

2011 Retirement Legislation As of May 11, 2011

Dead

PERB Proposals

HB 70 – General Revisions Bill

Sponsor: Representative Mike Menahan

Status: Chapter Number Assigned – 4/01/2011

Fiscal Impact: None

Bill Description: Biennial housekeeping bill. This bill cleans up old language and provisions, adds required Federal and State mandates and clarifies language to the reader. SAVA has recommended the Legislature enact the General Revisions Bill.

HB 85 – Working Retirees

Sponsor: Representative Franke Wilmer

Status: Hearing House State Administration – 1/14/2011; Scheduled for Executive Action Tuesday, 2/15/2011; *Tabled in Committee 2/15/11, 12-6; Missed Transmittal Deadline*

Fiscal Impact Description: Each employer shall pay the required contributions on the compensation received by retired members who have returned to covered employment, effective July 1, 2011. HB85 will provide a small amount of additional funding for the applicable retirement systems to offset the adverse affect of retirees returning to work in place of active contributing members.

Bill Description: This bill requests employer contributions on all working retirees (PERS, SRS, and FURS). Working retirees strain the system. If these needed positions were filled with new hires, the system would be receiving employer contributions. With baby boomers retiring but not entirely leaving the work force, it is anticipated that working retirees will grow impacting the actuarial funding. SAVA did not recommend passage of this bill to the Legislature due to a tie vote.

HB 119 – VFCA Rewrite

Sponsor: Representative Gordon R Hendrick

Status: Chapter Number Assigned – 3/25/2011

Fiscal Impact: None

Bill Description: This is a housekeeping bill concentrating solely on the volunteer firefighters' compensation act statutes. These statutes have not kept up with society and business process requirements. The volunteer firefighters' association and other interested parties attended several meeting discussing this bill. This bill has no fiscal impact. SAVA has recommended the Legislature enact this bill.

HB 122 – PERS Funding

Sponsor: Representative Sue Malek

Status: Transmitted to Governor – 5/2/2011

Fiscal Impact Description: This bill increases the employer contribution on all covered payroll and the employee contributions for new hires after July 1, 2011 to aid in the actuarially soundness of the Public Employees' Retirement System. In addition, it amends retirement benefits and eligibility for new hires, extending the definition of highest average compensation to 60 months, raising the retirement age for service retirement, and adding a tiered approach to the benefit calculation, based on years of service.

Bill Description: This bill *for new hires only*:

- (1) increases highest average compensation from 36 to 60 months;
- (2) increases normal retirement age from 60 with 5 years of service to 65 with 5 years of service;
- (3) phases in the multiplier:
 - (a) 1.5% per year if service is less than 10 years,
 - (b) 1.785% per year if service is greater than or equal to 10 years but less than 30 years,
 - (c) 2% per year if service is greater than or equal to 30 years;
- (4) Increases employee contributions 1% each year of the biennium.

The bill also:

- (5) Increases employer contribution (on all covered payroll) by 1% each year of the biennium

There is also language to review the actuarial funding on an annual basis and make future recommendations to the Legislature.

Amendments: 1) Eliminated funding mechanism (increase in employer contribution); 2) Increase employee contribution by 1% for new hires; 3) beginning October 1, 2011, the early retirement benefit must be equal to the actuarial equivalent based on the most recent valuation of the system; 4) the actuarial reduction must be adjusted for any one-for-five service purchased; 5) if an employer fails to report working retirees timely or accurately – the member and the employer is liable for repayment of the retirement benefits paid; 6) If a working retiree returns to work in tow positions, one subject to PERS and the other not subject to PERS, the hours worked in both positions will count toward working retiree limits.

Free Conference Committee Appointed: Senator Balyeat (Chair), Senator Schockley, Senator Jent, Representative Ingraham, Representative Skees and Representative Malek. The Committee approved an amendment to correct the drafting oversight for amendment #1 identified above.

HB 134 – GWPORS Funding

Sponsor: Representative Carolyn Squires

Status: Chapter Number Assigned – 4/8/2011

Amendment: Eliminated funding mechanism (increase in employer contribution).

Fiscal Impact Description: This bill increases the employer contribution on all covered payroll after July 1, 2011 to aid in the actuarially soundness of the Game Wardens' and Peace Officers' Retirement System. In addition, it provides for new hires, extending the definition of highest average compensation to 60 months.

Bill Description: This bill changes highest average compensation from 36 to 60 months for all new hires. It also increases employer contributions by 1% each year of the biennium.

There is also language to review the actuarial funding on an annual basis and make future recommendations to the Legislature.

HB 135 – SRS Funding

Sponsor: Representative Carolyn Squires

Status: Chapter Number Assigned – 4/8/2011

Amendment: Eliminated funding mechanism (increase in employer contribution).

Fiscal Impact Description: This bill increases the employer contribution on all covered payroll after July 1, 2011 to aid in the actuarially soundness of the Sheriffs' Retirement System. In addition, it provides for new hires, extending the definition of highest average compensation to 60 months.

Bill Description: This bill changes highest average compensation from 36 to 60 months for all new hires. It also increases employer contributions by 1% each year of the biennium. There is also language to review the actuarial funding on an annual basis and make future recommendations to the Legislature.

Other Retirement Legislation

HB 197 – Constitutional amendment allowing legislature to change retirement plans

Sponsor: Representative Brian Hoven

Board Position: Oppose

Status: Referred to House State Administration – 1/10/2011; *Tabled in Committee – 2/16/2011, unanimously.*

Category: Referendum Proposal

Transmittal Date: 3/30/2011

Fiscal Impact: No Fiscal Note

Bill Description: This bill allows the legislature to modify the retirement plan contracts to current plan members in order to maintain the actuarial soundness of the plans.

Note: This does not address the Federal Constitution protection of contract rights. It appears that this bill addresses all members: active, inactive and retirees.

HB 317 – Sunset statutory appropriations over certain periods

Sponsor: Representative Rob Cook

Board Position: Oppose; “Constitutional Issue” - Requirement to pay ARC

Status: Vetoed by Governor – 5/10/2011

Category: Appropriation Bill

Transmittal Date: 3/19/2011

Fiscal Impact: Impacts the actuarial soundness of the addressed retirement systems. Note: the statutory apropos for retirement systems was amended out of the original bill draft. No longer impacts the retirement plans.

Bill Description: This bill sunsets state contributions into PERS, HPORS, MPORS, FURS and VFCA as of 2015. The bill also sunsets other state appropriations – placing all state appropriations on an 8-year review schedule.

Amendment: The state contribution to the retirement systems was removed from the bill.

HB 328 – Include dispatchers in the sheriffs’ retirement system

Sponsor: Representative Franke Wilmer

Board Position: Support

Status: Hearing House State Administration 2/3/11, *Tabled in Committee 2/16/2011, 13-5; Missed Transmittal Deadline*

Fiscal Impact: Increases SRS shortfall from 4.03% to 4.78%, decreases PERS shortfall from 5.01% to 4.97%; Minimal impact on normal cost in both systems.

Bill Description: This bill requires public safety communications officers (dispatchers) to be members of the SRS on or after July 1, 2011. It also allows current PERS dispatchers an election to transfer from PERS to SRS no later than October 1, 2011.

HB 597 – Generally revise retirement plan laws

Sponsor: Representative Scott Reichner

Board Position: Oppose, due to “Constitutional Issue”; Dislike prohibiting members from drawing a benefit eligible for.

Status: Scheduled for Hearing House State Administration – 3/9/2011; *Tabled in Committee at sponsor’s request – 3/10/2011*

Category: General Bills

Transmittal Date: 2/24/2011

Fiscal Impact:

Bill Description: This bill prohibits retired members who receive retirement benefits from a state retirement system from being members of PERS, SRS, GWPORS, TRS. Requires employer and state supplemental contributions if an employer hires a person who is prohibited from membership in a retirement system. Increases employee contributions for all members in PERS, SRS, GWPORS and TRS. Effective July 1, 2011.

HB 608 – Generally revise retirement plan laws

Sponsor: Representative Wayne Stahl

Board Position: Oppose – cost

Status: Referred to House State Administration – 3/12/2011; *Tabled in Committee – 3/23/2011*

Fiscal Impact:

Bill Description: This bill closes all existing state public retirement systems and creates an annuity benefit program administered by the Department of Administration. It requires 7% employer and employee contributions for PERS and TRS. All other plans require 10% employer and employee contributions. The bill also provides an appropriation of \$250,000 for the administrative expenses. Effective date July 1, 2011.

SB 113 – Transfer statutory excess retirement funds in trust by school districts to TRS

Sponsor: Senator Larry Jent

Board Position: Support

Status: Tabled – 3/18/2011

Amendment: Delays the transfer to September 1, 2011 and September Delays the transfer. The transfer is the lesser of: THE AMOUNT EARMARKED AS AN OPERATING RESERVE ON THE ADOPTED RETIREMENT FUND BUDGET FOR FISCAL YEAR 2011 MINUS 20% OF THE ADOPTED RETIREMENT FUND BUDGET

FOR FISCAL YEAR 2011; OR (B) THE RETIREMENT FUND BALANCE FOR FISCAL YEAR 2011 MINUS THE ALLOWABLE RETIREMENT FUND OPERATING RESERVE FOR FISCAL YEAR 2012.

Fiscal Impact: It is estimated that 84% (\$13.1M) of the money would go to TRS and approximately 16% (\$2.1M) to PERS based on the 2010 employer contributions.

Bill Description: This bill reduces the percentage of school districts retirement funds operating reserve from 35% to 20%. It also provides a one-time transfer of the excess reserve to TRS and PERS.

SB 223 – Revise volunteer firefighter pensions

Sponsor: Senator Ryan Zinke

Board Position: Informational

Status: Chapter Number Assigned – 4/12/2011

Fiscal Impact: None

Bill Description: This bill allows current member to receive an increase of \$7.50/mo for each additional year of credited service after 30 years, if the pension trust fund is actuarially sound and the amortization period remains 20 years or less. The benefit enhancement under this act is eliminated if the unfunded actuarial liabilities amortization period is greater than 20 years.

SB 229 – Revise laws relating to state-tribal coop agreements act and PERS

Sponsor: Senator Jon Sonju

Board Position: Informational; Request amendment for IRS approval.

Status: 2nd Reading Governor’s Proposed Amendments Not Adopted – 4/19/2011;
Transmitted to Governor 5/4/2011

Amendment: To specifically address Irrigation project entities.

Fiscal Impact: None

Bill Description: This bill authorizes separate legal entities created under the state-tribal cooperative agreements to contract with the Public Employees’ Retirement Board to provide retirement system coverage for employees of a legal entity.

SB 328 – Require PERS new hires to be in DC plan

Sponsor: Senator Dave Lewis

Board Position: Oppose – cost

Status: Tabled in House State Administration – 4/7/2011

Amendment: Change disability benefit to require 5 year vesting period for eligibility.

Fiscal Impact: This will cost \$160M per year

Category: Appropriation Bill

Transmittal Date: 3/19/2011

Bill Description: This bill freezes the DB plans requires all PERS new hires to be members of the DC plan. Eliminates the vesting requirement for employer contributions. Revises the allocation of employer contribution for members of the defined DCRP. Requires the governor to include in the executive budget the funding necessary to amortize the DB UAL.

Note: This bill does allow us to ensure it meets IRS qualifications.

Other Related Legislation

HB 192 – Adjust exempt retirement amounts for individual income tax

Sponsor: Representative Jerry O’Neil

Status: Tabled in Committee – 3/29/2011 Missed Deadline for Revenue Bill – 3/30/2011

Fiscal Impact: This bill increases the maximum exemption amount and income threshold at which the exemption is phased out for the partial pension and annuity income exemption starting in tax year 2012. General fund revenue would decrease by approximately \$1.2M/year.

Bill Description: This bill increases the amount of individual income tax exemption and increases the phase-out amount of the pension income exemption and changes the inflation factor date.

HB 231 – Repeal requirements for municipalities to hire career paid firefighters

Sponsor: Representative Randy Brodehl

Board Position: Oppose – Impact to the actuarial soundness of FURS

Status: Tabled in Committee – 3/21/2011

Board Position: Oppose

Fiscal Impact: None

Bill Description: This bill allows a city or town to choose how it provides fire protection; allowing volunteers and contracting for fire service protection.

HB 238 – Revise membership of Public Employees’ Retirement Board

Sponsor: Representative Bill McChesney

Board Position: Oppose

Status: Tabled in Committee 2/10/2010; Missed Transmittal Deadline

Fiscal Impact: None

Bill Description: This bill changes the Board makeup by reducing the number of members at large and increasing the number of members who are retired members of the PERS.

HB 313 – Increase game warden salaries

Sponsor: Representative Ted Washburn

Status: Tabled in Committee – 2/11/2011

Fiscal Impact: None

Bill Description: This bill provides salary increases for game wardens, provides funding through nonresident license fees, and bases game warden salaries on a market survey of ND, SD, CO, WY, ID, WA and AK.

HB 350 – Revise expiration of state contracts

Sponsor: Representative Wayne Stahl

Board Position: Oppose

Status: Tabled in Committee – 2/17; Missed Transmittal Deadline

Fiscal Impact: The requirement will create additional workload for State Procurement and also for each agency.

Bill Description: HB 350 would require all contracts for supplies and services to be rebid or renewed at the same time every biennium.

HB 585 – Require publish disclosure of contract with outside counsel for state agencies

Sponsor: Representative Jerry Bennett

Board Position: Opposed; makes process cumbersome and lengthy. There is a review process in place today.

Status: Transmitted to Governor – 5/2/2011

Fiscal Impact: None

Bill Description: This bill requires legal contracts exceeding \$500,000 or \$500/hour to be reviewed by the State Administration and Veterans' Affairs Interim Committee.

HB 603 – Provide for Public Charter Schools

Sponsor: Representative Mark Blasdel

Board Position: Opposed; Charter Schools are not public entities; they are non-profit entities that can come and go. They are not perpetual; therefore, continuing funding is an issue.

Status: Tabled in Senate Education & Cultural Resources – 4/12/2011

Fiscal Impact: None

Bill Description: This bill authorizes the establishment of public charter schools; provides funding and allows charter schools to contract for retirement coverage.

HB 634 – Generally Revise Law Relating to Data Privacy

Sponsor: Representative Bryce Bennett

Board Position: Opposed; Charter Schools are not public entities; they are non-profit entities that can come and go. They are not perpetual; therefore, continuing funding is an issue.

Status: Table in Committee 3/25/2011

Fiscal Impact:

Bill Description: This bill requires the protection of personal information by requiring consent to obtain information unless the requirements are a legal provision. It requires notice to be given when data is collected, requires disclosure that personal information has been given to a third party, requires notification to affected persons in the event of a violation, and sets standards for responding to data requests and erasing data. Additionally, agencies are required to specify procedures and establish rules, and designate an agency employee to be responsible for compliance with the bill. The data subject can bring a lawsuit against an agency and the courts can assess attorney fees and costs to the agency even if a party does not prevail on all issues.

HJ 38 – Interim study of local fire protection, firefighters and EMTs

Sponsor: Representative Kris Hansen

Board Position: None

Status: Filed with Secretary of State – 5/2/2011

Fiscal Impact: None

Bill Description: A joint resolution of the senate and house of representatives of the state of Montana requesting an interim study of local fire protection and emergency service entities and firefighter and emergency medical technician benefits. The study concludes prior to September 15, 2012. The results of the study to be reported to the 63rd Legislature.

SB 120 – Require publishing of appointed members to all state agency boards

Sponsor: Senator John Brenden

Board Position: Support if language allowing the individual Board member to choose the form of contact for publishing does not change

Status: Chapter Number Assigned – 4/20/2011

Fiscal Impact: None

Bill Description: This bill requires all official agency reports to publish for each Board member:

- (1) The Board member's name
- (2) An address, telephone number or email for each board member
- (3) The appointment date
- (4) The term expiration date

The above information must also be available on the agency website.

Note: This does not address whether or not the contact information can be a general email address that is passed on to the Board member. The Board members have a concern about publishing their personal contact information.

Amendment: Amendments are minor and for clarity.

SB 150 – Provide for protection of rights through actions against public officials

Sponsor: Senator Art Wittich

Board Position: Oppose

Status: Referred to Senate Judiciary 1/8/2011; Referred to Senate Local Government; *Tabled in Committee 2/5/11*

Fiscal Impact: No fiscal note

Bill Description: This bill provides for the nonpayment of costs and attorney fees when a person acting in an official capacity denies, restricts or infringes upon the exercise of a constitutional right of another. Or, if a person knowingly conducts themselves illegally or with reckless disregard for the rights of another.

SB 222 – Revise qualifications for firefighters

Sponsor: Senator Shannon Augare

Status: Chapter Number Assigned – 4/12/2011

Fiscal Impact: None

Bill Description: This bill requires physical examinations of firefighters and to pass background checks to qualify as a firefighter.

SR 6 – Confirm certain Governor's appointees.

Sponsor: Senator Jim Shockley

Status: – Filed with Secretary of State – 4/19/2011

Fiscal Impact: None

Bill Description: This resolution concurs, confirms and consents appointments made by the Governor. This resolution includes the appointments of Scott More, Miles City, Montana, for a term ending April 1, 2015 and Timm Twardoski, Helena, Montana, for a term ending April 1, 2016 as members of the Public Employees' Retirement board, in accordance with section 2-15-1009, MCA.