOARD**  
**100 N Park, Rm 218**  
**Helena MT 59620**

**Board Legislative Committee Minutes**  
**Tuesday, March 15, 2011**  
**12:30 pm**

Committee Members (present via telephone):

Dianna Porter, Chair  
John Nielsen  
Terrence Smith

Other Board Members (present via telephone):

Timm Twardoski

Staff:

Roxanne Minnehan  
Melanie Symons  
Barbara Quinn  
Patricia Davis  
Rena Justice  
Mike O'Connor  
Jenny Weigand  
Flora Sebens

**I. Roll Call**

**II. Public/Member Comment** – No public comment.

**III. Approval of March 8, 2011 Legislative Committee Meeting Minutes**

The minutes of the Board Legislative Committee meeting of March 8, 2011, were presented.

*Motion: Member Terrence Smith moved to approve the minutes of the March 8, 2011, Board Legislative Committee meeting with corrections.*

*Second: Committee Member John Nielsen*

*Vote: 2/0*

*Chairwoman Dianna Porter abstained due to her absence from the March 8, 2011, meeting.*

**IV. Legislation Requiring Board Position**

**A. LC0492 – Generally Revise Retirement Systems – Rep Wayne Stahl**

Ms. Minnehan had nothing new to report.

B. **LC1241** – *Use Spendable Portion of Coal Severance Tax to Pay Down UAL in the PERS, TRS and SRS*

The draft of this bill is not yet available on the LAWS website. Ms. Minnehan explained this bill is proposing that an unused portion of the coal severance tax fund is shared between retirement systems that are not actuarially sound. The bill currently only includes PERS, TRS and SRS, and it has been asked to include the Game Wardens Peace Officers and Highway Patrol. The bill is using a place holder of Representative Stahl's, but Ms. Minnehan did not think that he would be sponsoring this bill. There is speculation that Representative Janna Taylor might sponsor it because of her retirement experience and length of time in the House of Representatives. Ms. Minnehan relayed that the bill may include a provision that states that members of the system will no longer have contract rights going forward. Ms. Minnehan was not sure if that was just intended for new hires or if it would apply to all members, but she stated that contract rights are protected under the Montana and US Constitution. Member John Nielsen asked how much money would be made available from the Coal Severance Tax. Ms. Minnehan was unsure about the exact amount, but felt it could be fairly sizeable. Member Nielsen read a section of an article from the Wibaux Pioneer Gazette that critiqued State pension systems. It stated that this year alone the State pension system will pay nearly \$36 million more in benefits than it generates. The article then stated that the total unfunded liability is nearly \$3 billion and that the additional funding will be expected to be paid by Montana tax payers. Member Nielsen questioned how this newspaper came up with the \$3 billion figure and Ms. Minnehan explained that amount includes PERS, Sheriffs, Teachers, and Game Wardens. PERS's portion is \$1.35 billion.

V. **Legislation Update**

A. **HB 192** – *Adjust Exempt Retirement Amounts for Individual Income Tax – Rep Jerry O'Neil*

Ms. Minnehan had nothing new to report.

B. **HB 231** – *Repeal Requirements for Municipalities to Hire Career Paid Firefighters – Rep Randy Brodehl*

No action has been taken on this bill since the hearing on March 7, 2011.

C. **HB 317** – *Sunset Statutory Appropriations Over Certain Periods – Rep Rob Cook*

Ms. Minnehan had nothing new to report.

D. **HB 508** – *Require Payment of Partial Salary to Injured Rural Firefighter – Rep Mary McNally*

This bill has a hearing in Senate Business Labor and Economic Affairs on March 24, 2011.

E. **HB 597** – *Prohibit retired members from being members of SRS, GWPORS, PERS; increases member contributions for all members in PERS, SRS and GWPORS – Rep Scott Reichner*

This bill was tabled on March 10, 2011.

F. **HB 608** – *Close retirement systems and provide for annuity benefit program – Rep Wayne Stahl*

This bill was referred to the House State Administration and has not been scheduled for hearing yet. A fiscal note has been requested.

- G. **SB 113** – *Transfer Statutory Excess Retirement Funds in Trust by School Districts to TRS/PERS* – Senator Larry Jent  
This bill was heard in House State Administration this morning. Ms. Symons attended the hearing and noted that there was strong opposition for this bill from the School Board Association. Executive action will be taken on Friday morning.
- H. **SB 120** – *Publishing of Appointed Members to all State Agency Boards* – Rep. John Brenden  
This bill was heard on March 11, 2011, in House State Administration. Executive action was taken and the bill was concurred as amended.
- I. **SB 223** – *Revise Volunteer Firefighter Pensions* – Sen Ryan Zinke  
This bill was heard in Business and Labor on March 11, 2011. Executive action will be taken on March 16, 2011.
- J. **SB 229** – *Revise Laws Relating to State-Tribal Coop Agreements Act and PERS* – Jon Sonju  
Senate Bill 229 was referred to House State Administration on March 5, 2011, and is scheduled for hearing on March 16, 2011. Executive action is scheduled for March 18, 2011.
- K. **SB 328** – *Require PERS new hires to be in DC Plan* – Sen Lewis  
Senate Bill 328 was heard this morning in Senate Finance and Claims and Ms. Minnehan noted that there were several Committee Members that were absent from the hearing. Senator Lewis discussed the fiscal note during this hearing and stated that he felt the DB Plan was just a fraudulent scheme, although he did admit to being a DB recipient himself. He noted that in 2001 we were fully funded with the surplus, but he did not agree with the fiscal note that states we will receive 7.75% interest and felt that it should be 4% instead. Ms. Minnehan mentioned that there was a public citizen from Townsend that was very much against State of Montana employees and was a strong proponent of the bill. Mr. Eric Feaver, Mr. Tom Schneider and Ms. Minnehan gave their testimonies in opposition of the bill and Senator Lewis made two amendments to the bill that addressed some of Ms. Minnehan's technical concerns. He then asked the Committee to take executive action on them today. He would then request a new fiscal note and ask the Committee to take executive action on the bill on Tuesday. One amendment moves the definition of an initial hire date from chapter 2 to chapter 3. The other amendment was to make the DC member vested in 5 years to receive the disability benefit. Mr. Mike O'Connor noted that the Committee is very inexperienced with retirement bills and this particular bill addresses many things such as actuarial funding, how we pay for it, investment returns, unfunded liabilities, etc. and he felt that it was going to be difficult trying to get them to understand all of the various facets of this bill and how they impact the pension system.

## VI. PERB Legislation

- A. **HB 70** – *General Revisions Bill* – Rep Mike Menahan  
This bill is scheduled for a second reading today in House State Administration.
- B. **HB 119** – *VFCA Revision Bill* – Rep. Gordon Hendrick  
This bill was returned from enrolling on March 14, 2011.

- C. **HB 122** – *PERS Funding Bill* – Rep Sue Malek  
This bill is scheduled for hearing in Senate State Administration on March 16, 2011.
- D. **HB 134** – *GWPORS Funding Bill* – Rep Carolyn Squires  
This bill was heard in House State Administration yesterday.
- E. **HB 135** – *SRS Funding Bill* – Rep Carolyn Squires  
This bill was heard in House State Administration yesterday.

**Discussion Items**

**VII. Other Retirement Legislation**

A. Utah Hybrid Plan

Ms. Minnehan had nothing to report on the Utah Hybrid Plan.

**VIII. The meeting was adjourned at 1:15 p.m. by Chairwoman Dianna Porter. The next meeting will be on Tuesday, March 22, 2011, at 10:30 a.m.**