

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

Board Legislative Committee Minutes
Tuesday, March 22, 2011
12:30 pm

Committee Members (present via telephone):

Dianna Porter, Chair
Terrence Smith

Other Board Members (present via telephone):

Scott Moore

Staff:

Roxanne Minnehan
Melanie Symons
Barbara Quinn
Patricia Davis
Renaë Justice
Jenny Weigand
Mike O'Connor
Ralph Pomnichowski

I. Roll Call

II. Public/Member Comment – No public comment.

III. Approval of March 15, 2011 Legislative Committee Meeting Minutes

The minutes of the Board Legislative Committee meeting of March 15, 2011, were presented.

Motion: Member Terrence Smith moved to approve the minutes of the March 15, 2011, Board Legislative Committee meeting with corrections.

Second: Chairwoman Dianna Porter

Vote: 2/0

IV. Legislation Requiring Board Position

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

This bill has still not been released in draft form so Ms. Minnehan had nothing new to report.

B. **HB632** – *Use Spendable Portion of Coal Severance Tax to Pay Down UAL in the PERS, TRS, SRS and GWPORS*

This bill is now HB632 and it is scheduled for hearing tomorrow morning in House State Administration. Ms. Minnehan noted that if this bill passed it would not become effective until 2013. Member Terrence Smith asked if they added the Highway Patrol to the bill and Ms Minnehan responded that they had not. Mr. Mike O'Connor mentioned that he had talked to the lobbyist for the Highway Patrol and they indicated that they would like to come up with their own funding plans and even looked at increasing their employee contributions. They did not want to be included in this bill. Member Smith also asked if there was any language included in the bill to add "other systems" in case they go unfunded. Ms Minnehan suggested asking them to consider inserting wording so that if any of the plans are unsound in the future that this money could be proportionately distributed amongst the plans. Mr. O'Connor mentioned that the bill is being heard in House State Administration and they understand the plan and would be more receptive to making an amendment like that. Chairwoman Dianna Porter asked about the provision that was mentioned last week that stated that going forward members would not have any contract rights and Ms. Minnehan responded that this was a rumor and that the language was not included in this bill. Ms. Minnehan mentioned that Mr. Dave Senn had asked Director Ewer what he felt about this bill and Director Ewer stated he did not like this bill and felt that the money should be used elsewhere. Ms. Minnehan asked the Board to take a position on this bill.

Motion: Chairwoman Dianna Porter moved to support HB 632 and include in the testimony a comment about including other systems in the future if need be.

Second: Member Terrence Smith

Vote: 2/0

V. Legislation Update

- A. **HB 192** – *Adjust Exempt Retirement Amounts for Individual Income Tax – Rep Jerry O'Neil*
- B. **HB 231** – *Repeal Requirements for Municipalities to Hire Career Paid Firefighters – Rep Randy Brodehl*
This bill was tabled on March 18, 2011, in Committee.
- C. **HB 317** – *Sunset Statutory Appropriations Over Certain Periods – Rep Rob Cook*
There is nothing new to report at this time.
- D. **HB 508** – *Require Payment of Partial Salary to Injured Rural Firefighter – Rep Mary McNally*
This bill is scheduled for hearing on March 24, 2011, in Senate Business Labor and Economic Affairs.
- 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. There is nothing new to report at this time.

- F. **HB 608** – *Close retirement systems and provide for annuity benefit program* – *Rep Wayne Stahl*
Ms. Minnehan reported that this was a long hearing because it was the only bill being heard by the Committee that day, so they took their time on it and asked a lot of questions. Representative Stahl talked about the DB Plans being a pyramid scheme and acknowledged that this bill had major consequences. He thinks we are gambling with the stock market and we should instead be paying as we go. He stated that he was forced to insert language to obtain IRS approval for a qualified plan but he didn't think it was necessary. There were no proponents of the bill. Ms. Minnehan, Mr. Dave Senn from TRS, Mr. Tom Schneider from MPEA, Mr. Mark Murphy from Police Protective Association, Mr. Eric Fever from MEA/MFT, Mr. John Forkan from AFSCME, and Kurt Bushnell from MSFA were all opponents of the bill. Executive action will be taken on this bill tomorrow.
- G. **SB 113** – *Transfer Statutory Excess Retirement Funds in Trust by School Districts to TRS/PERS* – *Senator Larry Jent*
This bill was tabled in House State Administration on March 18, 2011.
- H. **SB 120** – *Publishing of Appointed Members to all State Agency Boards* – *Rep. John Brenden*
On March 21, 2011, this bill was returned to the Senate with an amendment that the Governor's Office requested because they thought it was too broad and it needed to be made clearer to the reader.
- I. **SB 223** – *Revise Volunteer Firefighter Pensions* – *Sen Ryan Zinke*
This bill was concurred in House Business and Labor on March 16, 2011. Member Terrence Smith noted that this bill received a vote of 15-6 and asked what the objections were. Ms. Symons felt that there might have been some people who voted against it because this bill did not end up doing what it was originally intended to and it is also an increase to benefits. When Ms. Symons was asked why MPERA testified as informational rather than as a proponent she responded by saying that we are not in favor of increases to retirement benefits this year.
- J. **SB 229** – *Revise Laws Relating to State-Tribal Coop Agreements Act and PERS* – *Sen. Jon Sonju*
This bill was concurred in House State Administration on March 18, 2011.
- K. **SB 328** – *Require PERS new hires to be in DC Plan* – *Sen Lewis*
No executive action has been taken on this bill yet.

VI. PERB Legislation

- A. **HB 70** – *General Revisions Bill* – *Rep Mike Menahan*
This bill was returned from enrolling on March 17, 2011.
- B. **HB 119** – *VFCA Revision Bill* – *Rep. Gordon Hendrick*
This bill has been transmitted to Governor's Office on March 17, 2011.
- C. **HB 122** – *PERS Funding Bill* – *Rep Sue Malek*
This bill was heard on March 16, 2011, in Senate State Administration. Mr. Mike O'Connor reported that Representative Malek asked for an amendment to this bill. It has a 1% increase for employee contributions in 2012 and 2013. She is asking that it be amended to a 1% increase in 2012 only. She felt that new hires are already taking a huge hit and she didn't feel it was reasonable for the employee to have to take that big of a hit.

D. **HB 134** – *GWPORS Funding Bill – Rep Carolyn Squires*

This bill was heard on March 14, 2011. No executive action was taken.

E. **HB 135** – *SRS Funding Bill – Rep Carolyn Squires*

This bill was heard on March 14, 2011. No executive action was taken.

Discussion Items

VII. Other Retirement Legislation

A. Utah Hybrid Plan

There was no new information to report on this.

VIII. The meeting was adjourned at 11:15 a.m. by Chairwoman Dianna Porter. The next meeting will be on Tuesday, March 29, 2011, at 10:30 a.m.