

HOUSE BILL NO. 45

INTRODUCED BY VINCENT, EUDAILY, SCHULTZ, MENAHAN, ROUSH

BY REQUEST OF THE STUDY COMMITTEE  
ON PUBLIC RETIREMENT SYSTEMS

IN THE HOUSE

January 6, 1981	Introduced and referred to Committee on State Administration.
	On motion by Chief Sponsor Representatives Eudaily, Schultz, Menahan, and Roush were added as sponsors to the prefiled bill.
January 7, 1981	Fiscal note requested.
January 13, 1981	Fiscal note returned.
February 19, 1981	Committee recommend bill do pass as amended. Report adopted.
February 21, 1981	Bill printed and placed on members' desks.
March 7, 1981	Fiscal note requested.
March 11, 1981	Fiscal note returned.
	Rereferred to Committee on Appropriations.
March 30, 1981	On motion rules suspended and bill allowed to be transmitted on the 75th legislative day.
March 31, 1981	Committee recommend bill do pass. Report adopted.
April 2, 1981	Second reading, pass consideration.
April 3, 1981	Second reading, do pass.
April 4, 1981	Considered correctly engrossed.

April 4, 1981

Third reading, passed. Ayes, 93;  
Noes, 5. Transmitted to Senate.

IN THE SENATE

April 6, 1981

By motion and consent bill allowed  
to be received and considered  
this session.

Introduced and referred to Com-  
mittee on Finance and Claims.

April 13, 1981

Committee recommend bill be  
concurrent in as amended. Report  
adopted.

April 15, 1981

Second reading, concurred in.

April 16, 1981

Third reading, concurred in as  
amended. Ayes, 50; Noes, 0.

IN THE HOUSE

April 17, 1981

Returned from Senate with  
amendments.

April 21, 1981

Second reading, amendments  
concurrent in.

On motion rules suspended and bill  
placed on third reading this day.

Third reading, amendments con-  
current in. Ayes, 94; Noes, 0.  
Sent to enrolling.

Reported correctly enrolled.

1                    HOUSE    BILL NO. 45  
 2    INTRODUCED BY VINCENT  
 3                    BY REQUEST OF THE STUDY COMMITTEE  
 4                    ON PUBLIC RETIREMENT SYSTEMS  
 5

6    A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING AN AUTOMATIC  
 7    COST-OF-LIVING INCREASE IN SERVICE AND DISABILITY RETIREMENT  
 8    AND SURVIVORSHIP ALLOWANCES PAYABLE TO MEMBERS OF THE PUBLIC  
 9    EMPLOYEES', TEACHERS', HIGHWAY PATROL, SHERIFFS', AND GAME  
 10    WARDENS' RETIREMENT SYSTEMS AND THEIR BENEFICIARIES AND TO  
 11    MEMBERS OF THE MUNICIPAL POLICE RETIREMENT SYSTEM RETIRED ON  
 12    OR AFTER JULY 1, 1975, AND THEIR BENEFICIARIES; PROVIDING A  
 13    MINIMUM MONTHLY BENEFIT ALLOWANCE FOR CERTAIN MEMBERS OF  
 14    THESE RETIREMENT SYSTEMS AND THEIR BENEFICIARIES; PROVIDING  
 15    FUNDING FOR THE COST-OF-LIVING INCREASE AND MINIMUM MONTHLY  
 16    BENEFIT ALLOWANCE; AMENDING SECTIONS 15-1-501, 19-3-701,  
 17    19-3-301, 19-4-602, 19-4-605, 19-4-802, 19-4-804, 19-4-1001,  
 18    19-6-402, 19-6-404, 19-7-403, 19-7-404, 19-8-502, 19-8-504,  
 19    19-9-601, 19-9-702, 19-9-703, AND 61-5-111, MCA."

20  
 21    BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

22            NEW SECTION. Section 1. Cost-of-living increase. (1)  
 23    The following definitions apply to this section:

24            (a) "Index" means, for any calendar year, that year's  
 25    annual average consumer price index for urban wage earners

1    and clerical workers, all items (1967 = 100) compiled by the  
 2    bureau of labor statistics, United States department of  
 3    labor, or a successor agency.

4            (b) "Salary" means the average salary for all active  
 5    members of the public employees' retirement system with 5  
 6    years or more of creditable service on June 30 in the same  
 7    year used in the index.

8            (2) (a) Except as provided in subsection (2) of  
 9    [section 2], a member of the public employees' retirement  
 10    system retired on or before July 1, 1978, who is receiving a  
 11    service or disability retirement allowance or his  
 12    beneficiary who is receiving a service or disability  
 13    retirement allowance or his surviving spouse or dependent  
 14    child who is receiving a survivorship allowance is eligible  
 15    for an increase in his allowance on July 1, 1981, and on  
 16    each July 1 thereafter.

17            (b) A member of the public employees' retirement system  
 18    retired after July 1, 1978, who is receiving a service or  
 19    disability retirement allowance or his beneficiary who is  
 20    receiving a service or disability retirement allowance or  
 21    his surviving spouse or dependent child who is receiving a  
 22    survivorship allowance is eligible for an increase in his  
 23    allowance on:

24            (i) July 1 following the third anniversary date of the  
 25    member's retirement and each July 1 thereafter; or

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                   HB45

1 (ii) if he retired on July 1, the third anniversary date  
2 of the member's retirement and each anniversary date  
3 thereafter.

4 (3) Except as provided in subsection (4) of this  
5 section, the increase in the allowance equals one-half of  
6 the salary multiplied by the ratio of a member's years of  
7 creditable service to 30 multiplied by the average  
8 percentage increase in the index during the previous 3 years  
9 or 12%, whichever is less, minus 3% multiplied by  
10 two-thirds.

11 (4) The following adjustments apply to the increase:

12 (a) The increase must be based on 30 years of  
13 creditable service for a recipient of a disability or  
14 survivorship allowance.

15 (b) The increase must be adjusted by the actuarial  
16 factors determined by the board for a member or beneficiary  
17 receiving an optional retirement allowance or for a  
18 surviving spouse or dependent child receiving a survivorship  
19 allowance.

20 (c) The increase must be adjusted by the actuarial  
21 factors determined by the board for a member or beneficiary  
22 receiving an early retirement allowance.

23 (d) The increase in the benefit allowance must not be  
24 greater than the percentage increase in the index from the  
25 previous calendar year.

1 NEW SECTION. Section 2. Minimum monthly benefit  
2 allowance for certain members. (1) (a) Except as provided in  
3 subsection (2), a member terminated on or before June 30,  
4 1981, with vested rights who is receiving a service or  
5 disability retirement allowance or his beneficiary who is  
6 receiving a service or disability retirement allowance or  
7 his surviving spouse or dependent child who is receiving a  
8 survivorship allowance is eligible for a minimum monthly  
9 benefit allowance based on the ratio of a member's years of  
10 creditable service to 30 multiplied by \$350 and subject to  
11 the adjustments listed in subsection (1)(b).

12 (b) The following adjustments apply to the minimum  
13 monthly benefit allowance:

14 (i) The minimum monthly benefit must be based on 30  
15 years of creditable service for a recipient of a disability  
16 or survivorship allowance.

17 (ii) The minimum monthly benefit must be adjusted by the  
18 actuarial factors determined by the board for a member or  
19 beneficiary receiving an optional retirement allowance or  
20 for a surviving spouse or dependent child receiving a  
21 survivorship allowance.

22 (iii) The minimum monthly benefit must be adjusted by  
23 the actuarial factors determined by the board for a member  
24 or beneficiary receiving an early retirement allowance.

25 (iv) The benefit must be multiplied by a ratio equal to

1 the member's final average salary to \$4,800 (such ratio not  
2 to exceed 1) for elected officials, Montana national  
3 guardsmen, and independent contractors.

4 (2) A recipient who is eligible for a minimum monthly  
5 benefit allowance under subsection (1)(a) of this section  
6 and who is also eligible for a cost-of-living increase under  
7 subsection (2)(a) of [section 1] is entitled to receive the  
8 greater of the increases. If a member or beneficiary  
9 receives a minimum monthly benefit allowance under this  
10 subsection, he is eligible for a cost-of-living increase  
11 under subsection (2)(a) of [section 1] beginning the  
12 following year.

13 NEW SECTION. Section 3. Funding cost-of-living  
14 increase and minimum monthly benefit allowance. The  
15 cost-of-living increase provided in [section 1] and the  
16 minimum monthly benefit allowance provided in [section 2]  
17 will be funded by:

18 (1) an amount equal to 1% of the monthly compensation  
19 paid to each active member from the member contributions  
20 collected under 19-3-701;

21 (2) an amount equal to 1% of the annual compensation  
22 paid to all active members during the preceding year from  
23 the employer contributions collected under 19-3-801; and

24 (3) a general fund appropriation or other supplemental  
25 funding source. During each legislative session, the

1 retirement system administrator shall submit to the  
2 legislature a request for funding the cost-of-living  
3 increase and minimum monthly benefit allowance through a  
4 general fund appropriation or other supplemental funding  
5 source. If the funding request is not granted by the  
6 legislature, the cost-of-living increase and minimum monthly  
7 benefit allowance will be reduced to reflect the available  
8 funding provided by the member and employer contributions in  
9 subsections (1) and (2) of this section.

10 Section 4. Section 19-3-701, MCA, is amended to read:

11 "19-3-701. Member's contribution to be deducted. The  
12 normal contribution of each member shall be equal to 6% ~~1%~~  
13 of his compensation. The chief administrative officer of  
14 each employer shall deduct the contribution from the  
15 compensation of each member and remit the total of the  
16 contributions to the board. Payment of salaries or wages  
17 less the contribution shall be full and complete discharge  
18 and acquittance of all claims and demands whatsoever for the  
19 service rendered by members during the period covered by the  
20 payment, except their claims to the benefits to which they  
21 may be entitled under the provisions of this chapter."

22 Section 5. Section 19-3-801, MCA, is amended to read:

23 "19-3-301. Employer contribution rates -- actuarial  
24 determination. (1) Each employer shall contribute to the  
25 cost of benefits under the system. The amount of the

1 employer contributions shall be computed by applying to  
 2 member's compensation the sum of the current service  
 3 contribution rate and the unfunded liability contribution  
 4 rate. The sum of these rates shall be 5.98 ~~6.90%~~ from July  
 5 1, 1978 ~~1981~~, and thereafter.

6 (2) The actuary shall determine the current service  
 7 contribution rate to be that level percentage of the present  
 8 value of the future compensation of the average new member  
 9 entering the system which equals the then present value of  
 10 the excess of all prospective benefits in respect of such  
 11 member over the member's own normal contributions.

12 (3) The actuary shall determine the minimum unfunded  
 13 liability contribution rate to be that level percentage of  
 14 the present value of the prospective compensation of all  
 15 members for the 40-year period following the date of the  
 16 determination which is equal to the unfunded liability on  
 17 that date. The unfunded liability at any time is the excess  
 18 of the present value of all future benefits payable in  
 19 respect of all persons then entitled to benefits under the  
 20 system over the sum of the retirement fund and the present  
 21 values of the future current service contributions and  
 22 normal contributions payable in respect of all such  
 23 persons."

24 NEW SECTION. Section 6. Financing increase in employer  
 25 contribution rate for contracting employers. In compliance

1 with 1-2-112, the state shall reimburse the contracting  
 2 employer for the amount of the increase in the employer  
 3 contribution rate provided in [section 5, Chapter \_\_\_\_, Laws  
 4 of 1981]. During each legislative session, the retirement  
 5 system administrator shall submit to the legislature a  
 6 request for funding the reimbursement to the contracting  
 7 employers through a general fund appropriation or other  
 8 supplemental funding. If the funding request is not granted  
 9 by the legislature, the cost-of-living increase and minimum  
 10 monthly benefit allowance will be reduced to reflect the  
 11 available funding provided in subsections (1) and (3) of  
 12 [section 3].

13 NEW SECTION. Section 7. Cost-of-living increase. (1)  
 14 The following definitions apply to this section:

15 (a) "Index" means, for any calendar year, that year's  
 16 annual average consumer price index for urban wage earners  
 17 and clerical workers, all items (1967 = 100) compiled by the  
 18 bureau of labor statistics, United States department of  
 19 labor, or a successor agency.

20 (b) "Salary" means the average salary for all active  
 21 members of the teachers' retirement system for the last  
 22 month of the same year used in the index.

23 (2) (a) Except as provided in subsection (2) of  
 24 [section 8], a member of the teachers' retirement system  
 25 retired on or before July 1, 1978, who is receiving a

1 service or disability retirement allowance or his  
 2 beneficiary who is receiving a service or disability  
 3 retirement allowance other than a death benefit under  
 4 19-4-1001(4) or his surviving spouse or dependent child who  
 5 is receiving a survivorship allowance is eligible for an  
 6 increase in his allowance on July 1, 1981, and on each July  
 7 1 thereafter.

8 (b) A member of the teachers' retirement system retired  
 9 after July 1, 1978, who is receiving a service or disability  
 10 retirement allowance or his beneficiary who is receiving a  
 11 service or disability retirement allowance other than a  
 12 death benefit under 19-4-1001(4) or his surviving spouse or  
 13 dependent child who is receiving a survivorship allowance is  
 14 eligible for an increase in his allowance on:

15 (i) July 1 following the third anniversary date of the  
 16 member's retirement and each July 1 thereafter; or

17 (ii) if he retired on July 1, the third anniversary date  
 18 of the member's retirement and each anniversary date  
 19 thereafter.

20 (3) Except as provided in subsection (4) of this  
 21 section, the increase in the allowance equals one-half of  
 22 the salary multiplied by the ratio of a member's years of  
 23 creditable service to 30 multiplied by the average  
 24 percentage increase in the index during the previous 3 years  
 25 or 12%, whichever is less, minus 3% multiplied by

1 two-thirds.

2 (4) The following adjustments apply to the increase:

3 (a) The increase must be based on 30 years of  
 4 creditable service for a recipient of a disability or  
 5 survivorship allowance.

6 (b) The increase must be adjusted by the actuarial  
 7 factors determined by the retirement board for a member or  
 8 beneficiary receiving an optional retirement allowance or  
 9 for a surviving spouse or dependent child receiving a  
 10 survivorship allowance.

11 (c) The increase must be adjusted by the actuarial  
 12 factors determined by the retirement board for a member or  
 13 beneficiary receiving an early retirement allowance.

14 (d) The increase in the benefit allowance must not be  
 15 greater than the percentage increase in the index from the  
 16 previous calendar year.

17 NEW SECTION. Section 8. Minimum monthly benefit  
 18 allowance for certain members. (1) (a) Except as provided in  
 19 subsection (2), a member terminated on or before June 30,  
 20 1981, with vested rights who is receiving a service or  
 21 disability retirement allowance or his beneficiary who is  
 22 receiving a service or disability retirement allowance or  
 23 his surviving spouse or dependent child who is receiving a  
 24 survivorship allowance is eligible for a minimum monthly  
 25 benefit allowance based on the ratio of a member's years of

1 creditable service to 30 multiplied by \$350 and subject to  
2 the adjustments listed in subsection (1)(b).

3 (b) The following adjustments apply to the minimum  
4 monthly benefit allowance:

5 (i) The minimum monthly benefit must be based on 30  
6 years of creditable service for a recipient of a disability  
7 or survivorship allowance.

8 (ii) The minimum monthly benefit must be adjusted by the  
9 actuarial factors determined by the retirement board for a  
10 member or beneficiary receiving an optional retirement  
11 allowance or for a surviving spouse or dependent child  
12 receiving a survivorship allowance.

13 (iii) The minimum monthly benefit must be adjusted by  
14 the actuarial factors determined by the retirement board for  
15 a member or beneficiary receiving an early retirement  
16 allowance.

17 (2) A recipient who is eligible for a minimum monthly  
18 benefit allowance under subsection (1)(a) of this section  
19 and who is also eligible for a cost-of-living increase under  
20 subsection (2)(a) of [section 7] is entitled to receive the  
21 greater of the increases. If a member or beneficiary  
22 receives a minimum monthly benefit allowance under this  
23 subsection, he is eligible for a cost-of-living increase  
24 under subsection (2)(a) of [section 7] beginning the  
25 following year.

1 ~~NEW SECTION.~~ Section 9. Funding cost-of-living  
2 increase and minimum monthly benefit allowance. The  
3 cost-of-living increase provided in [section 7] and the  
4 minimum monthly benefit allowance provided in [section 8]  
5 will be funded by:

6 (1) an amount equal to 1% of the monthly compensation  
7 paid to each active member from the member contributions  
8 collected under 19-4-602;

9 (2) an amount equal to 1% of the annual compensation  
10 paid to all active members during the preceding year from  
11 the employer contributions collected under 19-4-605; and

12 (3) a general fund appropriation or other supplemental  
13 funding source. During each legislative session, the  
14 retirement system administrator shall submit to the  
15 legislature a request for funding the cost-of-living  
16 increase and minimum monthly benefit allowance through a  
17 general fund appropriation or other supplemental funding  
18 source. If the funding request is not granted by the  
19 legislature, the cost-of-living increase and minimum monthly  
20 benefit allowance will be reduced to reflect the available  
21 funding provided by the member and employer contributions in  
22 subsections (1) and (2) of this section.

23 Section 10. Section 19-4-804, MCA, is amended to read:  
24 "19-4-804. Allowance for superannuation retirement. (1)  
25 Upon superannuation retirement a member shall receive a



1 retirement allowance consisting of a pension which, together  
2 with an annuity, provides a retirement allowance equal to  
3 one-sixtieth of his average final compensation multiplied by  
4 the number of years of creditable service.

5 ~~(2) The minimum annual retirement allowance for a~~  
6 ~~member who has 30 or more years of creditable service is~~  
7 ~~\$2480 and the minimum retirement allowance for a member~~  
8 ~~whose creditable service is less than 30 years is based on~~  
9 ~~an amount which bears the same ratio to \$2486 as his~~  
10 ~~service bears to 30 years.~~

11 ~~(3)(2)~~ Any retired member may be employed as a  
12 part-time or substitute teacher in Montana and may earn,  
13 without loss of retirement benefits, the greater of an  
14 amount not to exceed one-fourth of his average final  
15 compensation and one-fourth of the median of the average  
16 final compensation for members retired during the preceding  
17 fiscal year as determined by the retirement board."

18 Section 11. Section 19-4-802, MCA, is amended to read:

19 "19-4-802. Early retirement. (1) A member who has at  
20 least 5 years of creditable service, whose last 5 years of  
21 creditable service were in this state, and who has attained  
22 the age of 55 may retire from service and be eligible for an  
23 early retirement allowance if he files with the retirement  
24 board his written application setting forth the fact of his  
25 retirement.

1 (2) The early retirement allowance shall be determined  
2 as prescribed in 19-4-804(1) and ~~(2)~~ [section 8], with the  
3 exception that the allowance will be reduced by 1/2 of 1%  
4 multiplied by the number of months by which the retirement  
5 date precedes the date on which he would have retired had he  
6 attained 60 years of age or had he completed 30 years of  
7 creditable service."

8 Section 12. Section 19-4-1001, MCA, is amended to read:

9 "19-4-1001. Allowances for death of member. (1) If a  
10 member dies before retirement, his accumulated contributions  
11 shall be paid to his estate or such person as he may have  
12 nominated by a written designation filed with the retirement  
13 board prior to his death in the manner prescribed by the  
14 board.

15 (2) (a) In lieu of benefits provided for in subsection  
16 (1), if the deceased member qualified by reason of service  
17 for a retirement benefit, the beneficiary nominated by the  
18 deceased member may elect to receive a monthly life annuity.  
19 The monthly life annuity shall be determined as prescribed  
20 in 19-4-802, and 19-4-804(1), and ~~(2)~~ [section 8] in the  
21 same manner as if the member elected option A provided for  
22 in 19-4-702(2)(a).

23 (b) In the event payments made to an annuitant do not  
24 equal the amount of the member's accumulated contributions  
25 prior to the annuitant's death, the difference between the

1 total annuity payments made and the amount of the  
2 accumulated contributions shall be paid to the beneficiary.

3 (3) If the deceased member had 5 or more years of  
4 creditable service and was an active member in the state of  
5 Montana within 1 year prior to his death, a lump-sum death  
6 benefit of \$500 is payable to his designated beneficiary.

7 (4) If a deceased member had 5 or more years of  
8 creditable service and was an active member in the state of  
9 Montana within 1 year prior to his death, the sum of \$100  
10 per month shall be paid to each minor child of the deceased  
11 member until such child reaches his 18th birthday."

12 Section 13. Section 19-4-602, MCA, is amended to read:

13 "19-4-602. Annuity savings fund -- member's  
14 contribution. The annuity savings fund is a fund in which  
15 the contributions from the members to provide for their  
16 annuities shall be accumulated in individual accounts for  
17 each member. Contributions to and payments from the annuity  
18 savings fund shall be made in the following manner:

19 (1) Each employer shall deduct from the compensation of  
20 each active member on the payroll for each payroll period on  
21 and subsequent to the date on which the member became a  
22 member an amount equal to ~~6.187%~~ 7.187% of the member's  
23 earned compensation.

24 (2) The deductions shall be made notwithstanding that  
25 the minimum compensation provided by law for a member may be

1 reduced thereby. Every member is considered to consent to  
2 the deductions prescribed by this section, and payment of  
3 salary or compensation less the deductions is a complete  
4 discharge of all claims whatsoever for the services rendered  
5 by the member during the period covered by the payment,  
6 except as to the benefits provided by the retirement system.

7 (3) In addition to the contributions deducted from  
8 compensation and subject to the approval of the retirement  
9 board, any member may redeposit in the annuity savings fund,  
10 by a single payment or by an increased rate of contribution,  
11 an amount equal to any accumulated contributions which he  
12 has previously withdrawn, plus interest in the amount the  
13 contributions would have earned had the contributions not  
14 been withdrawn.

15 (4) The accumulated contributions of a member withdrawn  
16 by him or paid to his estate or to his designated  
17 beneficiary in event of his death shall be paid from the  
18 annuity savings fund. Upon the retirement of a member, his  
19 accumulated contributions shall be transferred from the  
20 annuity savings fund to the annuity reserve fund."

21 Section 14. Section 19-4-605, MCA, is amended to read:

22 "19-4-605. Pension accumulation fund -- employer's  
23 contribution. The pension accumulation fund is the fund in  
24 which the reserves for payment of pensions shall be  
25 accumulated and from which pensions and benefits in lieu

1 thereof shall be paid to or on account of beneficiaries  
2 credited with prior service. Contributions to and payments  
3 from the pension accumulation fund shall be made as follows:

4 (1) Each employer shall pay into the pension  
5 accumulation fund an amount equal to ~~6.932%~~ 7.312% of the  
6 earned compensation of each member employed during the whole  
7 or part of the preceding payroll period.

8 (2) If the employer is a district or community college  
9 district, the trustees shall budget and pay for the  
10 employer's contribution under the provisions of 20-9-501.

11 (3) If the employer is the superintendent of public  
12 instruction, a public institution of the state of Montana, a  
13 unit of the Montana university system, or the Montana state  
14 school for the deaf and blind, the legislature shall  
15 appropriate to the employer an adequate amount to allow the  
16 payment of the employer's contribution.

17 (4) If the employer is a county, the county  
18 commissioners shall budget and pay for the employer's  
19 contribution in the manner provided by law for the adoption  
20 of a county budget and for payments under the budget.

21 (5) All interest and other earnings realized on the  
22 moneys of the retirement system shall be credited to the  
23 pension accumulation fund, and the amounts required to allow  
24 regular interest on the annuity savings fund and the annuity  
25 reserve fund shall be transferred to the respective funds

1 from the pension accumulation fund.

2 (6) All pensions and benefits in lieu thereof shall be  
3 paid from the pension accumulation fund.

4 (7) The retirement board may, in its discretion,  
5 transfer to and from the pension accumulation fund the  
6 amount of any surplus or deficit which may develop in the  
7 reserve creditable to the annuity reserve fund, as shown by  
8 actuarial valuation, and also an amount to cover expenses of  
9 administration."

10 NEW SECTION. Section 15. Financing increase in  
11 employer contribution rate for school districts. In  
12 compliance with 1-2-112, the state shall reimburse the  
13 school district for the amount of the increase in the  
14 employer contribution rate provided in [section 14, Chapter  
15 \_\_\_\_, Laws of 1981]. During each legislative session, the  
16 retirement system administrator shall submit to the  
17 legislature a request for funding the reimbursement to the  
18 school districts through a general fund appropriation or  
19 other supplemental funding. If the funding request is not  
20 granted by the legislature, the cost-of-living increase and  
21 minimum monthly benefit allowance will be reduced to reflect  
22 the available funding provided in subsections (1) and (3) of  
23 [section 9].

24 NEW SECTION. Section 16. Cost-of-living increase. (1)  
25 The following definitions apply to this section:

1 (a) "Index" means, for any calendar year, that year's  
 2 annual average consumer price index for urban wage earners  
 3 and clerical workers, all items (1967 = 100) compiled by the  
 4 bureau of labor statistics, United States department of  
 5 labor, or a successor agency.

6 (b) "Salary" means the salary for the lowest paid  
 7 active member of the highway patrol retirement system for  
 8 the last month of the same year used in the index.

9 (2) (a) Except as provided in subsection (2) of  
 10 [section 17], the following recipients are eligible for an  
 11 increase in their highway patrol retirement or survivorship  
 12 allowances:

13 (i) a member with 20 years or more of creditable  
 14 service or his beneficiary who is receiving a service  
 15 retirement allowance;

16 (ii) a member compelled to retire under 19-6-504 with  
 17 less than 20 years of creditable service or his beneficiary  
 18 who is receiving a service retirement allowance;

19 (iii) a member or his beneficiary who is receiving a  
 20 disability retirement allowance; and

21 (iv) a member's surviving spouse or dependent child who  
 22 is receiving a survivorship allowance.

23 (b) A member of the highway patrol retirement system  
 24 retired on or before July 1, 1978, or his beneficiary,  
 25 surviving spouse, or dependent child who is eligible for an

1 increase in his allowance under subsection (2)(a) is  
 2 entitled to receive the increase on July 1, 1981, and on  
 3 each July 1 thereafter.

4 (c) A member of the highway patrol retirement system  
 5 retired after July 1, 1978, or his beneficiary, surviving  
 6 spouse, or dependent child who is eligible for an increase  
 7 in his allowance under subsection (2)(a) is entitled to  
 8 receive the increase on:

9 (i) July 1 following the third anniversary date of the  
 10 member's retirement and each July 1 thereafter; or

11 (ii) if he retired on July 1, the third anniversary date  
 12 of the member's retirement and each anniversary date  
 13 thereafter.

14 (3) Except as provided in subsection (4) of this  
 15 section, the increase in the allowance equals one-half of  
 16 the salary multiplied by the ratio of a member's years of  
 17 creditable service to 25 multiplied by the average  
 18 percentage increase in the index during the previous 3 years  
 19 or 12%, whichever is less, minus 3% multiplied by  
 20 two-thirds.

21 (4) The following adjustments apply to the increase:

22 (a) The increase must be based on 25 years of  
 23 creditable service for a recipient of a disability or  
 24 survivorship allowance.

25 (b) The increase must be adjusted by the actuarial

1 factors determined by the board for a member or beneficiary  
2 receiving an optional retirement allowance or for a  
3 surviving spouse or dependent child receiving a survivorship  
4 allowance.

5 (c) The increase must be adjusted by the actuarial  
6 factors determined by the board for a member or beneficiary  
7 receiving an early retirement allowance.

8 (d) The increase in the benefit allowance must not be  
9 greater than the percentage increase in the index from the  
10 previous calendar year.

11 NEW SECTION. Section 17. Minimum monthly benefit  
12 allowance for certain members. (1) (a) Except as provided in  
13 subsection (2), a member terminated on or before June 30,  
14 1931, with vested rights who is receiving a service or  
15 disability retirement allowance or his beneficiary who is  
16 receiving a service or disability retirement allowance or  
17 his surviving spouse or dependent child who is receiving a  
18 survivorship allowance is eligible for a minimum monthly  
19 benefit allowance based on the ratio of a member's years of  
20 creditable service to 25 multiplied by \$500 and subject to  
21 the adjustments listed in subsection (1)(b).

22 (b) The following adjustments apply to the minimum  
23 monthly benefit allowance:

24 (i) The minimum monthly benefit must be based on 25  
25 years of creditable service for a recipient of a disability

1 or survivorship allowance.

2 (ii) The minimum monthly benefit must be adjusted by the  
3 actuarial factors determined by the board for a member or  
4 beneficiary receiving an optional retirement allowance or  
5 for a surviving spouse or dependent child receiving a  
6 survivorship allowance.

7 (iii) The minimum monthly benefit must be adjusted by  
8 the actuarial factors determined by the board for a member  
9 or beneficiary receiving an early retirement allowance.

10 (2) A recipient who is eligible for a minimum monthly  
11 benefit allowance under subsection (1)(a) of this section  
12 and who is also eligible for a cost-of-living increase under  
13 subsection (2)(a) of [section 16] is entitled to receive the  
14 greater of the increases. If a member or beneficiary  
15 receives a minimum monthly benefit allowance under this  
16 subsection, he is eligible for a cost-of-living increase  
17 under subsection (2)(a) of [section 16] beginning the  
18 following year.

19 NEW SECTION. Section 18. Funding cost-of-living  
20 increase and minimum monthly benefit allowance. The  
21 cost-of-living increase provided in [section 16] and the  
22 minimum monthly benefit allowance provided in [section 17]  
23 will be funded by:

24 (1) an amount equal to 1% of the monthly compensation  
25 paid to each active member from the member contributions

1 collected under 19-6-402;

2 (2) an amount equal to 1% of the annual compensation  
3 paid to all active members during the preceding year from  
4 the state contributions collected under 19-6-404; and

5 (3) an amount equal to 1.88% of the annual compensation  
6 paid to all active members during the preceding year from  
7 the driver's license fees collected under 61-5-111.

8 Section 19. Section 19-6-402, MCA, is amended to read:

9 "19-6-402. Member's contribution. Every member shall be  
10 required to contribute into the account a sum equal to  
11 ~~6-1/2%~~ 7-1/2% of his monthly salary, which sum shall be  
12 deducted from his salary and deposited to his credit in the  
13 account."

14 Section 20. Section 19-6-404, MCA, is amended to read:

15 "19-6-404. State's contribution. The state of Montana  
16 shall annually contribute to the account an amount equal to  
17 ~~6% 17%~~ of the salaries paid to the highway patrolmen who  
18 are covered by this account from the general fund."

19 Section 21. Section 61-5-111, MCA, is amended to read:

20 "61-5-111. Licenses issued to operators and chauffeurs  
21 -- renewals and expiration -- fees -- disposition. (1) The  
22 division shall have authority to appoint county treasurers  
23 and other qualified officers to act as its agents for the  
24 sale of driver's licenses receipts and shall make necessary  
25 rules governing such sales. In those areas where the

1 division provides driver licensing services 3 days or more a  
2 week the division is responsible for sale of receipts and  
3 may not appoint an agent. The division, upon receipt of  
4 payment of the fees specified in this section, shall issue  
5 to every applicant qualifying therefor an operator's or  
6 chauffeur's license as applied for. Such licenses shall  
7 contain a photograph of the licensee in the size and form as  
8 prescribed by the division, a distinguishing number issued  
9 to the licensee; the full name, date of birth, residence  
10 address, and a brief description of the licensee; and either  
11 a facsimile of the signature of the licensee or a space upon  
12 which he shall write his signature in pen and ink  
13 immediately upon receipt of the license. No license shall be  
14 valid until it has been so signed by the licensee. Five  
15 percent of the license fees collected by the county  
16 treasurer shall be deposited by the county treasurer for the  
17 use of the county general fund. In the event no agent is  
18 appointed under this section, 5% of the license fees  
19 collected by the division shall be retained by the division  
20 to defray the cost of handling.

21 (2) The division shall, when any person applies for  
22 renewal of an operator's or chauffeur's license, test the  
23 applicant's eyesight and may also in the division's  
24 discretion have the applicant demonstrate his physical  
25 ability to operate and to exercise ordinary and reasonable

1 care in the operation of a motor vehicle. A person shall be  
2 considered to have applied for renewal of a Montana  
3 operator's or chauffeur's license if the application is made  
4 within 3 months of the expiration of his license.

5 (3) Licenses shall expire on the anniversary of the  
6 date of birth of the licensee 4 years or less after the date  
7 of issue.

8 (4) Whenever the division issues an original license to  
9 a person under the age of 18 years, the license shall be  
10 designated and clearly marked as a "provisional license".  
11 Any license so designated and marked may be suspended by the  
12 division for a period of not more than 12 months, when its  
13 records disclose that the licensee, subsequent to the  
14 issuance of such license, has been guilty of careless or  
15 negligent driving. Upon renewal as applicable to operator's  
16 licenses, the division may, for any reasonable cause as  
17 shown by its records, designate the renewal of the license  
18 as provisional; otherwise, a license in usual form shall be  
19 issued subject to other provisions of the laws of Montana.

20 (5) It shall be unlawful for any person to have in his  
21 possession or under his control more than one Montana  
22 operator's or chauffeur's license at any one time. A license  
23 is not valid for the operation of a motorcycle until the  
24 holder thereof has completed the requirements of 61-5-110  
25 and the license has been clearly marked with the words

1 "motorcycle endorsement".

2 (6) Fees for driver's licenses shall be as follows:

3 (a) driver's license -- \$2 per year or fraction  
4 thereof;

5 (b) motorcycle endorsement -- 50 cents per year or  
6 fraction thereof.

7 (7) ~~(a)~~ The county treasurer or other agent of the  
8 division collecting such fees shall retain 5% of each fee  
9 for the use of the county general fund and shall transmit  
10 the remainder to the state treasury, ~~who shall deposit to~~  
11 ~~the credit of the state general fund all money received by~~  
12 ~~him from the collection of the fees.~~

13 (b) The remaining 95% of all money received by the  
14 state treasurer from the collection of the fees is allocated  
15 as follows:

16 (i) 5% to the state traffic education account provided  
17 in 20-7-504;

18 (ii) an amount equal to 1.88% of the annual compensation  
19 paid to all active members of the highway patrol retirement  
20 system during the preceding year to the highway patrol  
21 retirement system agency account as provided in subsection  
22 (3) of [section 18]; and

23 (iii) the balance, after payments are made in  
24 subsections (7)(b)(i) and (7)(b)(ii), to the credit of the  
25 state general fund."

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1 NEW SECTION. Section 22. Coordination with \_\_\_ Bill  
 2 \_\_\_ (LC 98). If \_\_\_ Bill \_\_\_ (LC 98), introduced in the 47th  
 3 legislature, is passed and approved, the percentage amount  
 4 stated in 61-5-111(7)(b)(i) shall reflect the provisions of  
 5 \_\_\_ Bill \_\_\_ (LC 98) and the code commissioner shall codify  
 6 amendments to 61-5-111 accordingly.

7 Section 23. Section 15-1-501, MCA, is amended to read:  
 8 "15-1-501. Disposition of moneys from certain  
 9 designated license and other taxes. (1) The state treasurer  
 10 shall deposit to the credit of the state general fund all  
 11 moneys received by him from the collection of:

12 (a) automobile driver's license fees under subsections  
 13 (1) through (6) of 61-5-111, except for fees allocated under  
 14 subsections (7)(b)(i) and (7)(b)(ii) of 61-5-111;

15 (b) electric energy producer's license taxes under  
 16 chapter 51;

17 (c) metalliferous mines license taxes under chapter 37;

18 (d) oil and gas severance taxes allocated to the  
 19 general fund under chapter 36;

20 (e) liquor license taxes under Title 16;

21 (f) telephone license taxes under chapter 53; and

22 (g) inheritance and estate taxes under Title 72,  
 23 chapter 16.

24 (2) Seventy-five percent of all moneys received from  
 25 the collection of income taxes under chapter 30 and

1 corporation license and income taxes under chapter 31,  
 2 except as provided in 15-31-702, shall be deposited in the  
 3 general fund subject to the prior pledge and appropriation  
 4 of such income tax and corporation license tax collections  
 5 for the payment of long-range building program bonds. The  
 6 remaining 25% of the proceeds of the corporation license  
 7 tax, excluding that allocated to the counties under  
 8 15-31-702, corporation income tax, and income tax shall be  
 9 deposited to the credit of the earmarked revenue fund for  
 10 state equalization aid to the public schools of Montana.

11 (3) The state treasurer shall also deposit to the  
 12 credit of the state general fund all moneys received by him  
 13 from the collection of license taxes, fees, and all net  
 14 revenues and receipts from all other sources under the  
 15 operation of the Montana Alcoholic Beverage Code."

16 NEW SECTION. Section 24. Cost-of-living increase. (1)  
 17 The following definitions apply to this section:

18 (a) "Index" means, for any calendar year, that year's  
 19 annual average consumer price index for urban wage earners  
 20 and clerical workers, all items (1967 = 100) compiled by the  
 21 bureau of labor statistics, United States department of  
 22 labor, or a successor agency.

23 (b) "Salary" means the average salary for all active  
 24 members of the sheriffs' retirement system for the last  
 25 month of the same year used in the index.



1 (2) (a) Except as provided in subsection (2) of  
 2 [section 25], a member of the sheriffs' retirement system  
 3 retired on or before July 1, 1978, who is receiving a  
 4 service or disability retirement allowance or his  
 5 beneficiary who is receiving a service or disability  
 6 retirement allowance or his surviving spouse or dependent  
 7 child who is receiving a survivorship allowance is eligible  
 8 for an increase in his allowance on July 1, 1981, and on  
 9 each July 1 thereafter.

10 (b) A member of the sheriffs' retirement system retired  
 11 after July 1, 1978, who is receiving a service or disability  
 12 retirement allowance or his beneficiary who is receiving a  
 13 service or disability retirement allowance or his surviving  
 14 spouse or dependent child who is receiving a survivorship  
 15 allowance is eligible for an increase in his allowance on:

16 (i) July 1 following the third anniversary date of the  
 17 member's retirement and each July 1 thereafter; or

18 (ii) if he retired on July 1, the third anniversary date  
 19 of the member's retirement and each anniversary date  
 20 thereafter.

21 (3) Except as provided in subsection (4) of this  
 22 section, the increase in the allowance equals one-half of  
 23 the salary multiplied by the ratio of a member's years of  
 24 creditable service to 25 multiplied by the average  
 25 percentage increase in the index during the previous 3 years

1 or 12%, whichever is less, minus 3% multiplied by  
 2 two-thirds.

3 (4) The following adjustments apply to the increase:

4 (a) The increase must be based on 25 years of  
 5 creditable service for a recipient of a disability or  
 6 survivorship allowance.

7 (b) The increase must be adjusted by the actuarial  
 8 factors determined by the board for a member or beneficiary  
 9 receiving an optional retirement allowance or for a  
 10 surviving spouse or dependent child receiving a survivorship  
 11 allowance.

12 (c) The increase must be adjusted by the actuarial  
 13 factors determined by the board for a member or beneficiary  
 14 receiving an early retirement allowance.

15 (d) The increase in the benefit allowance must not be  
 16 greater than the percentage increase in the index from the  
 17 previous calendar year.

18 NEW SECTION. Section 25. Minimum monthly benefit  
 19 allowance for certain members. (1) (a) Except as provided in  
 20 subsection (2), a member terminated on or before June 30,  
 21 1981, with vested rights who is receiving a service or  
 22 disability retirement allowance or his beneficiary who is  
 23 receiving a service or disability retirement allowance or  
 24 his surviving spouse or dependent child who is receiving a  
 25 survivorship allowance is eligible for a minimum monthly

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1 benefit allowance based on the ratio of a member's years of  
2 creditable service to 25 multiplied by \$350 and subject to  
3 the adjustments listed in subsection (1)(b).

4 (b) The following adjustments apply to the minimum  
5 monthly benefit allowance:

6 (i) The minimum monthly benefit must be based on 25  
7 years of creditable service for a recipient of a disability  
8 or survivorship allowance.

9 (ii) The minimum monthly benefit must be adjusted by the  
10 actuarial factors determined by the board for a member or  
11 beneficiary receiving an optional retirement allowance or  
12 for a surviving spouse or dependent child receiving a  
13 survivorship allowance.

14 (iii) The minimum monthly benefit must be adjusted by  
15 the actuarial factors determined by the board for a member  
16 or beneficiary receiving an early retirement allowance.

17 (2) A recipient who is eligible for a minimum monthly  
18 benefit allowance under subsection (1)(a) of this section  
19 and who is also eligible for a cost-of-living increase under  
20 subsection (2)(a) of [section 24] is entitled to receive the  
21 greater of the increases. If a member or beneficiary  
22 receives a minimum monthly benefit allowance under this  
23 subsection, he is eligible for a cost-of-living increase  
24 under subsection (2)(a) of [section 24] beginning the  
25 following year.

1 ~~NEW SECTION.~~ Section 26. Funding cost-of-living  
2 increase and minimum monthly benefit allowance. The  
3 cost-of-living increase provided in [section 24] and the  
4 minimum monthly benefit allowance provided in [section 25]  
5 will be funded by:

6 (1) an amount equal to 1% of the monthly compensation  
7 paid to each active member from the member contributions  
8 collected under 19-7-403;

9 (2) an amount equal to 1% of the annual compensation  
10 paid to all active members during the preceding year from  
11 the employer contributions collected under 19-7-404; and

12 (3) an amount equal to .44% of the annual compensation  
13 paid to all active members during the preceding year from  
14 the premium tax collected on insurance sold in this state to  
15 insure against the risks enumerated in 19-11-512(2). The  
16 state auditor shall make this payment to the retirement  
17 system administrator after July 1 but before September 1 of  
18 each year. On or before April 1 of each year, the  
19 administrator shall notify the state auditor of the annual  
20 compensation paid to all active members during the preceding  
21 year.

22 Section 27. Section 19-7-403, MCA, is amended to read:  
23 "19-7-403. Members' contributions deducted. Every  
24 member shall be required to contribute into the account ~~7%~~  
25 ~~8%~~ of his monthly salary, which shall be deducted from his

1 salary and deposited to his credit in the account."

2 Section 28. Section 19-7-404, NCA, is amended to read:  
3 "19-7-404. Counties' contributions. The various  
4 counties of Montana shall pay monthly ~~7.55%~~ 8.55% of each  
5 sheriff's gross salary into the retirement account created  
6 by this chapter."

7 NEW SECTION. Section 29. Financing increase in  
8 counties' contributions. In compliance with 1-2-112, the  
9 state shall reimburse the county for the amount of the  
10 increase in the employer contribution rate provided in  
11 [section 28, Chapter \_\_\_, Laws of 1981]. During each  
12 legislative session, the retirement system administrator  
13 shall submit to the legislature a request for funding the  
14 reimbursement to the counties through a general fund  
15 appropriation or other supplemental funding. If the funding  
16 request is not granted by the legislature, the  
17 cost-of-living increase and minimum monthly benefit  
18 allowance will be reduced to reflect the available funding  
19 provided in subsections (1) and (3) of [section 26].

20 NEW SECTION. Section 30. Cost-of-living increase. (1)  
21 The following definitions apply to this section:

22 (a) "Index" means, for any calendar year, that year's  
23 annual average consumer price index for urban wage earners  
24 and clerical workers, all items (1967 = 100) compiled by the  
25 bureau of labor statistics, United States department of

1 labor, or a successor agency.

2 (b) "Salary" means the salary for the lowest paid  
3 active member of the game wardens' retirement system for the  
4 last month of the same year used in the index.

5 (2) (a) Except as provided in subsection (2) of  
6 [section 31], a member of the game wardens' retirement  
7 system retired on or before July 1, 1978, who is receiving a  
8 service or disability retirement allowance or his  
9 beneficiary who is receiving a service or disability  
10 retirement allowance or his surviving spouse or dependent  
11 child who is receiving a survivorship allowance is eligible  
12 for an increase in his allowance on July 1, 1981, and on  
13 each July 1 thereafter.

14 (b) A member of the game wardens' retirement system  
15 retired after July 1, 1978, who is receiving a service or  
16 disability retirement allowance or his beneficiary who is  
17 receiving a service or disability retirement allowance or  
18 his surviving spouse or dependent child who is receiving a  
19 survivorship allowance is eligible for an increase in his  
20 allowance on:

21 (i) July 1 following the third anniversary date of the  
22 member's retirement and each July 1 thereafter; or

23 (ii) if he retired on July 1, the third anniversary date  
24 of the member's retirement and each anniversary date  
25 thereafter.

1 (3) Except as provided in subsection (4) of this  
 2 section, the increase in the allowance equals one-half of  
 3 the salary multiplied by the ratio of a member's years of  
 4 creditable service to 25 multiplied by the average  
 5 percentage increase in the index during the previous 3 years  
 6 or 12%, whichever is less, minus 3% multiplied by  
 7 two-thirds.

8 (4) The following adjustments apply to the increase:

9 (a) The increase must be based on 25 years of  
 10 creditable service for a recipient of a disability or  
 11 survivorship allowance.

12 (b) The increase must be adjusted by the actuarial  
 13 factors determined by the board for a member or beneficiary  
 14 receiving an optional retirement allowance or for a  
 15 surviving spouse or dependent child receiving a survivorship  
 16 allowance.

17 (c) The increase must be adjusted by the actuarial  
 18 factors determined by the board for a member or beneficiary  
 19 receiving an early retirement allowance.

20 (d) The increase in the benefit allowance must not be  
 21 greater than the percentage increase in the index from the  
 22 previous calendar year.

23 NEW SECTION. Section 31. Minimum monthly benefit  
 24 allowance for certain members. (1) (a) Except as provided in  
 25 subsection (2), a member terminated on or before June 30,

1 1981, with vested rights who is receiving a service or  
 2 disability retirement allowance or his beneficiary who is  
 3 receiving a service or disability retirement allowance or  
 4 his surviving spouse or dependent child who is receiving a  
 5 survivorship allowance is eligible for a minimum monthly  
 6 benefit allowance based on a ratio of a member's years of  
 7 creditable service to 25 multiplied by \$350 and subject to  
 8 the adjustments listed in subsection (1)(b).

9 (b) The following adjustments apply to the minimum  
 10 monthly benefit allowance:

11 (i) The minimum monthly benefit must be based on 25  
 12 years of creditable service for a recipient of a disability  
 13 or survivorship allowance.

14 (ii) The minimum monthly benefit must be adjusted by the  
 15 actuarial factors determined by the board for a member or  
 16 beneficiary receiving an optional retirement allowance or  
 17 for a surviving spouse or dependent child receiving a  
 18 survivorship allowance.

19 (iii) The minimum monthly benefit must be adjusted by  
 20 the actuarial factors determined by the board for a member  
 21 or beneficiary receiving an early retirement allowance.

22 (2) A recipient who is eligible for a minimum monthly  
 23 benefit allowance under subsection (1)(a) of this section  
 24 and who is also eligible for a cost-of-living increase under  
 25 subsection (2)(a) of [section 30] is entitled to receive the

1 greater of the increases. If a member or beneficiary  
2 receives a minimum monthly benefit allowance under this  
3 subsection, he is eligible for a cost-of-living increase  
4 under subsection (2)(a) of [section 30] beginning the  
5 following year.

6 NEW SECTION. Section 32. Funding cost-of-living  
7 increase and minimum monthly benefit allowance. The  
8 cost-of-living increase provided in [section 30] and the  
9 minimum monthly benefit allowance provided in [section 31]  
10 will be funded by:

11 (1) an amount equal to 1% of the monthly compensation  
12 paid to each active member from the member contributions  
13 collected under 19-8-502;

14 (2) an amount equal to 1% of the annual compensation  
15 paid to all active members during the preceding year from  
16 the state contribution collected under 19-3-504; and

17 (3) an amount equal to 1.51% of the annual compensation  
18 paid to all active members during the preceding year from  
19 the premium tax collected on insurance sold in this state to  
20 insure against the risks enumerated in 19-11-512(2). The  
21 state auditor shall make this payment to the retirement  
22 system administrator after July 1 but before September 1 of  
23 each year. On or before April 1 of each year, the  
24 administrator shall notify the state auditor of the annual  
25 compensation paid to all active members during the preceding

1 year.

2 Section 33. Section 19-8-502, MCA, is amended to read:

3 "19-8-502. Member's contribution. Every member is  
4 required to contribute into the account a sum equal to 7% ~~8%~~  
5 of his monthly salary, which sum shall be deducted from his  
6 salary and deposited to his credit in the account."

7 Section 34. Section 19-8-504, MCA, is amended to read:

8 "19-8-504. State's contribution. Each month the state  
9 treasurer shall pay to the account, out of the department of  
10 fish, wildlife, and parks moneys, a sum equal to 7% ~~8%~~ of  
11 the total of all members' salaries, and out of the moneys  
12 collected as fines and forfeited bonds under the provisions  
13 of 87-1-601, all such collections until the unfunded  
14 liability in the account is solvent and a verification  
15 statement to that effect is given to the state treasurer by  
16 the board."

17 NEW SECTION. Section 35. Cost-of-living increase. (1)  
18 The following definitions apply to this section:

19 (a) "Index" means, for any calendar year, that year's  
20 annual average consumer price index for urban wage earners  
21 and clerical workers, all items (1967 = 100) compiled by the  
22 bureau of labor statistics, United States department of  
23 labor, or a successor agency.

24 (b) "Salary" means the average salary for the last  
25 month of the same year used in the index for all newly

1 confirmed police officers participating in the municipal  
2 police officers' retirement system.

3 (2) (a) Except as provided in subsection (2) of  
4 [section 36], a member of the municipal police retirement  
5 system retired on or before July 1, 1978, who is receiving a  
6 service or disability retirement allowance or his  
7 beneficiary who is receiving a service or disability  
8 retirement allowance or his surviving spouse or dependent  
9 child who is receiving a survivorship allowance is eligible  
10 for an increase in his allowance on July 1, 1981, and on  
11 each July 1 thereafter.

12 (b) A member of the municipal police retirement system  
13 retired after July 1, 1978, who is receiving a service or  
14 disability retirement allowance or his beneficiary who is  
15 receiving a service or disability retirement allowance or  
16 his surviving spouse or dependent child who is receiving a  
17 survivorship allowance is eligible for an increase in his  
18 allowance on:

19 (i) July 1 following the third anniversary date of the  
20 member's retirement and each July 1 thereafter; or

21 (ii) if he retired on July 1, the third anniversary date  
22 of the member's retirement and each anniversary date  
23 thereafter.

24 (3) Except as provided in subsection (4) of this  
25 section, the increase in the allowance equals one-half of

1 the salary multiplied by the ratio of a member's years of  
2 creditable service to 20 multiplied by the average  
3 percentage increase in the index during the previous 3 years  
4 or 12%, whichever is less, minus 3% multiplied by  
5 two-thirds.

6 (4) The following adjustments apply to the increase:

7 (a) The increase must be based on 20 years of  
8 creditable service for a recipient of a disability or  
9 survivorship allowance.

10 (b) The increase in the benefit allowance must not be  
11 greater than the percentage increase in the index from the  
12 previous calendar year.

13 NEW SECTION. Section 36. Minimum monthly benefit  
14 allowance for certain members. (1) (a) Except as provided in  
15 subsection (2), a member terminated on or before June 30,  
16 1981, with vested rights who is receiving a service or  
17 disability retirement allowance or his beneficiary who is  
18 receiving a service or disability retirement allowance or  
19 his surviving spouse or dependent child who is receiving a  
20 survivorship allowance is eligible for a minimum monthly  
21 benefit allowance based on the ratio of a member's years of  
22 creditable service to 20 multiplied by \$500 and subject to  
23 the adjustment listed in subsection (1)(b).

24 (b) The minimum monthly benefit must be based on 20  
25 years of creditable service for a recipient of a disability

1 or survivorship allowance.

2 (2) A recipient who is eligible for a minimum monthly  
3 benefit allowance under subsection (1)(a) of this section  
4 and who is also eligible for a cost-of-living increase under  
5 subsection (2)(a) of [section 35] is entitled to receive the  
6 greater of the increases. If a member or beneficiary  
7 receives a minimum monthly benefit allowance under this  
8 subsection, he is eligible for a cost-of-living increase  
9 under subsection (2)(a) of [section 35] beginning the  
10 following year.

11 NEW SECTION. Section 37. Funding cost-of-living  
12 increase and minimum monthly benefit allowance. The  
13 cost-of-living increase provided in [section 35] and the  
14 minimum monthly benefit allowance provided in [section 36]  
15 will be funded by:

16 (1) an amount equal to 1% of the monthly compensation  
17 paid to each active member hired on or before June 30, 1980,  
18 and 1/2 of 1% of the monthly compensation paid to each  
19 active member hired after this date from the member  
20 contributions collected under 19-9-601;

21 (2) an amount equal to 1% of the annual compensation  
22 paid to all active members during the preceding year from  
23 the state contribution collected under 19-9-702;

24 (3) an amount equal to 1% of the annual compensation  
25 paid to all active members during the preceding year from

1 the employer contributions collected under 19-9-703; and

2 (4) an amount equal to 1.98% of the annual compensation  
3 paid to all active members during the preceding year from  
4 the premium tax collected on insurance sold in this state to  
5 insure against the risks enumerated in 19-11-512(2). The  
6 state auditor shall make this payment to the administrator  
7 after July 1 but before September 1 of each year. This  
8 payment is in addition to the payments made by the state  
9 auditor under 19-9-702 and 19-9-1007(3). On or before April  
10 1 of each year, the administrator shall notify the state  
11 auditor of the annual compensation paid to all active  
12 members during the preceding year.

13 Section 38. Section 19-9-601, MCA, is amended to read:

14 "19-9-601. Member contributions. The treasurer or other  
15 appropriate official of each employer shall retain from the  
16 monthly compensation of each active member a sum equal to 6%  
17 ~~1%~~ or, in the case of a member first employed by an employer  
18 as a police officer after June 30, 1979, ~~7-1/2%~~ ~~8%~~ of his  
19 monthly compensation, excluding overtime, holiday payments,  
20 shift differential payments, compensation time payments, and  
21 payments in lieu of sick leave and annual leave, for his  
22 services as a police officer. The monthly deduction from the  
23 salaries of police officers shall be paid to the  
24 administrator for the purpose of paying the retirement  
25 allowances of retired police officers."

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1 Section 39. Section 19-9-702, MCA, is amended to read:

2 "19-9-702. State contribution. The state of Montana  
3 shall make its contributions through the state auditor out  
4 of the premium tax on motor vehicle property and casualty  
5 insurance policies. Such payments shall be made annually  
6 from the gross premium tax after deduction for cancellations  
7 and returned premiums. The administrator shall notify the  
8 auditor of the annual compensation paid to all active  
9 members during the preceding year, and the state's  
10 contribution shall be ~~14%~~ 15% of such compensation."

11 Section 40. Section 19-9-703, MCA, is amended to read:

12 "19-9-703. Employer contribution. Each employer shall  
13 make its contribution on behalf of members through the city  
14 treasurer or other appropriate official out of moneys  
15 available to the city for such purpose. The employer's  
16 contribution shall be ~~14%~~ 15% of the total monthly  
17 compensation paid to all active members during the preceding  
18 month and shall be payable monthly to the administrator."

19 NEW SECTION. Section 41. Financing increase in  
20 employer contribution. In compliance with 1-2-112, the state  
21 shall reimburse the employer for the amount of the increase  
22 in the employer contribution rate provided in [section 40,  
23 Chapter \_\_\_, Laws of 1981]. During each legislative session,  
24 the retirement system administrator shall submit to the  
25 legislature a request for funding the reimbursement to the

1 employers through a general fund appropriation or other  
2 supplemental funding. If the funding request is not granted  
3 by the legislature, the cost-of-living increase and minimum  
4 monthly benefit allowance will be reduced to reflect the  
5 available funding provided in subsections (1), (2), and (4)  
6 of [section 37].

7 Section 42. Appropriation. (1) There is appropriated to  
8 the Department of Administration the sum of \$4,500,000 from  
9 the general fund for the biennium ending June 30, 1983, for  
10 the purpose of funding an automatic cost-of-living increase  
11 and a minimum monthly benefit allowance for members of the  
12 public employees', teachers', sheriffs', and municipal  
13 police officers' retirement systems.

14 (2) There is appropriated to the Department of  
15 Administration the sum of \$4,500,000 from the interest  
16 earnings on the coal tax trust fund established under  
17 15-35-108(1) for the biennium ending June 30, 1983, for the  
18 purpose of funding an automatic cost-of-living increase and  
19 a minimum monthly benefit allowance for members of the  
20 public employees', teachers', sheriffs', and municipal  
21 police officers' retirement systems.

22 Section 43. Codification instruction. (1) Sections 1  
23 through 3 and section 6 are intended to be codified as an  
24 integral part of Title 19, chapter 3, and the provisions of  
25 Title 19, chapter 3, apply to sections 1 through 3 and



1 section 6.

2 (2) Sections 7 through 9 and section 15 are intended to  
3 be codified as an integral part of Title 19, chapter 4, and  
4 the provisions of Title 19, chapter 4, apply to sections 7  
5 through 9 and section 15.

6 (3) Sections 16 through 18 are intended to be codified  
7 as an integral part of Title 19, chapter 6, and the  
8 provisions of Title 19, chapter 6, apply to sections 16  
9 through 18.

10 (4) Sections 24 through 26 and section 29 are intended  
11 to be codified as an integral part of Title 19, chapter 7,  
12 and the provisions of Title 19, chapter 7, apply to sections  
13 24 through 26 and section 29.

14 (5) Sections 30 through 32 are intended to be codified  
15 as an integral part of Title 19, chapter 8, and the  
16 provisions of Title 19, chapter 8, apply to sections 30  
17 through 32.

18 (6) Sections 35 through 37 and section 41 are intended  
19 to be codified as an integral part of Title 19, chapter 9,  
20 and the provisions of Title 19, chapter 9, apply to sections  
21 35 through 37 and section 41.

-End-

HB 45

## STATE OF MONTANA

REQUEST NO. 42-81

## FISCAL NOTE

Form BD-15

In compliance with a written request received 1-9, 19 81, there is hereby submitted a Fiscal Note for H.B. 45 pursuant to Chapter 53, Laws of Montana, 1965 - Thirty-Ninth Legislative Assembly.

Background information used in developing this Fiscal Note is available from the Office of Budget and Program Planning, to members of the Legislature upon request.

**DESCRIPTION:** House Bill 45 is a proposal to grant continuing cost of living increase to retired members of all state administered funded retirement systems. The maximum increase of 6% annually is based on career employee benefit.

**ASSUMPTIONS:** Based on generally accepted actuarial assumptions as applied in the actuarial valuations of the individual systems and based on the most recent statistical data.

**FISCAL IMPACT: PUBLIC EMPLOYEES' RETIREMENT DIVISION****COST TO STATE**

	<u>FY 1982</u>	<u>FY 1983</u>
State Employer Contributions (Mixture of general and earmarked funds)	\$ 1,956,153	\$ 2,171,330
General Fund	1,228,603	1,363,750
Coal Tax Trust Fund Income	1,228,603	1,363,750
Insurance Premium Tax	196,068	219,885
Driver License Fees	<u>73,038</u>	<u>73,038</u>
Total	\$ 4,682,465	\$ 5,199,788

**DETAILS OF REVENUE TO RETIREMENT SYSTEMS**

	<u>Increase FY 1982</u>	<u>Increase FY 1983</u>
1. Employee Contributions	\$ 3,630,588	\$ 4,029,953
2. State Employer Contributions	1,956,153	2,171,330
3. Local Employer Contributions:		
Reimbursed from (a) General Fund	883,393	980,567
(b) Coal Tax Trust Fund Income	883,394	980,567
4. Accruing Cost not Funded by Contributions and Other Revenues		
(a) General Fund	345,210	383,183
(b) Cost Tax Trust Fund Income	345,210	282,183
5. Other Sources		
(a) Tax Premium Fund	196,068	219,855
(b) Driver License Fees	<u>73,038</u>	<u>81,073</u>
TOTAL REVENUES	\$ 8,313,054	\$ 9,229,711

BUDGET DIRECTOR

Office of Budget and Program Planning

Date: \_\_\_\_\_

## STATE OF MONTANA

REQUEST NO. 42-81

## FISCAL NOTE

Page 2

Form BD-15

In compliance with a written request received \_\_\_\_\_, 19 \_\_\_\_\_, there is hereby submitted a Fiscal Note for HB 45 pursuant to Chapter 53, Laws of Montana, 1965 - Thirty-Ninth Legislative Assembly.

Background information used in developing this Fiscal Note is available from the Office of Budget and Program Planning, to members of the Legislature upon request.

Expenditures by Retirement Systems	FY 1982	FY 1983
1. Increases to Current Retirees	\$ 941,280	\$ 1,074,077
2. Operational Cost	51,000	1,000
	\$ 992,280	\$ 1,075,077

COMMENTS: The fiscal note was prepared on the basis of revenues to the five systems administered by the P.E.R.D. Excess of Revenues over expenditures are the cost of accruing benefits that will be paid to current and future retirees in future biennium. Operation cost reflect software package to calculate increases each year. First year cost includes programming. Operational costs will not be funded by this bill but will require appropriation from earmarked account.

FISCAL IMPACT: TEACHERS' RETIREMENT SYSTEM

<u>COST TO STATE</u>	FY 1982	FY 1983
State Employer Contribution (general fund)	\$ 854,755	\$ 948,778
General Fund	1,532,511	1,701,087
Coal Tax Trust Fund Interest	<u>1,532,510</u>	<u>1,701,086</u>
Total	\$ 3,919,776	\$ 4,350,951

DETAILS OF REVENUE TO RETIREMENT SYSTEM

REVENUE	Increase 1981-82	Increase 1982-83
Employee Contributions	\$3,186,810	\$3,537,359
State Employer Contributions	854,755	948,778

\*Funding for benefits from general fund and coal tax interest trust fund is as follows:

General Fund	1,532,511	1,701,087
Coal Tax Interest Trust Fund	<u>1,532,510</u>	<u>1,701,086</u>

TOTAL

\$7,106,586      \$7,888,310

*David M. Lewis*  
BUDGET DIRECTOR

Office of Budget and Program Planning

Date: \_\_\_\_\_

STATE OF MONTANA

REQUEST NO. 42-81

FISCAL NOTE

Page 3

Form BD-15

In compliance with a written request received \_\_\_\_\_, 19 \_\_\_\_\_, there is hereby submitted a Fiscal Note for HB 45 pursuant to Chapter 53, Laws of Montana, 1965 - Thirty-Ninth Legislative Assembly.

Background information used in developing this Fiscal Note is available from the Office of Budget and Program Planning, to members of the Legislature upon request.

	<u>Estimated Increase 1981-82</u>	<u>Estimated Increase 1982-83</u>
<u>EXPENDITURES</u>		
** Operations	\$ 51,000	\$ 1,000
Benefits and claims to current retirees	<u>1,250,222</u>	<u>1,325,235</u>
	\$ <u>1,301,222</u>	\$ <u>1,326,235</u>

\*COMMENTS: The funding required from the general fund and coal tax interest trust fund includes reimbursement to local government of \$2,332,055 for 1981-82 and \$2,588,551 for 1982-83. The balance of \$732,966 for 1981-82 and \$813,592 for 1982-83 is the balance due required to fund future payments. The difference between revenue and benefits the cost is future benefits accruing during the next biennium for present and future retirees.

\*\*The operation costs reflected would be the modifications required to our computerized membership system and the yearly maintenance costs to the system in order to implement the mechanics of the bill.

	<u>FY 82</u>	<u>FY 83</u>	<u>Biennium</u>
<u>TOTAL COST TO STATE</u>	\$ <u>8,602,241</u>	<u>9,550,739</u>	<u>18,152,980</u>

\_\_\_\_\_  
 BUDGET DIRECTOR  
 Office of Budget and Program Planning  
 Date: \_\_\_\_\_

## STATE OF MONTANA

REQUEST NO. 42-81

## FISCAL NOTE

Revised

Form BD-15

In compliance with a written request received 3/9, 19 81, there is hereby submitted a Fiscal Note for H.B. 45 pursuant to Title 5, Chapter 4, Part 2 of the Montana Code Annotated (MCA).

Background information used in developing this Fiscal Note is available from the Office of Budget and Program Planning, to members of the Legislature upon request.

Description: H.B. 45 provides an ad hoc adjustment to the retirees of the P.E.R.S., T.R.S., Game Wardens', Highway Patrolmen, Sheriffs' and Police Retirement Systems.

Assumption: Based on generally accepted actuarial assumption, as applied in the actuarial valuation of the individual systems, and based on the most recent statistical data.

Fiscal Impact: Increased state contributions to retirement systems:

<u>1982</u>	<u>1983</u>
\$ 324,950	\$ 352,159

Increased local contributions to retirement systems:

<u>1982</u>	<u>1983</u>
\$ 842,425	\$ 914,304

Technical Defect: The pre-1975 police retirees will receive two post retirement adjustments. The contribution, based on this fact, is about .9% short.

The P.E.R.D. assumes it will cost the Division about \$5,000 to implement this provision and the funding would be needed in FY 81 as this increase is effective July 1st, 1981.

The T.R.S. will need about \$2,000 to \$3,000 for implementation.

*Rand M Lewis*

BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 3-10-81

STATE OF MONTANA

REQUEST NO. 42-81

FISCAL NOTE

REVISED

Form BD-15

In compliance with a written request received March 30, 19 81, there is hereby submitted a Fiscal Note for House Bill 45 pursuant to Title 5, Chapter 4, Part 2 of the Montana Code Annotated (MCA).

Background information used in developing this Fiscal Note is available from the Office of Budget and Program Planning, to members of the Legislature upon request.

Description of Proposed Legislation

House Bill 45 provides an ad hoc adjustment to the retirees of the PERS, TRS, Game Wardens', Highway Patrolmen, Sheriffs', and Police Retirement Systems.

Assumptions

Based on generally accepted actuarial assumption, as applied in the actuarial valuation of the individual systems, and based on the most recent statistical data.

Fiscal Impact

	<u>FY 1982</u>	<u>FY 1983</u>
Increased state contributions to retirement systems:		
General Fund	\$110,300	\$118,364
Other Sources	<u>214,650</u>	<u>233,795</u>
Total	\$324,950	\$352,159
Increased local contributions to retirement systems:	\$842,425	\$914,304

Technical Defects

The pre-1975 police retirees will receive two post retirement adjustments. The contribution, based on this fact, is about .9% short.

The Public Employees Retirement Division assumes it will cost the division about \$5,000 to implement this provision and the funding would be needed in FY 1981 as this increase is effective July 1, 1981.

The Teachers' Retirement System will need about \$2,000 to \$3,000 for implementation.

*David M Lewis*

BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 3-30-81

## STATE OF MONTANA

REQUEST NO. 42-81  
revised

## FISCAL NOTE

Form BD-15

In compliance with a written request received April 1, 19 81, there is hereby submitted a Fiscal Note for House Bill 45 pursuant to Title 5, Chapter 4, Part 2 of the Montana Code Annotated (MCA). Background information used in developing this Fiscal Note is available from the Office of Budget and Program Planning, to members of the Legislature upon request.

Description of Proposed Legislation

House Bill 45 provides an ad hoc adjustment to the retirees of the PERS, TRS, Game Warden's, Highway Patrolmen, Sheriffs', and Police Retirement Systems.

Assumptions

Based on generally accepted actuarial assumptions, as applied in the actuarial valuation of the individual systems, and based on the most recent statistical data.

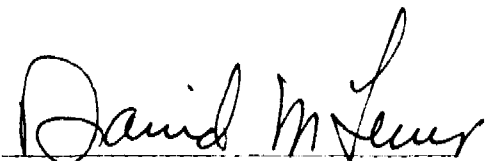
<u>Fiscal Impact</u>	<u>FY 1982</u>	<u>FY 1983</u>
Increased state contributions to retirement systems:		
General Fund	\$110,300	\$118,364
Other Sources	<u>214,650</u>	<u>233,795</u>
Total	\$324,950	\$352,159
Increased Local Contributions to Retirement Systems	\$517,475	\$562,145
Total Increase for State and Local Contributions	\$842,425	\$914,304

Technical Defects

The pre-1975 police retirees will receive two post retirement adjustments. The contribution, based on this fact, is about .9% short.

The Public Employees' Retirement Division assumes it will cost the division about \$5,000 to implement this provision and the funding would be needed in FY 1981 as this increase is effective July 1, 1981.

The Teachers' Retirement System will need about \$2,000 to \$3,000 for implementation.



BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 4-1-81

Approved by Committee  
on State Administration

HOUSE BILL NO. 45

INTRODUCED BY VINCENT, EUDAILY, SCHULTZ, MENAHAN, ROUSH

BY REQUEST OF THE STUDY COMMITTEE

ON PUBLIC RETIREMENT SYSTEMS

A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING AN AUTOMATIC  
AD\_HOC COST-OF-LIVING INCREASE IN SERVICE AND DISABILITY  
RETIREMENT AND SURVIVORSHIP ALLOWANCES PAYABLE TO MEMBERS OF  
THE PUBLIC EMPLOYEES', TEACHERS', HIGHWAY PATROL  
PATROLMEN'S, SHERIFFS', AND GAME WARDENS' RETIREMENT SYSTEMS  
AND THEIR BENEFICIARIES AND TO MEMBERS OF THE MUNICIPAL  
POLICE RETIREMENT SYSTEM RETIRED ON OR AFTER JULY 1, 1975,  
AND THEIR BENEFICIARIES; PROVIDING A MINIMUM MONTHLY BENEFIT  
ALLOWANCE FOR CERTAIN MEMBERS OF THESE RETIREMENT SYSTEMS  
AND THEIR BENEFICIARIES; PROVIDING FUNDING FOR THE  
COST-OF-LIVING INCREASE AND MINIMUM MONTHLY BENEFIT  
ALLOWANCE; AMENDING SECTIONS 15-1-501, 19-3-701, 19-3-801,  
19-4-602, 19-4-605, 19-4-802, 19-4-804, 19-4-1001, 19-6-402,  
19-6-404, 19-7-403, 19-7-404, 19-8-502, 19-8-504, 19-9-601,  
19-9-702, AND 19-9-703, AND 61-5-111, MCA; AND PROVIDING AN  
EFFECTIVE DATE."

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

NEW SECTION: Section 1 - Cost-of-living-increase - (1)

The following definitions apply to this section:

(a) "Index" means for any calendar year, that year's  
annual average consumer price index for urban wage earners  
and clerical workers, all items (1967-1980) compiled by the  
bureau of labor statistics, United States department of  
labor, or a successor agency.

(b) "Salary" means the average salary for all active  
members of the public employees' retirement system with 5  
years or more of creditable service on June 30 in the same  
year used in the index.

(2) (a) Except as provided in subsection (2) of  
[section 2], a member of the public employees' retirement  
system retired on or before July 1, 1978, who is receiving a  
service or disability retirement allowance or his  
beneficiary who is receiving a service or disability  
retirement allowance or his surviving spouse or dependent  
child who is receiving a survivorship allowance is eligible  
for an increase in his allowance on July 1, 1981, and on  
each July 1 thereafter.

(b) A member of the public employees' retirement  
system retired after July 1, 1978, who is receiving a  
service or disability retirement allowance or his  
beneficiary who is receiving a service or disability  
retirement allowance or his surviving spouse or dependent  
child who is receiving a survivorship allowance is eligible  
for an increase in his allowance on:



1       ~~(i) July 1 following the third anniversary date of the~~  
 2 ~~member's retirement and each July 1 thereafter or~~  
 3       ~~(ii) if he retired on July 1, the third anniversary~~  
 4 ~~date of the member's retirement and each anniversary date~~  
 5 ~~thereafter.~~  
 6       ~~(3) Except as provided in subsection (4) of this~~  
 7 ~~section, the increase in the allowance equals one-half of~~  
 8 ~~the salary multiplied by the ratio of a member's years of~~  
 9 ~~creditable service to 30 multiplied by the average~~  
 10 ~~percentage increase in the index during the previous 3 years~~  
 11 ~~or 12%, whichever is less, minus 3%, multiplied by~~  
 12 ~~two-thirds.~~  
 13       ~~(4) The following adjustments apply to the increase:~~  
 14       ~~(a) The increase must be based on 30 years of~~  
 15 ~~creditable service for a recipient of a disability or~~  
 16 ~~survivorship allowance.~~  
 17       ~~(b) The increase must be adjusted by the actuarial~~  
 18 ~~factors determined by the board for a member or beneficiary~~  
 19 ~~receiving an optional retirement allowance or for a~~  
 20 ~~surviving spouse or dependent child receiving a survivorship~~  
 21 ~~allowance.~~  
 22       ~~(c) The increase must be adjusted by the actuarial~~  
 23 ~~factors determined by the board for a member or beneficiary~~  
 24 ~~receiving an early retirement allowance.~~  
 25       ~~(d) The increase in the benefit allowance must not be~~

1       ~~greater than the percentage increase in the index from the~~  
 2 ~~previous calendar year.~~  
 3       NEW SECTION. SECTION 1. COST-OF-LIVING INCREASE. (1)  
 4 EFFECTIVE JULY 1, 1981, EVERY SERVICE OR DISABILITY  
 5 RETIREMENT ALLOWANCE OR SURVIVORSHIP ALLOWANCE PAYABLE TO A  
 6 MEMBER OF THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM RETIRED ON  
 7 OR BEFORE JULY 1, 1979, OR HIS BENEFICIARY SHALL BE  
 8 INCREASED BY 50 CENTS FOR EACH YEAR OF A MEMBER'S CREDITABLE  
 9 SERVICE.  
 10       (2) EFFECTIVE JULY 1, 1981, EVERY SERVICE OR  
 11 DISABILITY RETIREMENT ALLOWANCE OR SURVIVORSHIP ALLOWANCE  
 12 PAYABLE TO A MEMBER OF THE PUBLIC EMPLOYEES' RETIREMENT  
 13 SYSTEM RETIRED AFTER JULY 1, 1979, BUT ON OR BEFORE JUNE 30,  
 14 1981, OR HIS BENEFICIARY SHALL BE INCREASED BY 50 CENTS FOR  
 15 EACH YEAR OF A MEMBER'S CREDITABLE SERVICE MULTIPLIED BY A  
 16 RATIO EQUAL TO THE NUMBER OF MONTHS RETIRED AFTER JULY 1,  
 17 1979, BUT ON OR BEFORE JUNE 30, 1981, AND 24.  
 18       NEW SECTION. Section 2. Minimum monthly benefit  
 19 allowance for certain members. (1) (a) Except as provided in  
 20 subsection (2), a member terminated on or before June 30,  
 21 1981, with vested rights who is receiving a service or  
 22 disability retirement allowance or his beneficiary who is  
 23 receiving a service or disability retirement allowance or  
 24 his surviving spouse or dependent child who is receiving a  
 25 survivorship allowance is eligible for a minimum monthly

1 benefit allowance based on the ratio of a member's years of  
2 creditable service to 30 multiplied by \$350 \$300 and subject  
3 to the adjustments listed in subsection (1)(b).

4 (b) The following adjustments apply to the minimum  
5 monthly benefit allowance:

6 (i) The minimum monthly benefit must be based on 30  
7 years of creditable service for a recipient of a disability  
8 or survivorship allowance.

9 (ii) The minimum monthly benefit must be adjusted by  
10 the actuarial factors determined by the board for a member  
11 or beneficiary receiving an optional retirement allowance or  
12 for a surviving spouse or dependent child receiving a  
13 survivorship allowance.

14 (iii) The minimum monthly benefit must be adjusted by  
15 the actuarial factors determined by the board for a member  
16 or beneficiary receiving an early retirement allowance.

17 (iv) The benefit must be multiplied by a ratio equal to  
18 the member's final average salary to \$4,800 (such ratio not  
19 to exceed 1) for elected officials, Montana national  
20 guardsmen, and independent contractors.

21 (2) A recipient who is eligible for a minimum monthly  
22 benefit allowance under subsection (1)(a) of this section  
23 and who is also eligible for a cost-of-living-increase under  
24 subsection (2)(a) of [section 1] is entitled to receive the  
25 greater of the increases if a member or beneficiary

1 receives a minimum monthly benefit allowance under this  
2 subsection; he is eligible for a cost-of-living-increase  
3 under subsection (2)(a) of [section 1] beginning the  
4 following year. THIS BENEFIT INCREASE BEFORE HIS ALLOWANCE  
5 IS ADJUSTED UNDER [SECTION 1].

6 NEW SECTION. Section 3v--Funding-----cost-of-living  
7 increase and minimum monthly benefit allowance---The  
8 cost-of-living-increase provided in [section 1] and the  
9 minimum monthly benefit allowance provided in [section 2]  
10 will be funded by:

11 (1) an amount equal to 1% of the monthly compensation  
12 paid to each active member from the member contributions  
13 collected under 19-3-701;

14 (2) an amount equal to 1% of the annual compensation  
15 paid to all active members during the preceding year from  
16 the employer contributions collected under 19-3-801; and

17 (3) a general fund appropriation or other supplemental  
18 funding source. During each legislative session, the  
19 retirement system administrator shall submit to the  
20 legislature a request for funding the cost-of-living  
21 increase and minimum monthly benefit allowance through a  
22 general fund appropriation or other supplemental funding  
23 source. If the funding request is not granted by the  
24 legislature, the cost-of-living-increase and minimum monthly  
25 benefit allowance will be reduced to reflect the available

1 funding provided by the member and employer contributions in  
 2 subsections (1) and (2) of this section.

3 Section 4. Section 19-3-701, MCA, is amended to read:  
 4 "19-3-701. Member's contribution to be deducted. The  
 5 normal contribution of each member shall be equal to 6% ~~7%~~  
 6 of his compensation. The chief administrative officer of  
 7 each employer shall deduct the contribution from the  
 8 compensation of each member and remit the total of the  
 9 contributions to the board. Payment of salaries or wages  
 10 less the contribution shall be full and complete discharge  
 11 and acquittance of all claims and demands whatsoever for the  
 12 service rendered by members during the period covered by the  
 13 payments, except their claims to the benefits to which they  
 14 may be entitled under the provisions of this chapter."

15 Section 3. Section 19-3-801, MCA, is amended to read:  
 16 "19-3-801. Employer contribution rates -- actuarial  
 17 determination. (1) Each employer shall contribute to the  
 18 cost of benefits under the system. The amount of the  
 19 employer contributions shall be computed by applying to  
 20 member's compensation the sum of the current service  
 21 contribution rate and the unfunded liability contribution  
 22 rate. The sum of these rates shall be 5.90 ~~6.90~~ 6.02% from  
 23 July 1, 1978 1981, and thereafter.

24 (2) The actuary shall determine the current service  
 25 contribution rate to be that level percentage of the present

1 value of the future compensation of the average new member  
 2 entering the system which equals the then present value of  
 3 the excess of all prospective benefits in respect of such  
 4 member over the member's own normal contributions.

5 (3) The actuary shall determine the minimum unfunded  
 6 liability contribution rate to be that level percentage of  
 7 the present value of the prospective compensation of all  
 8 members for the 40-year period following the date of the  
 9 determination which is equal to the unfunded liability on  
 10 that date. The unfunded liability at any time is the excess  
 11 of the present value of all future benefits payable in  
 12 respect of all persons then entitled to benefits under the  
 13 system over the sum of the retirement fund and the present  
 14 values of the future current service contributions and  
 15 normal contributions payable in respect of all such  
 16 persons."

17 ~~NEW SECTION~~ Section 6. Financing ---- increase ---- in  
 18 employer contribution rate for contracting employers ---- in  
 19 compliance with 1-2-112, the state shall reimburse the  
 20 contracting employer for the amount of the increase in the  
 21 employer contribution rate provided in section 5. Chapter  
 22 ---- laws of 1981 ---- during each legislative session, the  
 23 retirement system administrator shall submit to the  
 24 legislature a request for funding the reimbursement to the  
 25 contracting employers through a general fund appropriation

1 or other supplemental fundings if the funding request is not  
2 granted by the legislature, the cost-of-living increase and  
3 minimum monthly benefit allowance will be reduced to reflect  
4 the available funding provided in subsections (1) and (3) of  
5 [section 3].

6 NEW SECTION Section 7. Cost-of-living increase. (1)  
7 The following definitions apply to this section:

8 (a) "Index" means, for any calendar year, that year's  
9 annual average consumer price index for urban wage earners  
10 and clerical workers, all items (1967=100) compiled by the  
11 bureau of labor statistics, United States department of  
12 labor or a successor agency.

13 (b) "Salary" means the average salary for all active  
14 members of the teachers' retirement system for the last  
15 month of the same year used in the index.

16 (2) (a) Except as provided in subsection (2) of  
17 [section 8], a member of the teachers' retirement system  
18 retired on or before July 1, 1978, who is receiving a  
19 service or disability retirement allowance or his  
20 beneficiary who is receiving a service or disability  
21 retirement allowance other than a death benefit under  
22 19-4-1001(4) or his surviving spouse or dependent child who  
23 is receiving a survivorship allowance is eligible for an  
24 increase in his allowance on July 1, 1981, and on each July  
25 1 thereafter.

1 (b) A member of the teachers' retirement system  
2 retired after July 1, 1978, who is receiving a service or  
3 disability retirement allowance or his beneficiary who is  
4 receiving a service or disability retirement allowance other  
5 than a death benefit under 19-4-1001(4) or his surviving  
6 spouse or dependent child who is receiving a survivorship  
7 allowance is eligible for an increase in his allowance on  
8 (i) July 1 following the third anniversary date of the  
9 member's retirement and each July 1 thereafter; or

10 (ii) if he retired on July 1, the third anniversary  
11 date of the member's retirement and each anniversary date  
12 thereafter.

13 (3) Except as provided in subsection (4) of this  
14 section, the increase in the allowance equals one-half of  
15 the salary multiplied by the ratio of a member's years of  
16 creditable service to 30 multiplied by the average  
17 percentage increase in the index during the previous 3 years  
18 or 12%, whichever is less, minus 3% multiplied by  
19 two-thirds.

20 (4) The following adjustments apply to the increase:  
21 (a) The increase must be based on 30 years of  
22 creditable service for a recipient of a disability or  
23 survivorship allowance.

24 (b) The increase must be adjusted by the actuarial  
25 factors determined by the retirement board for a member or

1 beneficiary--receiving--an--optional--retirement--allowance--or  
 2 for--a--surviving--spouse--or--dependent--child--receiving--a  
 3 survivorship--allowance.

4 (c)--The--increase--must--be--adjusted--by--the--actuarial  
 5 factors--determined--by--the--retirement--board--for--a--member--or  
 6 beneficiary--receiving--an--early--retirement--allowance.

7 (d)--The--increase--in--the--benefit--allowance--must--not--be  
 8 greater--than--the--percentage--increase--in--the--index--from--the  
 9 previous--calendar--year.

10 NEW SECTION. SECTION 4. COST-OF-LIVING INCREASE. (1)  
 11 EFFECTIVE JULY 1, 1981, EVERY SERVICE OR DISABILITY  
 12 RETIREMENT ALLOWANCE OR SURVIVORSHIP ALLOWANCE PAYABLE TO A  
 13 MEMBER OF THE TEACHERS' RETIREMENT SYSTEM RETIRED ON OR  
 14 BEFORE JULY 1, 1979, OR HIS BENEFICIARY SHALL BE INCREASED  
 15 BY 50 CENTS FOR EACH YEAR OF A MEMBER'S CREDITABLE SERVICE.

16 (2) EFFECTIVE JULY 1, 1981, EVERY SERVICE OR  
 17 DISABILITY RETIREMENT ALLOWANCE OR SURVIVORSHIP ALLOWANCE  
 18 PAYABLE TO A MEMBER OF THE TEACHERS' RETIREMENT SYSTEM  
 19 RETIRED AFTER JULY 1, 1979, BUT ON OR BEFORE JUNE 30, 1981,  
 20 OR HIS BENEFICIARY SHALL BE INCREASED BY 50 CENTS FOR EACH  
 21 YEAR OF A MEMBER'S CREDITABLE SERVICE MULTIPLIED BY A RATIO  
 22 EQUAL TO THE NUMBER OF MONTHS RETIRED AFTER JULY 1, 1979,  
 23 BUT ON OR BEFORE JUNE 30, 1981, AND 24.

24 NEW SECTION. Section 5. Minimum monthly benefit  
 25 allowance for certain members. (1) (a) Except as provided in

1 subsection--(2)--a member terminated on or before June 30,  
 2 1981, with vested rights who is receiving a service or  
 3 disability retirement allowance or his beneficiary who is  
 4 receiving a service or disability retirement allowance or  
 5 his surviving spouse or dependent child who is receiving a  
 6 survivorship allowance is eligible for a minimum monthly  
 7 benefit allowance based on the ratio of a member's years of  
 8 creditable service to 30 multiplied by \$350 ~~\$300~~ and subject  
 9 to the adjustments listed in subsection (1)(b).

10 (b) The following adjustments apply to the minimum  
 11 monthly benefit allowance:

12 (i) The minimum monthly benefit must be based on 30  
 13 years of creditable service for a recipient of a disability  
 14 or survivorship allowance.

15 (ii) The minimum monthly benefit must be adjusted by  
 16 the actuarial factors determined by the retirement board for  
 17 a member or beneficiary receiving an optional retirement  
 18 allowance or for a surviving spouse or dependent child  
 19 receiving a survivorship allowance.

20 (iii) The minimum monthly benefit must be adjusted by  
 21 the actuarial factors determined by the retirement board for  
 22 a member or beneficiary receiving an early retirement  
 23 allowance.

24 (2) A recipient who is eligible for a minimum monthly  
 25 benefit allowance under subsection (1)(a) of--this--section

1 and who is also eligible for a cost-of-living increase under  
 2 subsection (2)(a) of [section 7] is entitled to receive the  
 3 greater of the increases. If a member or beneficiary  
 4 receives a minimum monthly benefit allowance under this  
 5 subsection, he is eligible for a cost-of-living increase  
 6 under subsection (2)(a) of [section 7] beginning the  
 7 following year: THIS BENEFIT INCREASE BEFORE HIS ALLOWANCE  
 8 IS ADJUSTED UNDER [SECTION 4].

9 NEW SECTION: Section 9. Funding ----- cost-of-living  
 10 increase and minimum monthly benefit allowances. The  
 11 cost-of-living increase provided in [section 7] and the  
 12 minimum monthly benefit allowance provided in [section 8]  
 13 will be funded by:

14 (1) an amount equal to 1% of the monthly compensation  
 15 paid to each active member from the member contributions  
 16 collected under 19-4-602;

17 (2) an amount equal to 1% of the annual compensation  
 18 paid to all active members during the preceding year from  
 19 the employer contributions collected under 19-4-605; and

20 (3) a general fund appropriation or other supplemental  
 21 funding source. During each legislative session, the  
 22 retirement system administrator shall submit to the  
 23 legislature a request for funding the cost-of-living  
 24 increase and minimum monthly benefit allowance through a  
 25 general fund appropriation or other supplemental funding

1 source. If the funding request is not granted by the  
 2 legislature, the cost-of-living increase and minimum monthly  
 3 benefit allowance will be reduced to reflect the available  
 4 funding provided by the member and employer contributions in  
 5 subsections (1) and (2) of this section.

6 Section 6. Section 19-4-804, MCA, is amended to read:  
 7 "19-4-804. Allowance for superannuation retirement.

8 (1) Upon superannuation retirement a member shall receive a  
 9 retirement allowance consisting of a pension which, together  
 10 with an annuity, provides a retirement allowance equal to  
 11 one-sixtieth of his average final compensation multiplied by  
 12 the number of years of creditable service.

13 (2) The minimum annual retirement allowance for a  
 14 member who has 30 or more years of creditable service is  
 15 \$2,400, and the minimum retirement allowance for a member  
 16 whose creditable service is less than 30 years is based on  
 17 an amount which bears the same ratio to \$2,400 as his  
 18 service bears to 30 years.

19 (3) (2) Any retired member may be employed as a  
 20 part-time or substitute teacher in Montana and may earn,  
 21 without loss of retirement benefits, the greater of an  
 22 amount not to exceed one-fourth of his average final  
 23 compensation and one-fourth of the median of the average  
 24 final compensation for members retired during the preceding  
 25 fiscal year as determined by the retirement board."

1 Section 7. Section 19-4-802, MCA, is amended to read:

2 "19-4-802. Early retirement. (1) A member who has at  
3 least 5 years of creditable service, whose last 5 years of  
4 creditable service were in this state, and who has attained  
5 the age of 55 may retire from service and be eligible for an  
6 early retirement allowance if he files with the retirement  
7 board his written application setting forth the fact of his  
8 retirement.

9 (2) The early retirement allowance shall be determined  
10 as prescribed in 19-4-804(1) and ~~(2)~~ [section 9 5], with the  
11 exception that the allowance will be reduced by 1/2 of 1%  
12 multiplied by the number of months by which the retirement  
13 date precedes the date on which he would have retired had he  
14 attained 60 years of age or had he completed 30 years of  
15 creditable service."

16 Section 8. Section 19-4-1001, MCA, is amended to read:

17 "19-4-1001. Allowances for death of member. (1) If a  
18 member dies before retirement, his accumulated contributions  
19 shall be paid to his estate or such person as he may have  
20 nominated by a written designation filed with the retirement  
21 board prior to his death in the manner prescribed by the  
22 board.

23 (2) (a) In lieu of benefits provided for in subsection  
24 (1), if the deceased member qualified by reason of service  
25 for a retirement benefit, the beneficiary nominated by the

1 deceased member may elect to receive a monthly life annuity.  
2 The monthly life annuity shall be determined as prescribed  
3 in 19-4-802, and 19-4-804(1), and ~~(2)~~ [section 9 5] in the  
4 same manner as if the member elected option A provided for  
5 in 19-4-702(2)(a).

6 (b) In the event payments made to an annuitant do not  
7 equal the amount of the member's accumulated contributions  
8 prior to the annuitant's death, the difference between the  
9 total annuity payments made and the amount of the  
10 accumulated contributions shall be paid to the beneficiary.

11 (3) If the deceased member had 5 or more years of  
12 creditable service and was an active member in the state of  
13 Montana within 1 year prior to his death, a lump-sum death  
14 benefit of \$500 is payable to his designated beneficiary.

15 (4) If a deceased member had 5 or more years of  
16 creditable service and was an active member in the state of  
17 Montana within 1 year prior to his death, the sum of \$100  
18 per month shall be paid to each minor child of the deceased  
19 member until such child reaches his 18th birthday."

20 ~~Section 13. Section 19-4-682, MCA, is amended to read:~~

21 ~~"19-4-682. Annuity savings fund. The annuity savings fund is a fund in which~~  
22 ~~the contributions from the members to provide for their~~  
23 ~~annuities shall be accumulated in individual accounts for~~  
24 ~~each member. Contributions to and payments from the annuity~~  
25

1 savings fund shall be made in the following manner:

2 (1) Each employer shall deduct from the compensation

3 of each active member on the payroll for each payroll period

4 on and subsequent to the date on which the member became a

5 member an amount equal to ~~6.187%~~ 7.187% of the member's

6 earned compensation.

7 (2) The deductions shall be made notwithstanding that

8 the minimum compensation provided by law for a member may be

9 reduced thereby. Every member is considered to consent to

10 the deductions prescribed by this section and payment of

11 salary or compensation less the deductions is a complete

12 discharge of all claims whatsoever for the services rendered

13 by the member during the period covered by the payments

14 except as to the benefits provided by the retirement system.

15 (3) In addition to the contributions deducted from

16 compensation and subject to the approval of the retirement

17 board, any member may redeposit in the annuity savings fund

18 by a single payment or by an increased rate of contribution

19 an amount equal to any accumulated contributions which he

20 has previously withdrawn, plus interest in the amount the

21 contributions would have earned had the contributions not

22 been withdrawn.

23 (4) The accumulated contributions of a member

24 withdrawn by him or paid to his estate or to his designated

25 beneficiary in event of his death shall be paid from the

1 annuity savings fund. Upon the retirement of a member, his

2 accumulated contributions shall be transferred from the

3 annuity savings fund to the annuity reserve fund."

4 Section 9. Section 19-4-605, MCA, is amended to read:

5 "19-4-605. Pension accumulation fund -- employer's

6 contribution. The pension accumulation fund is the fund in

7 which the reserves for payment of pensions shall be

8 accumulated and from which pensions and benefits in lieu

9 thereof shall be paid to or on account of beneficiaries

10 credited with prior service. Contributions to and payments

11 from the pension accumulation fund shall be made as follows:

12 (1) Each employer shall pay into the pension

13 accumulation fund an amount equal to ~~6.312%~~ 7.312% ~~6.432%~~ of

14 the earned compensation of each member employed during the

15 whole or part of the preceding payroll period.

16 (2) If the employer is a district or community college

17 district, the trustees shall budget and pay for the

18 employer's contribution under the provisions of 20-9-501.

19 (3) If the employer is the superintendent of public

20 instruction, a public institution of the state of Montana, a

21 unit of the Montana university system, or the Montana state

22 school for the deaf and blind, the legislature shall

23 appropriate to the employer an adequate amount to allow the

24 payment of the employer's contribution.

25 (4) If the employer is a county, the county



1 commissioners shall budget and pay for the employer's  
 2 contribution in the manner provided by law for the adoption  
 3 of a county budget and for payments under the budget.

4 (5) All interest and other earnings realized on the  
 5 moneys of the retirement system shall be credited to the  
 6 pension accumulation fund, and the amounts required to allow  
 7 regular interest on the annuity savings fund and the annuity  
 8 reserve fund shall be transferred to the respective funds  
 9 from the pension accumulation fund.

10 (6) All pensions and benefits in lieu thereof shall be  
 11 paid from the pension accumulation fund.

12 (7) The retirement board may, in its discretion,  
 13 transfer to and from the pension accumulation fund the  
 14 amount of any surplus or deficit which may develop in the  
 15 reserve creditable to the annuity reserve fund, as shown by  
 16 actuarial valuation, and also an amount to cover expenses of  
 17 administration."

18 ~~NEW SECTION~~ Section 15, Financing, increase in  
 19 employer contribution rate for school districts, in  
 20 compliance with 1-2-112, the state shall reimburse the  
 21 school district for the amount of the increase in the  
 22 employer contribution rate provided in [section 14, Chapter  
 23 ---, laws of 1981], During each legislative session, the  
 24 retirement system administrator shall submit to the  
 25 legislature a request for funding the reimbursement to the

1 school districts through a general fund appropriation or  
 2 other supplemental funding. If the funding request is not  
 3 granted by the legislature, the cost-of-living increase and  
 4 minimum monthly benefit allowance will be reduced to reflect  
 5 the available funding provided in subsections (1) and (3) of  
 6 [section 9].

7 ~~NEW SECTION~~ Section 16, Cost-of-living increases,  
 8 (1) The following definitions apply to this section:

9 (a) "index" means, for any calendar year, that year's  
 10 annual average consumer price index for urban wage earners  
 11 and clerical workers, all items (1967-1980) compiled by the  
 12 bureau of labor statistics, United States department of  
 13 labor, or a successor agency.

14 (b) "Salary" means the salary for the lowest paid  
 15 active member of the highway patrol retirement system for  
 16 the last month of the same year used in the index.

17 (2) (a) Except as provided in subsection (2) of  
 18 [section 17], the following recipients are eligible for an  
 19 increase in their highway patrol retirement or survivorship  
 20 allowances:

21 (i) a member with 20 years or more of creditable  
 22 service or his beneficiary who is receiving a service  
 23 retirement allowance;

24 (ii) a member compelled to retire under 19-6-504 with  
 25 less than 20 years of creditable service or his beneficiary

1 who is receiving a service retirement allowance;

2 (iii) a member or his beneficiary who is receiving a

3 disability retirement allowance; and

4 (iv) a member's surviving spouse or dependent child who

5 is receiving a survivorship allowance;

6 (b) A member of the highway patrol retirement system

7 retired on or before July 1, 1978, or his beneficiary,

8 surviving spouse or dependent child who is eligible for an

9 increase in his allowance under subsection (2)(a) is

10 entitled to receive the increase on July 1, 1981, and on

11 each July 1 thereafter;

12 (c) A member of the highway patrol retirement system

13 retired after July 1, 1978, or his beneficiary, surviving

14 spouse or dependent child who is eligible for an increase

15 in his allowance under subsection (2)(a) is entitled to

16 receive the increase on:

17 (i) July 1 following the third anniversary date of the

18 member's retirement and each July 1 thereafter; or

19 (ii) if he retired on July 1, the third anniversary

20 date of the member's retirement and each anniversary date

21 thereafter;

22 (3) Except as provided in subsection (4) of this

23 section, the increase in the allowance equals one-half of

24 the salary multiplied by the ratio of a member's years of

25 creditable service to 25 multiplied by the average

1 percentage increase in the index during the previous 3 years

2 or 12%, whichever is less, minus 3% multiplied by

3 two-thirds;

4 (4) The following adjustments apply to the increase:

5 (a) The increase must be based on 25 years of

6 creditable service for a recipient of a disability or

7 survivorship allowance;

8 (b) The increase must be adjusted by the actuarial

9 factors determined by the board for a member or beneficiary

10 receiving an optional retirement allowance or for a

11 surviving spouse or dependent child receiving a survivorship

12 allowance;

13 (c) The increase must be adjusted by the actuarial

14 factors determined by the board for a member or beneficiary

15 receiving an early retirement allowance;

16 (d) The increase in the benefit allowance must not be

17 greater than the percentage increase in the index from the

18 previous calendar year;

19 NEW SECTION. SECTION 10. COST-OF-LIVING INCREASE.

20 (1) EFFECTIVE JULY 1, 1981, EVERY SERVICE OR DISABILITY

21 RETIREMENT ALLOWANCE OR SURVIVORSHIP ALLOWANCE PAYABLE TO A

22 MEMBER OF THE HIGHWAY PATROLMEN'S RETIREMENT SYSTEM RETIRED

23 ON OR BEFORE JULY 1, 1979, OR HIS BENEFICIARY SHALL BE

24 INCREASED BY 50 CENTS FOR EACH YEAR OF A MEMBER'S CREDITABLE

25 SERVICE.

1 (2) EFFECTIVE JULY 1, 1981, EVERY SERVICE OR  
 2 DISABILITY RETIREMENT ALLOWANCE OR SURVIVORSHIP ALLOWANCE  
 3 PAYABLE TO A MEMBER OF THE HIGHWAY PATROLMEN'S RETIREMENT  
 4 SYSTEM RETIRED AFTER JULY 1, 1979, BUT ON OR BEFORE JUNE 30,  
 5 1981, OR HIS BENEFICIARY SHALL BE INCREASED BY 50 CENTS FOR  
 6 EACH YEAR OF A MEMBER'S CREDITABLE SERVICE MULTIPLIED BY A  
 7 RATIO EQUAL TO THE NUMBER OF MONTHS RETIRED AFTER JULY 1,  
 8 1979, BUT ON OR BEFORE JUNE 30, 1981, AND 24.

9 NEW SECTION. Section 11. Minimum monthly benefit  
 10 allowance for certain members. (1) (a) ~~Except as provided in~~  
 11 ~~subsection (2)(a) a~~ member terminated on or before June 30,  
 12 1981, with vested rights who is receiving a service or  
 13 disability retirement allowance or his beneficiary who is  
 14 receiving a service or disability retirement allowance or  
 15 his surviving spouse or dependent child who is receiving a  
 16 survivorship allowance is eligible for a minimum monthly  
 17 benefit allowance based on the ratio of a member's years of  
 18 creditable service to 25 multiplied by \$500 ~~\$450~~ and subject  
 19 to the adjustments listed in subsection (1)(b).

20 (b) The following adjustments apply to the minimum  
 21 monthly benefit allowance:

22 (i) The minimum monthly benefit must be based on 25  
 23 years of creditable service for a recipient of a disability  
 24 or survivorship allowance.

25 (ii) The minimum monthly benefit must be adjusted by

1 the actuarial factors determined by the board for a member  
 2 or beneficiary receiving an optional retirement allowance or  
 3 for a surviving spouse or dependent child receiving a  
 4 survivorship allowance.

5 (iii) The minimum monthly benefit must be adjusted by  
 6 the actuarial factors determined by the board for a member  
 7 or beneficiary receiving an early retirement allowance.

8 (2) A recipient who is eligible for a minimum monthly  
 9 benefit allowance under subsection (1)(a) ~~of this section~~  
 10 ~~and who is also eligible for a cost-of-living increase under~~  
 11 ~~subsection (2)(a) of [section 16]~~ is entitled to receive the  
 12 ~~greater of the increases, if a member or beneficiary~~  
 13 ~~receives a minimum monthly benefit allowance under this~~  
 14 ~~subsection, he is eligible for a cost-of-living increase~~  
 15 ~~under subsection (2)(a) of [section 16] beginning the~~  
 16 ~~following year.~~ THIS BENEFIT INCREASE BEFORE HIS ALLOWANCE  
 17 IS ADJUSTED UNDER [SECTION 10].

18 NEW SECTION. Section 10. ~~Funding~~ ~~cost-of-living~~  
 19 ~~increase and minimum monthly benefit allowance.~~ ~~The~~  
 20 ~~cost-of-living increase provided in [section 16] and the~~  
 21 ~~minimum monthly benefit allowance provided in [section 17]~~  
 22 ~~will be funded by:~~

23 (1) ~~an amount equal to 1% of the monthly compensation~~  
 24 ~~paid to each active member from the member contributions~~  
 25 ~~collected under 19-6-402.~~

1       ~~(2) an amount equal to 1% of the annual compensation~~  
 2 ~~paid to all active members during the preceding year from~~  
 3 ~~the state contributions collected under 19-6-404 and~~

4       ~~(3) an amount equal to 1.88% of the annual~~  
 5 ~~compensation paid to all active members during the preceding~~  
 6 ~~year from the driver's license fees collected under~~  
 7 ~~61-5-111.~~

8       Section 19-6-402, MCA, is amended to read:  
 9       "19-6-402. Member's contributions. Every member shall  
 10 be required to contribute into the account a sum equal to  
 11 ~~6 1/2%~~ 7 1/2% of his monthly salary, which sum shall be  
 12 deducted from his salary and deposited to his credit in the  
 13 account."

14       Section 12. Section 19-6-404, MCA, is amended to read:  
 15       "19-6-404. State's contribution. The state of Montana  
 16 shall annually contribute to the account an amount equal to  
 17 ~~16% 17% 16.57%~~ of the salaries paid to the highway patrolmen  
 18 who are covered by this account from the general fund."

19       Section 21, Section 61-5-111, MCA, is amended to read:  
 20       "61-5-111. Licenses issued to operators and chauffeurs  
 21 ---renewals and expiration---fees---dispositions---(1) The  
 22 division shall have authority to appoint county treasurers  
 23 and other qualified officers to act as its agents for the  
 24 sale of driver's licenses, receipts and shall make necessary  
 25 rules governing such sales in those areas where the

1       division provides driver licensing services 3 days or more a  
 2 week the division is responsible for sale of receipts and  
 3 may not appoint an agent. The division upon receipt of  
 4 payment of the fees specified in this section shall issue  
 5 to every applicant qualifying therefor an operator's or  
 6 chauffeur's license as applied for. Such licenses shall  
 7 contain a photograph of the licensee in the size and form as  
 8 prescribed by the division, a distinguishing number issued  
 9 to the licensee, the full name, date of birth, residence  
 10 address and a brief description of the licensee and either  
 11 a facsimile of the signature of the licensee or a space upon  
 12 which he shall write his signature in pen and ink  
 13 immediately upon receipt of the license. No license shall be  
 14 valid until it has been so signed by the licensee. Five  
 15 percent of the license fees collected by the county  
 16 treasurer shall be deposited by the county treasurer for the  
 17 use of the county general fund. In the event no agent is  
 18 appointed under this section, 5% of the license fees  
 19 collected by the division shall be retained by the division  
 20 to defray the cost of handling.

21       (2) The division shall, when any person applies for  
 22 renewal of an operator's or chauffeur's license, test the  
 23 applicant's eyesight and may also in the division's  
 24 discretion have the applicant demonstrate his physical  
 25 ability to operate and to exercise ordinary and reasonable

1 care in the operation of a motor vehicle. A person shall be  
2 considered to have applied for renewal of a Montana  
3 operator's or chauffeur's license if the application is made  
4 within 3 months of the expiration of his license.

5 (3) Licenses shall expire on the anniversary of the  
6 date of birth of the licensee 4 years or less after the date  
7 of issue.

8 (4) Whenever the division issues an original license  
9 to a person under the age of 18 years, the license shall be  
10 designated and clearly marked as a "provisional license".  
11 Any license so designated and marked may be suspended by the  
12 division for a period of not more than 12 months, when its  
13 records disclose that the licensee, subsequent to the  
14 issuance of such license, has been guilty of careless or  
15 negligent driving. Upon renewal as applicable to operator's  
16 licenses, the division may, for any reasonable cause as  
17 shown by its records, designate the renewal of the license  
18 as provisional; otherwise a license in usual form shall be  
19 issued subject to other provisions of the laws of Montana.

20 (5) It shall be unlawful for any person to have in his  
21 possession or under his control more than one Montana  
22 operator's or chauffeur's license at any one time. A license  
23 is not valid for the operation of a motorcycle until the  
24 holder thereof has completed the requirements of 61-5-110  
25 and the license has been clearly marked with the words

1 "motorcycle endorsement".

2 (6) Fees for driver's licenses shall be as follows:

3 (a) driver's license ----- \$2 per year or fraction  
4 thereof.

5 (b) motorcycle endorsement ----- 50 cents per year or  
6 fraction thereof.

7 (7) (a) The county treasurer or other agent of the  
8 division collecting such fees shall retain 5% of each fee  
9 for the use of the county general fund and shall transmit  
10 the remainder to the state treasury who shall deposit to  
11 the credit of the state general fund all money received by  
12 him from the collection of the fees.

13 (b) The remaining 95% of all money received by the  
14 state treasurer from the collection of the fees is allocated  
15 as follows:

16 (i) 5% to the state traffic education account provided  
17 in 20-7-504;

18 (ii) an amount equal to 1.68% of the annual  
19 compensation paid to all active members of the highway  
20 patrol retirement system during the preceding year to the  
21 highway patrol retirement system agency account as provided  
22 in subsection (3) of section 10; and

23 (iii) the balance after payments are made in  
24 subsections (7)(b)(i) and (7)(b)(ii) to the credit of the  
25 state general funds."

1 ~~NEW SECTION~~ Section 22~~v~~ Coordination with ~~-----~~ Bill~~+~~  
 2 ~~-----~~ (LE-98)~~v~~ If ~~-----~~ Bill ~~-----~~ (LE-98)~~v~~ introduced in the  
 3 47th legislature~~v~~ is passed and approved~~v~~ the percentage  
 4 amount ~~-----~~ stated ~~-----~~ in ~~61-5-111~~(7)(b)(i) shall reflect the  
 5 provisions of ~~-----~~ Bill ~~-----~~ (LE-98) and the code commissioner  
 6 shall codify amendments to ~~61-5-111~~ accordingly~~v~~  
 7 Section 23~~v~~ Section 15-1-501~~v~~ M&A~~v~~ is amended to read  
 8 "15-1-501~~v~~ Disposition of moneys from certain  
 9 designated license and other taxes~~v~~ (1) The state treasurer  
 10 shall deposit to the credit of the state general fund all  
 11 moneys received by him from the collection of  
 12 (a) automobile driver's license fees under subsections  
 13 (1) through (6) of ~~61-5-111~~ except for fees allocated under  
 14 subsections (7)(b)(i) and (7)(b)(ii) of ~~61-5-111~~  
 15 (b) electric energy producer's license taxes under  
 16 chapter 5~~+~~  
 17 (c) metalliferous mines license taxes under chapter  
 18 37~~+~~  
 19 (d) oil and gas severance taxes allocated to the  
 20 general fund under chapter 36~~+~~  
 21 (e) liquor license taxes under title 16~~+~~  
 22 (f) telephone license taxes under chapter 53~~+~~ and  
 23 (g) inheritance and estate taxes under title 72~~v~~  
 24 chapter 16~~v~~  
 25 (2) Seventy-five percent of all moneys received from

1 the collection of income taxes under chapter 39 and  
 2 corporation license and income taxes under chapter 31~~v~~  
 3 except as provided in 15-31-702~~v~~ shall be deposited in the  
 4 general fund subject to the prior pledge and appropriation  
 5 of such income tax and corporation license tax collections  
 6 for the payment of long range building program bonds~~v~~ The  
 7 remaining 25% of the proceeds of the corporation license  
 8 tax~~v~~ excluding that allocated to the counties under  
 9 15-31-702~~v~~ corporation income tax and income tax shall be  
 10 deposited to the credit of the earmarked revenue fund for  
 11 state equalization aid to the public schools of Montana~~v~~  
 12 (3) The state treasurer shall also deposit to the  
 13 credit of the state general fund all moneys received by him  
 14 from the collection of license taxes~~v~~ fees~~v~~ and all net  
 15 revenues and receipts from all other sources under the  
 16 operation of the Montana Alcoholic Beverage Code~~v~~  
 17 ~~NEW SECTION~~ Section 24~~v~~ Cost of living ~~-----~~ increases~~v~~  
 18 (1) The following definitions apply to this section~~v~~  
 19 (a) "index" means~~v~~ for any calendar year~~v~~ that year's  
 20 annual average consumer price index for urban wage earners  
 21 and clerical workers~~v~~ all items (1967-1980) compiled by the  
 22 bureau of labor statistics~~v~~ United States department of  
 23 labor~~v~~ or a successor agency~~v~~  
 24 (b) "salary" means the average salary for all active  
 25 members of the sheriffs' retirement system for the last

1 month-of-the-same-year-used-in-the-index  
 2 (2)--(a) Except as provided in subsection (2) of  
 3 [section 25], a member of the sheriffs' retirement system  
 4 retired on or before July 1, 1978, who is receiving a  
 5 service or disability retirement allowance or his  
 6 beneficiary who is receiving a service or disability  
 7 retirement allowance or his surviving spouse or dependent  
 8 child who is receiving a survivorship allowance is eligible  
 9 for an increase in his allowance on July 1, 1981, and on  
 10 each July 1 thereafter.  
 11 (b) A member of the sheriffs' retirement system  
 12 retired after July 1, 1978, who is receiving a service or  
 13 disability retirement allowance or his beneficiary who is  
 14 receiving a service or disability retirement allowance or  
 15 his surviving spouse or dependent child who is receiving a  
 16 survivorship allowance is eligible for an increase in his  
 17 allowance on  
 18 (i) July 1 following the third anniversary date of the  
 19 member's retirement and each July 1 thereafter; or  
 20 (ii) if he retired on July 1, the third anniversary  
 21 date of the member's retirement and each anniversary date  
 22 thereafter.  
 23 (3) Except as provided in subsection (4) of this  
 24 section, the increase in the allowance equals one-half of  
 25 the salary multiplied by the ratio of a member's years of

1 creditable service to 25 multiplied by the average  
 2 percentage increase in the index during the previous 3 years  
 3 or 12%, whichever is less, minus 3% multiplied by  
 4 two-thirds.  
 5 (4) The following adjustments apply to the increases:  
 6 (a) The increase must be based on 25 years of  
 7 creditable service for a recipient of a disability or  
 8 survivorship allowance.  
 9 (b) The increase must be adjusted by the actuarial  
 10 factors determined by the board for a member or beneficiary  
 11 receiving an optional retirement allowance or for a  
 12 surviving spouse or dependent child receiving a survivorship  
 13 allowance.  
 14 (c) The increase must be adjusted by the actuarial  
 15 factors determined by the board for a member or beneficiary  
 16 receiving an early retirement allowance.  
 17 (d) The increase in the benefit allowance must not be  
 18 greater than the percentage increase in the index from the  
 19 previous calendar year.  
 20 NEW SECTION. SECTION 13. COST-OF-LIVING INCREASE.  
 21 (1) EFFECTIVE JULY 1, 1981, EVERY SERVICE OR DISABILITY  
 22 RETIREMENT ALLOWANCE OR SURVIVORSHIP ALLOWANCE PAYABLE TO A  
 23 MEMBER OF THE SHERIFFS' RETIREMENT SYSTEM RETIRED ON OR  
 24 BEFORE JULY 1, 1979, OR HIS BENEFICIARY SHALL BE INCREASED  
 25 BY 50 CENTS FOR EACH YEAR OF A MEMBER'S CREDITABLE SERVICE.

1 (2) EFFECTIVE JULY 1, 1981, EVERY SERVICE OR  
 2 DISABILITY RETIREMENT ALLOWANCE OR SURVIVORSHIP ALLOWANCE  
 3 PAYABLE TO A MEMBER OF THE SHERIFFS' RETIREMENT SYSTEM  
 4 RETIRED AFTER JULY 1, 1979, BUT ON OR BEFORE JUNE 30, 1981,  
 5 OR HIS BENEFICIARY SHALL BE INCREASED BY 50 CENTS FOR EACH  
 6 YEAR OF A MEMBER'S CREDITABLE SERVICE MULTIPLIED BY A RATIO  
 7 EQUAL TO THE NUMBER OF MONTHS RETIRED AFTER JULY 1, 1979,  
 8 BUT ON OR BEFORE JUNE 30, 1981, AND 24.

9 NEW SECTION. Section 14. Minimum monthly benefit  
 10 allowance for certain members. (1) (a) ~~Except as provided in~~  
 11 ~~subsection (2)(a)~~ A member terminated on or before June 30,  
 12 1981, with vested rights who is receiving a service or  
 13 disability retirement allowance or his beneficiary who is  
 14 receiving a service or disability retirement allowance or  
 15 his surviving spouse or dependent child who is receiving a  
 16 survivorship allowance is eligible for a minimum monthly  
 17 benefit allowance based on the ratio of a member's years of  
 18 creditable service to 25 multiplied by ~~\$350~~ \$300 and subject  
 19 to the adjustments listed in subsection (1)(b).

20 (b) The following adjustments apply to the minimum  
 21 monthly benefit allowance:

22 (i) The minimum monthly benefit must be based on 25  
 23 years of creditable service for a recipient of a disability  
 24 or survivorship allowance.

25 (ii) The minimum monthly benefit must be adjusted by

1 the actuarial factors determined by the board for a member  
 2 or beneficiary receiving an optional retirement allowance or  
 3 for a surviving spouse or dependent child receiving a  
 4 survivorship allowance.

5 (iii) The minimum monthly benefit must be adjusted by  
 6 the actuarial factors determined by the board for a member  
 7 or beneficiary receiving an early retirement allowance.

8 (2) A recipient who is eligible for a minimum monthly  
 9 benefit allowance under subsection (1)(a) ~~of this section~~  
 10 ~~and who is also eligible for a cost-of-living increase under~~  
 11 ~~subsection (2)(a) of [section 24]~~ is entitled to receive the  
 12 ~~greater of the increases, if a member or beneficiary~~  
 13 ~~receives a minimum monthly benefit allowance under this~~  
 14 ~~subsection, he is eligible for a cost-of-living increase~~  
 15 ~~under subsection (2)(a) of [section 24] beginning the~~  
 16 ~~following year~~ THIS BENEFIT INCREASE BEFORE HIS ALLOWANCE  
 17 IS ADJUSTED UNDER [SECTION 13].

18 NEW SECTION. Section 26. ~~Funding~~ ~~cost-of-living~~  
 19 ~~increase and minimum monthly benefit allowance.~~ ~~The~~  
 20 ~~cost-of-living increase provided in [section 24] and the~~  
 21 ~~minimum monthly benefit allowance provided in [section 25]~~  
 22 ~~will be funded by~~

23 (i) ~~an amount equal to 1% of the monthly compensation~~  
 24 ~~paid to each active member from the member contributions~~  
 25 ~~collected under 19-7-403.~~



1       ~~(2) an amount equal to 1% of the annual compensation~~  
 2 ~~paid to all active members during the preceding year from~~  
 3 ~~the employer contributions collected under 19-7-404 and~~  
 4       ~~(3) an amount equal to 44% of the annual compensation~~  
 5 ~~paid to all active members during the preceding year from~~  
 6 ~~the premium tax collected on insurance sold in this state to~~  
 7 ~~insure against the risks enumerated in 19-11-512(2). The~~  
 8 ~~state auditor shall make this payment to the retirement~~  
 9 ~~system administrator after July 1 but before September 1 of~~  
 10 ~~each year. On or before April 1 of each year, the~~  
 11 ~~administrator shall notify the state auditor of the annual~~  
 12 ~~compensation paid to all active members during the preceding~~  
 13 ~~year.~~

14       Section 27. Section 19-7-403, MCA, is amended to read:  
 15       "19-7-403. Members' contributions. Every  
 16 member shall be required to contribute into the account 7%  
 17 8% of his monthly salary, which shall be deducted from his  
 18 salary and deposited to his credit in the account."

19       Section 15. Section 19-7-404, MCA, is amended to read:  
 20       "19-7-404. Counties' contributions. (1) The various  
 21 counties of Montana shall pay monthly 7.55% ~~8.55%~~ 7.62% of  
 22 each sheriff's gross salary into the retirement account  
 23 created by this chapter.

24       (2) IF THE REQUIRED CONTRIBUTION TO THE RETIREMENT  
 25 SYSTEM EXCEEDS THE FUNDS AVAILABLE TO A COUNTY FROM GENERAL

1 REVENUE SOURCES, A COUNTY MAY BUDGET, LEVY, AND COLLECT  
 2 ANNUALLY A SPECIAL TAX ON THE ASSESSABLE PROPERTY WITHIN THE  
 3 COUNTY THAT IS SUFFICIENT TO RAISE THE AMOUNT OF REVENUE  
 4 NEEDED TO MEET THE COUNTY'S OBLIGATION. THIS TAX MAY BE IN  
 5 ADDITION TO THE ANNUAL RATE OF TAXATION ALLOWED BY LAW TO BE  
 6 LEVIED BY THE COUNTY."

7       ~~NEW SECTION. Section 29. Financing. Increase in~~  
 8 ~~counties' contributions in compliance with 1-2-112, the~~  
 9 ~~state shall reimburse the county for the amount of the~~  
 10 ~~increase in the employer contribution rate provided in~~  
 11 ~~[section 28, Chapter ---, Laws of 1981]. During each~~  
 12 ~~legislative session, the retirement system administrator~~  
 13 ~~shall submit to the legislature a request for funding the~~  
 14 ~~reimbursement to the counties through a general fund~~  
 15 ~~appropriation or other supplemental funding. If the funding~~  
 16 ~~request is not granted by the legislature, the~~  
 17 ~~cost-of-living increase and minimum monthly benefit~~  
 18 ~~allowance will be reduced to reflect the available funding~~  
 19 ~~provided in subsections (1) and (3) of [section 26].~~

20       ~~NEW SECTION. Section 30. Cost-of-living. Increase.~~  
 21 ~~(1) The following definitions apply to this section:~~

22       ~~(a) "Index" means, for any calendar year, that year's~~  
 23 ~~annual average consumer price index for urban wage earners~~  
 24 ~~and clerical workers, all items (1967-1980) compiled by the~~  
 25 ~~bureau of labor statistics, United States department of~~

1 laborv-or-a-successor-agencyv  
 2 (b)--"Salary" means the salary for the lowest-paid  
 3 active member of the game wardens' retirement system for the  
 4 last month of the same year used in the index  
 5 (2)--(a) Except as provided in subsection (2) of  
 6 [section 31]v, a member of the game wardens' retirement  
 7 system retired on or before July 1, 1978, who is receiving a  
 8 service or disability retirement allowance or his  
 9 beneficiary who is receiving a service or disability  
 10 retirement allowance or his surviving spouse or dependent  
 11 child who is receiving a survivorship allowance is eligible  
 12 for an increase in his allowance on July 1, 1981, and on  
 13 each July 1 thereafter  
 14 (b) A member of the game wardens' retirement system  
 15 retired after July 1, 1978, who is receiving a service or  
 16 disability retirement allowance or his beneficiary who is  
 17 receiving a service or disability retirement allowance or  
 18 his surviving spouse or dependent child who is receiving a  
 19 survivorship allowance is eligible for an increase in his  
 20 allowance on  
 21 (i) July 1 following the third anniversary date of the  
 22 member's retirement and each July 1 thereafter; or  
 23 (ii) if he retired on July 1, the third anniversary  
 24 date of the member's retirement and each anniversary date  
 25 thereafter

1 (3) Except as provided in subsection (4) of this  
 2 section, the increase in the allowance equals one-half of  
 3 the salary multiplied by the ratio of a member's years of  
 4 creditable service to 25 multiplied by the average  
 5 percentage increase in the index during the previous 3 years  
 6 or 12% whichever is less, minus 3% multiplied by  
 7 two-thirds  
 8 (4) The following adjustments apply to the increases  
 9 (a) The increase must be based on 25 years of  
 10 creditable service for a recipient of a disability or  
 11 survivorship allowance  
 12 (b) The increase must be adjusted by the actuarial  
 13 factors determined by the board for a member or beneficiary  
 14 receiving an optional retirement allowance or for a  
 15 surviving spouse or dependent child receiving a survivorship  
 16 allowance  
 17 (c) The increase must be adjusted by the actuarial  
 18 factors determined by the board for a member or beneficiary  
 19 receiving an early retirement allowance  
 20 (d) The increase in the benefit allowance must not be  
 21 greater than the percentage increase in the index from the  
 22 previous calendar year  
 23 NEW SECTION. SECTION 16. COST-OF-LIVING INCREASE.  
 24 (1) EFFECTIVE JULY 1, 1981, EVERY SERVICE OR DISABILITY  
 25 RETIREMENT ALLOWANCE OR SURVIVORSHIP ALLOWANCE PAYABLE TO A

1 MEMBER OF THE GAME WARDENS' RETIREMENT SYSTEM RETIRED ON OR  
 2 BEFORE JULY 1, 1979, OR HIS BENEFICIARY SHALL BE INCREASED  
 3 BY 50 CENTS FOR EACH YEAR OF A MEMBER'S CREDITABLE SERVICE.  
 4 (2) EFFECTIVE JULY 1, 1981, EVERY SERVICE OR  
 5 DISABILITY RETIREMENT ALLOWANCE OR SURVIVORSHIP ALLOWANCE  
 6 PAYABLE TO A MEMBER OF THE GAME WARDENS' RETIREMENT SYSTEM  
 7 RETIRED AFTER JULY 1, 1979, BUT ON OR BEFORE JUNE 30, 1981,  
 8 OR HIS BENEFICIARY SHALL BE INCREASED BY 50 CENTS FOR EACH  
 9 YEAR OF A MEMBER'S CREDITABLE SERVICE MULTIPLIED BY A RATIO  
 10 EQUAL TO THE NUMBER OF MONTHS RETIRED AFTER JULY 1, 1979,  
 11 BUT ON OR BEFORE JUNE 30, 1981, AND 2%.

12 NEW SECTION. Section 17. Minimum monthly benefit  
 13 allowance for certain members. (1) (a) ~~Except as provided in~~  
 14 ~~subsection (2), a~~ A member terminated on or before June 30,  
 15 1981, with vested rights who is receiving a service or  
 16 disability retirement allowance or his beneficiary who is  
 17 receiving a service or disability retirement allowance or  
 18 his surviving spouse or dependent child who is receiving a  
 19 survivorship allowance is eligible for a minimum monthly  
 20 benefit allowance based on a ratio of a member's years of  
 21 creditable service to 25 multiplied by \$350 ~~\$300~~ and subject  
 22 to the adjustments listed in subsection (1)(b).

23 (b) The following adjustments apply to the minimum  
 24 monthly benefit allowance:

25 (i) The minimum monthly benefit must be based on 25

1 years of creditable service for a recipient of a disability  
 2 or survivorship allowance.

3 (ii) The minimum monthly benefit must be adjusted by  
 4 the actuarial factors determined by the board for a member  
 5 or beneficiary receiving an optional retirement allowance or  
 6 for a surviving spouse or dependent child receiving a  
 7 survivorship allowance.

8 (iii) The minimum monthly benefit must be adjusted by  
 9 the actuarial factors determined by the board for a member  
 10 or beneficiary receiving an early retirement allowance.

11 (2) A recipient who is eligible for a minimum monthly  
 12 benefit allowance under subsection (1)(a) ~~of this section~~  
 13 ~~and who is also eligible for a cost-of-living increase under~~  
 14 ~~subsection (2)(a) of [section 30]~~ is entitled to receive the  
 15 ~~greater of the increases. If a member or beneficiary~~  
 16 ~~receives a minimum monthly benefit allowance under this~~  
 17 ~~subsection, he is eligible for a cost-of-living increase~~  
 18 ~~under subsection (2)(a) of [section 30] beginning the~~  
 19 ~~following year.~~ THIS BENEFIT INCREASE BEFORE HIS ALLOWANCE  
 20 IS ADJUSTED UNDER [SECTION 16].

21 NEW SECTION. Section 32 ~~--- funding --- cost-of-living~~  
 22 ~~increase --- and --- minimum --- monthly --- benefit --- allowances --- The~~  
 23 ~~cost-of-living increase provided in [section 30] --- and --- the~~  
 24 ~~minimum --- monthly --- benefit --- allowance provided in [section 31]~~  
 25 ~~will be funded by~~

1 (1) an amount equal to 1% of the monthly compensation  
2 paid to each active member from the member contributions  
3 collected under 19-8-502;

4 (2) an amount equal to 1% of the annual compensation  
5 paid to all active members during the preceding year from  
6 the state contribution collected under 19-8-504; and

7 (3) an amount equal to 1.5% of the annual  
8 compensation paid to all active members during the preceding  
9 year from the premium tax collected on insurance sold in  
10 this state to insure against the risks enumerated in  
11 19-11-512(2); the state auditor shall make this payment to  
12 the retirement system administrator after July 1 but before  
13 September 1 of each year or before April 1 of each  
14 year; the administrator shall notify the state auditor of  
15 the annual compensation paid to all active members during  
16 the preceding year;

17 Section 33. Section 19-8-502, MCA, is amended to read:  
18 "19-8-502. Member's contributions. Every member is  
19 required to contribute into the account a sum equal to 7% ~~8%~~  
20 of his monthly salary, which sum shall be deducted from his  
21 salary and deposited to his credit in the account."

22 Section 18. Section 19-8-504, MCA, is amended to read:  
23 "19-8-504. State's contribution. Each month the state  
24 treasurer shall pay to the account, out of the department of  
25 fish, wildlife, and parks moneys, a sum equal to 7% ~~8%~~ 7.15%

1 of the total of all members' salaries, and out of the moneys  
2 collected as fines and forfeited bonds under the provisions  
3 of 87-1-601, all such collections until the unfunded  
4 liability in the account is solvent and a verification  
5 statement to that effect is given to the state treasurer by  
6 the board."

7 ~~NEW SECTION~~ Section 35. Cost-of-living increase.  
8 (1) The following definitions apply to this section:

9 (a) "Index" means for any calendar year, that year's  
10 annual average consumer price index for urban wage earners  
11 and clerical workers, all items (1967=100) compiled by the  
12 bureau of labor statistics, United States department of  
13 labor, or a successor agency;

14 (b) "Salary" means the average salary for the last  
15 month of the same year used in the index for all newly  
16 confirmed police officers participating in the municipal  
17 police officers' retirement system;

18 (2) (a) Except as provided in subsection (2) of  
19 [section 36], a member of the municipal police retirement  
20 system retired on or before July 1, 1978, who is receiving a  
21 service or disability retirement allowance or his  
22 beneficiary who is receiving a service or disability  
23 retirement allowance or his surviving spouse or dependent  
24 child who is receiving a survivorship allowance is eligible  
25 for an increase in his allowance on July 1, 1981, and on

1 each July 1 thereafter.

2 (b) A member of the municipal police retirement system  
3 retired after July 1, 1978, who is receiving a service or  
4 disability retirement allowance or his beneficiary who is  
5 receiving a service or disability retirement allowance or  
6 his surviving spouse or dependent child who is receiving a  
7 survivorship allowance is eligible for an increase in his  
8 allowance on:

9 (i) July 1 following the third anniversary date of the  
10 member's retirement and each July 1 thereafter; or

11 (ii) if he retired on July 1, the third anniversary  
12 date of the member's retirement and each anniversary date  
13 thereafter.

14 (3) Except as provided in subsection (4) of this  
15 section, the increase in the allowance equals one-half of  
16 the salary multiplied by the ratio of a member's years of  
17 creditable service to 20 multiplied by the average  
18 percentage increase in the index during the previous 3 years  
19 or 12%, whichever is less, minus 3% multiplied by  
20 two-thirds.

21 (4) The following adjustments apply to the increases:

22 (a) The increase must be based on 20 years of  
23 creditable service for a recipient of a disability or  
24 survivorship allowance.

25 (b) The increase in the benefit allowance must not be

1 greater than the percentage increase in the index from the  
2 previous calendar year.

3 NEW SECTION. SECTION 19. COST-OF-LIVING INCREASE.  
4 (1) EFFECTIVE JULY 1, 1981, EVERY SERVICE OR DISABILITY  
5 RETIREMENT ALLOWANCE OR SURVIVORSHIP ALLOWANCE PAYABLE TO A  
6 MEMBER OF THE MUNICIPAL POLICE RETIREMENT SYSTEM RETIRED ON  
7 OR BEFORE JULY 1, 1979, OR HIS BENEFICIARY SHALL BE  
8 INCREASED BY 50 CENTS FOR EACH YEAR OF A MEMBER'S CREDITABLE  
9 SERVICE.

10 (2) EFFECTIVE JULY 1, 1981, EVERY SERVICE OR  
11 DISABILITY RETIREMENT ALLOWANCE OR SURVIVORSHIP ALLOWANCE  
12 PAYABLE TO A MEMBER OF THE MUNICIPAL POLICE RETIREMENT  
13 SYSTEM RETIRED AFTER JULY 1, 1979, BUT ON OR BEFORE JUNE 30,  
14 1981, OR HIS BENEFICIARY SHALL BE INCREASED BY 50 CENTS FOR  
15 EACH YEAR OF A MEMBER'S CREDITABLE SERVICE MULTIPLIED BY A  
16 RATIO EQUAL TO THE NUMBER OF MONTHS RETIRED AFTER JULY 1,  
17 1979, BUT ON OR BEFORE JUNE 30, 1981, AND 24.

18 NEW SECTION. Section 20. Minimum monthly benefit  
19 allowance for certain members. (1) (a) Except as provided in  
20 subsection (2), a member terminated on or before June 30,  
21 1981, with vested rights who is receiving a service or  
22 disability retirement allowance or his beneficiary who is  
23 receiving a service or disability retirement allowance or  
24 his surviving spouse or dependent child who is receiving a  
25 survivorship allowance is eligible for a minimum monthly

1 benefit allowance based on the ratio of a member's years of  
2 creditable service to 20 multiplied by \$500 \$450 and subject  
3 to the adjustment listed in subsection (1)(b).

4 (b) The minimum monthly benefit must be based on 20  
5 years of creditable service for a recipient of a disability  
6 or survivorship allowance.

7 (2) A recipient who is eligible for a minimum monthly  
8 benefit allowance under subsection (1)(a) of ~~this section~~  
9 ~~and who is also eligible for a cost-of-living increase under~~  
10 ~~subsection (2)(a) of [section 35]~~ is entitled to receive the  
11 ~~greater of the increases, if a member or beneficiary~~  
12 ~~receives a minimum monthly benefit allowance under this~~  
13 ~~subsection, he is eligible for a cost-of-living increase~~  
14 ~~under subsection (2)(a) of [section 35] beginning the~~  
15 ~~following year. THIS BENEFIT INCREASE BEFORE HIS ALLOWANCE~~  
16 ~~IS ADJUSTED UNDER [SECTION 19].~~

17 NEW SECTION Section 37. Funding ~~cost-of-living~~  
18 ~~increase and minimum monthly benefit allowance. The~~  
19 ~~cost-of-living increase provided in [section 35] and the~~  
20 ~~minimum monthly benefit allowance provided in [section 36]~~  
21 ~~will be funded by:~~

22 (1) ~~an amount equal to 1% of the monthly compensation~~  
23 ~~paid to each active member hired on or before June 30, 1980,~~  
24 ~~and 1/2 of 1% of the monthly compensation paid to each~~  
25 ~~active member hired after this date from the member~~

1 ~~contributions collected under 19-9-601~~  
2 ~~(2) an amount equal to 1% of the annual compensation~~  
3 ~~paid to all active members during the preceding year from~~  
4 ~~the state contribution collected under 19-9-702~~  
5 ~~(3) an amount equal to 1% of the annual compensation~~  
6 ~~paid to all active members during the preceding year from~~  
7 ~~the employer contributions collected under 19-9-703 and~~  
8 ~~(4) an amount equal to 1.98% of the annual~~  
9 ~~compensation paid to all active members during the preceding~~  
10 ~~year from the premium tax collected on insurance sold in~~  
11 ~~this state to insure against the risks enumerated in~~  
12 ~~19-11-512(2). The state auditor shall make this payment to~~  
13 ~~the administrator after July 1 but before September 1 of~~  
14 ~~each year. This payment is in addition to the payments made~~  
15 ~~by the state auditor under 19-9-702 and 19-9-1007(3). On or~~  
16 ~~before April 1 of each year, the administrator shall notify~~  
17 ~~the state auditor of the annual compensation paid to all~~  
18 ~~active members during the preceding year.~~

19 Section 38. Section 19-9-601, MCA, is amended to read:  
20 "19-9-601. Member contributions. The treasurer or  
21 other appropriate official of each employer shall retain  
22 from the monthly compensation of each active member a sum  
23 equal to 6% ~~7%~~ or, in the case of a member first employed by  
24 an employer as a police officer after June 30, 1979, 7 1/2%  
25 ~~8%~~ of his monthly compensation, excluding overtime, holiday

1 payments, shift differential payments, compensation, time  
 2 payments, and payments in lieu of sick leave and annual  
 3 leave for his services as a police officer. The monthly  
 4 deduction from the salaries of police officers shall be paid  
 5 to the administrator for the purpose of paying the  
 6 retirement allowances of retired police officers."

7 Section 21. Section 19-9-702, MCA, is amended to read:  
 8 "19-9-702. State contribution. The state of Montana  
 9 shall make its contributions through the state auditor out  
 10 of the premium tax on motor vehicle property and casualty  
 11 insurance policies. Such payments shall be made annually  
 12 from the gross premium tax after deduction for cancellations  
 13 and returned premiums. The administrator shall notify the  
 14 auditor of the annual compensation paid to all active  
 15 members during the preceding year, and the state's  
 16 contribution shall be ~~14%~~ ~~15%~~ 14.04% of such compensation."

17 Section 22. Section 19-9-703, MCA, is amended to read:  
 18 "19-9-703. Employer contribution. Each employer shall  
 19 make its contribution on behalf of members through the city  
 20 treasurer or other appropriate official out of moneys  
 21 available to the city for such purpose. The employer's  
 22 contribution shall be ~~14%~~ 15% of the total monthly  
 23 compensation paid to all active members during the preceding  
 24 month and shall be payable monthly to the administrator."

25 NEW SECTION Section ~~41~~ Financing increase in

1 employer contributions in compliance with 1-2-112, the  
 2 state shall reimburse the employer for the amount of the  
 3 increase in the employer contribution rate provided in  
 4 [section 40, Chapter \_\_\_\_\_, Laws of 1981]. During each  
 5 legislative session, the retirement system administrator  
 6 shall submit to the legislature a request for funding the  
 7 reimbursement to the employers through a general fund  
 8 appropriation or other supplemental funding. If the funding  
 9 request is not granted by the legislature, the  
 10 cost of living increase and minimum monthly benefit  
 11 allowance will be reduced to reflect the available funding  
 12 provided in subsections (1), (2) and (4) of [section 37].

13 Section 42. Appropriation (1) There is appropriated  
 14 to the department of administration the sum of \$4,500,000  
 15 from the general fund for the biennium ending June 30, 1983  
 16 for the purpose of funding an automatic cost of living  
 17 increase and a minimum monthly benefit allowance for members  
 18 of the public employees', teachers', sheriffs' and  
 19 municipal police officers' retirement systems.

20 (2) There is appropriated to the department of  
 21 administration the sum of \$4,500,000 from the interest  
 22 earnings on the coal tax trust fund established under  
 23 15-35-108(1) for the biennium ending June 30, 1983 for the  
 24 purpose of funding an automatic cost of living increase and  
 25 a minimum monthly benefit allowance for members of the

1 public employees, teachers, sheriffs and municipal  
2 police officers' retirement systems.

3 Section 43. Codification instruction. (1) Sections 1  
4 through 3 and section 6 are intended to be codified as an  
5 integral part of Title 19, Chapter 3, and the provisions of  
6 Title 19, Chapter 3, apply to sections 1 through 3 and  
7 section 6.

8 (2) Sections 7 through 9 and section 15 are intended  
9 to be codified as an integral part of Title 19, Chapter 4,  
10 and the provisions of Title 19, Chapter 4, apply to sections  
11 7 through 9 and section 15.

12 (3) Sections 16 through 18 are intended to be codified  
13 as an integral part of Title 19, Chapter 6, and the  
14 provisions of Title 19, Chapter 6, apply to sections 16  
15 through 18.

16 (4) Sections 24 through 26 and section 29 are intended  
17 to be codified as an integral part of Title 19, Chapter 7,  
18 and the provisions of Title 19, Chapter 7, apply to sections  
19 24 through 26 and section 29.

20 (5) Sections 30 through 32 are intended to be codified  
21 as an integral part of Title 19, Chapter 8, and the  
22 provisions of Title 19, Chapter 8, apply to sections 30  
23 through 32.

24 (6) Sections 35 through 37 and section 41 are intended  
25 to be codified as an integral part of Title 19, Chapter 9,

1 and the provisions of Title 19, Chapter 9, apply to sections  
2 35 through 37 and section 41.

3 NEW SECTION. SECTION 23. CODIFICATION INSTRUCTION.  
4 (1) SECTIONS 1 AND 2 ARE INTENDED TO BE CODIFIED AS AN  
5 INTEGRAL PART OF TITLE 19, CHAPTER 3, AND THE PROVISIONS OF  
6 TITLE 19, CHAPTER 3, APPLY TO SECTIONS 1 AND 2.

7 (2) SECTIONS 4 AND 5 ARE INTENDED TO BE CODIFIED AS AN  
8 INTEGRAL PART OF TITLE 19, CHAPTER 4, AND THE PROVISIONS OF  
9 TITLE 19, CHAPTER 4, APPLY TO SECTIONS 4 AND 5.

10 (3) SECTIONS 10 AND 11 ARE INTENDED TO BE CODIFIED AS  
11 AN INTEGRAL PART OF TITLE 19, CHAPTER 6, AND THE PROVISIONS  
12 OF TITLE 19, CHAPTER 6, APPLY TO SECTIONS 10 AND 11.

13 (4) SECTIONS 13 AND 14 ARE INTENDED TO BE CODIFIED AS  
14 AN INTEGRAL PART OF TITLE 19, CHAPTER 7, AND THE PROVISIONS  
15 OF TITLE 19, CHAPTER 7, APPLY TO SECTIONS 13 AND 14.

16 (5) SECTIONS 16 AND 17 ARE INTENDED TO BE CODIFIED AS  
17 AN INTEGRAL PART OF TITLE 19, CHAPTER 8, AND THE PROVISIONS  
18 OF TITLE 19, CHAPTER 8, APPLY TO SECTIONS 16 AND 17.

19 (6) SECTIONS 19 AND 20 ARE INTENDED TO BE CODIFIED AS  
20 AN INTEGRAL PART OF TITLE 19, CHAPTER 9, AND THE PROVISIONS  
21 OF TITLE 19, CHAPTER 9, APPLY TO SECTIONS 19 AND 20.

22 SECTION 24. EFFECTIVE DATE. THIS ACT IS EFFECTIVE  
23 JULY 1, 1981.

-End-



HOUSE BILL NO. 45

INTRODUCED BY VINCENT, EUDAILY, SCHULTZ, MENAHAN, ROUSH

BY REQUEST OF THE STUDY COMMITTEE

ON PUBLIC RETIREMENT SYSTEMS

A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING AN ~~AUTOMATIC~~  
AD\_HOC COST-OF-LIVING INCREASE IN SERVICE AND DISABILITY  
 RETIREMENT AND SURVIVORSHIP ALLOWANCES PAYABLE TO MEMBERS OF  
 THE PUBLIC EMPLOYEES', TEACHERS', HIGHWAY ~~PATROL~~  
PATROLMEN'S, SHERIFFS', AND GAME WARDENS' RETIREMENT SYSTEMS  
 AND THEIR BENEFICIARIES AND TO MEMBERS OF THE MUNICIPAL  
 POLICE RETIREMENT SYSTEM RETIRED ON OR AFTER JULY 1, 1975,  
 AND THEIR BENEFICIARIES; PROVIDING A MINIMUM MONTHLY BENEFIT  
 ALLOWANCE FOR CERTAIN MEMBERS OF THESE RETIREMENT SYSTEMS  
 AND THEIR BENEFICIARIES; PROVIDING FUNDING FOR THE  
 COST-OF-LIVING INCREASE AND MINIMUM MONTHLY BENEFIT  
 ALLOWANCE; AMENDING SECTIONS 15-1-501, 19-3-701, 19-3-801,  
 19-4-602, 19-4-605, 19-4-802, 19-4-804, 19-4-1001, 19-6-402,  
 19-6-404, 19-7-403, 19-7-404, 19-8-502, 19-8-504, 19-9-601,  
 19-9-702, AND 19-9-703, AND ~~61-5-111~~ MCA; AND PROVIDING AN  
EFFECTIVE DATE."

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

NEW SECTION. Section 15-1-501 Cost-of-living-increase. (1)

The following definitions apply to this section:

(a) "index" means, for any calendar year, that year's  
 annual average consumer price index for urban wage earners  
 and clerical workers, all items (1967-1980) compiled by the  
 bureau of labor statistics, United States department of  
 labor, or a successor agency.

(b) "salary" means the average salary for all active  
 members of the public employees' retirement system with 5  
 years or more of creditable service on June 30 in the same  
 year used in the index.

(2) (a) Except as provided in subsection (2) of  
 [section 2] a member of the public employees' retirement  
 system retired on or before July 1, 1978, who is receiving a  
 service or disability retirement allowance or his  
 beneficiary who is receiving a service or disability  
 retirement allowance or his surviving spouse or dependent  
 child who is receiving a survivorship allowance is eligible  
 for an increase in his allowance on July 1, 1981, and on  
 each July 1 thereafter.

(b) A member of the public employees' retirement  
 system retired after July 1, 1978, who is receiving a  
 service or disability retirement allowance or his  
 beneficiary who is receiving a service or disability  
 retirement allowance or his surviving spouse or dependent  
 child who is receiving a survivorship allowance is eligible  
 for an increase in his allowance on:

1 (i) July 1 following the third anniversary date of the  
2 member's retirement and each July 1 thereafter; or

3 (ii) if he retired on July 1 by the third anniversary  
4 date of the member's retirement and each anniversary date  
5 thereafter;

6 (3) Except as provided in subsection (4) of this  
7 section, the increase in the allowance equals one-half of  
8 the salary multiplied by the ratio of a member's years of  
9 creditable service to 30 multiplied by the average  
10 percentage increase in the index during the previous 3 years  
11 or 12%, whichever is less, minus 3% multiplied by  
12 two-thirds;

13 (4) The following adjustments apply to the increases:

14 (a) The increase must be based on 30 years of  
15 creditable service for a recipient of a disability or  
16 survivorship allowance;

17 (b) The increase must be adjusted by the actuarial  
18 factors determined by the board for a member or beneficiary  
19 receiving an optional retirement allowance or for a  
20 surviving spouse or dependent child receiving a survivorship  
21 allowance;

22 (c) The increase must be adjusted by the actuarial  
23 factors determined by the board for a member or beneficiary  
24 receiving an early retirement allowance;

25 (d) The increase in the benefit allowance must not be

1 greater than the percentage increase in the index from the  
2 previous calendar year;

3 NEW SECTION. SECTION 1. COST-OF-LIVING INCREASE. (1)  
4 EFFECTIVE JULY 1, 1981, EVERY SERVICE OR DISABILITY  
5 RETIREMENT ALLOWANCE OR SURVIVORSHIP ALLOWANCE PAYABLE TO A  
6 MEMBER OF THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM RETIRED ON  
7 OR BEFORE JULY 1, 1979, OR HIS BENEFICIARY SHALL BE  
8 INCREASED BY 50 CENTS FOR EACH YEAR OF A MEMBER'S CREDITABLE  
9 SERVICE.

10 (2) EFFECTIVE JULY 1, 1981, EVERY SERVICE OR  
11 DISABILITY RETIREMENT ALLOWANCE OR SURVIVORSHIP ALLOWANCE  
12 PAYABLE TO A MEMBER OF THE PUBLIC EMPLOYEES' RETIREMENT  
13 SYSTEM RETIRED AFTER JULY 1, 1979, BUT ON OR BEFORE JUNE 30,  
14 1981, OR HIS BENEFICIARY SHALL BE INCREASED BY 50 CENTS FOR  
15 EACH YEAR OF A MEMBER'S CREDITABLE SERVICE MULTIPLIED BY A  
16 RATIO EQUAL TO THE NUMBER OF MONTHS RETIRED AFTER JULY 1,  
17 1979, BUT ON OR BEFORE JUNE 30, 1981, AND 2%.

18 NEW SECTION. Section 2. Minimum monthly benefit  
19 allowance for certain members. (1) (a) Except as provided in  
20 subsection (2), a member terminated on or before June 30,  
21 1981, with vested rights who is receiving a service or  
22 disability retirement allowance or his beneficiary who is  
23 receiving a service or disability retirement allowance or  
24 his surviving spouse or dependent child who is receiving a  
25 survivorship allowance is eligible for a minimum monthly

1 benefit allowance based on the ratio of a member's years of  
2 creditable service to 30 multiplied by \$350 ~~\$300~~ and subject  
3 to the adjustments listed in subsection (1)(b).

4 (b) The following adjustments apply to the minimum  
5 monthly benefit allowance:

6 (i) The minimum monthly benefit must be based on 30  
7 years of creditable service for a recipient of a disability  
8 or survivorship allowance.

9 (ii) The minimum monthly benefit must be adjusted by  
10 the actuarial factors determined by the board for a member  
11 or beneficiary receiving an optional retirement allowance or  
12 for a surviving spouse or dependent child receiving a  
13 survivorship allowance.

14 (iii) The minimum monthly benefit must be adjusted by  
15 the actuarial factors determined by the board for a member  
16 or beneficiary receiving an early retirement allowance.

17 (iv) The benefit must be multiplied by a ratio equal to  
18 the member's final average salary to \$4,800 (such ratio not  
19 to exceed 1) for elected officials, Montana national  
20 guardsmen, and independent contractors.

21 (2) A recipient who is eligible for a minimum monthly  
22 benefit allowance under subsection (1)(a) of this section  
23 and who is also eligible for a cost-of-living-increase under  
24 subsection (2)(a) of [section 1] is entitled to receive the  
25 greater--of--the--increases--if--a--member--or--beneficiary

1 receives a minimum monthly benefit allowance under this  
2 subsection, he is eligible for a cost-of-living-increase  
3 under subsection (2)(a) of [section 1] beginning the  
4 following year. THIS BENEFIT INCREASE BEFORE HIS ALLOWANCE  
5 IS ADJUSTED UNDER [SECTION 1].

6 ~~NEW SECTION~~ Section 3. Funding-----cost-of-living  
7 increase---and---minimum---monthly---benefit---allowance---The  
8 cost-of-living-increase-provided-in-[section-1]---and---the  
9 minimum---monthly---benefit---allowance-provided-in-[section-2]  
10 will-be-funded-by:

11 (1)---an-amount-equal-to-1%---of---the---monthly---compensation  
12 paid---to---each---active---member---from---the---member---contributions  
13 collected-under-19-3-701;

14 (2)---an-amount-equal-to-1%---of---the---annual---compensation  
15 paid---to---all---active---members---during---the---preceding---year---from  
16 the---employer---contributions---collected---under---19-3-801;---and

17 (3)---a---general---fund---appropriation---or---other---supplemental  
18 funding---sources---.---During---each---legislative---session---the  
19 retirement---system---administrator---shall---submit---to---the  
20 legislature---a---request---for---funding---the---cost-of-living  
21 increase---and---minimum---monthly---benefit---allowance---through---a  
22 general---fund---appropriation---or---other---supplemental---funding  
23 source---.---if---the---funding---request---is---not---granted---by---the  
24 legislature,---the---cost-of-living---increase---and---minimum---monthly  
25 benefit---allowance---will---be---reduced---to---reflect---the---available

1 funding provided by the member and employer contributions in  
2 subsections (1) and (2) of this section.

3 Section 4. Section 19-3-701, MCA, is amended to read:  
4 "19-3-701. Member's contribution to be deducted. The  
5 normal contribution of each member shall be equal to 6% ~~7%~~  
6 of his compensation. The chief administrative officer of  
7 each employer shall deduct the contribution from the  
8 compensation of each member and remit the total of the  
9 contributions to the board. Payment of salaries or wages  
10 less the contribution shall be full and complete discharge  
11 and acquittance of all claims and demands whatsoever for the  
12 service rendered by members during the period covered by the  
13 payments except their claims to the benefits to which they  
14 may be entitled under the provisions of this chapter."

15 Section 3. Section 19-3-801, MCA, is amended to read:  
16 "19-3-801. Employer contribution rates -- actuarial  
17 determination. (1) Each employer shall contribute to the  
18 cost of benefits under the system. The amount of the  
19 employer contributions shall be computed by applying to  
20 member's compensation the sum of the current service  
21 contribution rate and the unfunded liability contribution  
22 rate. The sum of these rates shall be 5% ~~6%~~ 6.02% from  
23 July 1, 1978 1981, and thereafter.

24 (2) The actuary shall determine the current service  
25 contribution rate to be that level percentage of the present

1 value of the future compensation of the average new member  
2 entering the system which equals the then present value of  
3 the excess of all prospective benefits in respect of such  
4 member over the member's own normal contributions.

5 (3) The actuary shall determine the minimum unfunded  
6 liability contribution rate to be that level percentage of  
7 the present value of the prospective compensation of all  
8 members for the 40-year period following the date of the  
9 determination which is equal to the unfunded liability on  
10 that date. The unfunded liability at any time is the excess  
11 of the present value of all future benefits payable in  
12 respect of all persons then entitled to benefits under the  
13 system over the sum of the retirement fund and the present  
14 values of the future current service contributions and  
15 normal contributions payable in respect of all such  
16 persons."

17 ~~NEW SECTION~~ Section 6. Financing -- increase -- in  
18 employer contribution rate for contracting employers -- in  
19 compliance with 1-2-112, the state shall reimburse the  
20 contracting employer for the amount of the increase in the  
21 employer contribution rate provided in [section 5, Chapter  
22 -- laws of 1981]. During each legislative session, the  
23 retirement system administrator shall submit to the  
24 legislature a request for funding the reimbursement to the  
25 contracting employers through a general fund appropriation

1 or other supplemental fundings if the funding request is not  
 2 granted by the legislature, the cost-of-living increase and  
 3 minimum monthly benefit allowance will be reduced to reflect  
 4 the available funding provided in subsections (1) and (3) of  
 5 [section 3].

6 NEW SECTION. Section 7, Cost-of-living increase, (1)  
 7 The following definitions apply to this section:

8 (a) "Index" means for any calendar year, that year's  
 9 annual average consumer price index for urban wage earners  
 10 and clerical workers, all items (1967-1980) compiled by the  
 11 bureau of labor statistics, United States department of  
 12 labor or a successor agency.

13 (b) "Salary" means the average salary for all active  
 14 members of the teachers' retirement system for the last  
 15 month of the same year used in the index.

16 (2) (a) Except as provided in subsection (2) of  
 17 [section 8], a member of the teachers' retirement system  
 18 retired on or before July 1, 1978, who is receiving a  
 19 service or disability retirement allowance or his  
 20 beneficiary who is receiving a service or disability  
 21 retirement allowance other than a death benefit under  
 22 19-4-1001(4) or his surviving spouse or dependent child who  
 23 is receiving a survivorship allowance is eligible for an  
 24 increase in his allowance on July 1, 1981, and on each July  
 25 1 thereafter.

1 (b) A member of the teachers' retirement system  
 2 retired after July 1, 1978, who is receiving a service or  
 3 disability retirement allowance or his beneficiary who is  
 4 receiving a service or disability retirement allowance other  
 5 than a death benefit under 19-4-1001(4) or his surviving  
 6 spouse or dependent child who is receiving a survivorship  
 7 allowance is eligible for an increase in his allowance on  
 8 (i) July 1 following the third anniversary date of the  
 9 member's retirement and each July 1 thereafter, or

10 (ii) if he retired on July 1, the third anniversary  
 11 date of the member's retirement and each anniversary date  
 12 thereafter.

13 (3) Except as provided in subsection (4) of this  
 14 section, the increase in the allowance equals one-half of  
 15 the salary multiplied by the ratio of a member's years of  
 16 creditable service to 30 multiplied by the average  
 17 percentage increase in the index during the previous 3 years  
 18 or 12%, whichever is less, minus 3% multiplied by  
 19 two-thirds.

20 (4) The following adjustments apply to the increases:

21 (a) The increase must be based on 30 years of  
 22 creditable service for a recipient of a disability or  
 23 survivorship allowance.

24 (b) The increase must be adjusted by the actuarial  
 25 factors determined by the retirement board for a member or

1 beneficiary receiving an optional retirement allowance or  
 2 for a surviving spouse or dependent child receiving a  
 3 survivorship allowance.

4 (c) The increase must be adjusted by the actuarial  
 5 factors determined by the retirement board for a member or  
 6 beneficiary receiving an early retirement allowance.

7 (d) The increase in the benefit allowance must not be  
 8 greater than the percentage increase in the index from the  
 9 previous calendar year.

10 NEW SECTION. SECTION 4. COST-OF-LIVING INCREASE. (1)  
 11 EFFECTIVE JULY 1, 1981, EVERY SERVICE OR DISABILITY  
 12 RETIREMENT ALLOWANCE OR SURVIVORSHIP ALLOWANCE PAYABLE TO A  
 13 MEMBER OF THE TEACHERS' RETIREMENT SYSTEM RETIRED ON OR  
 14 BEFORE JULY 1, 1979, OR HIS BENEFICIARY SHALL BE INCREASED  
 15 BY 50 CENTS FOR EACH YEAR OF A MEMBER'S CREDITABLE SERVICE.

16 (2) EFFECTIVE JULY 1, 1981, EVERY SERVICE OR  
 17 DISABILITY RETIREMENT ALLOWANCE OR SURVIVORSHIP ALLOWANCE  
 18 PAYABLE TO A MEMBER OF THE TEACHERS' RETIREMENT SYSTEM  
 19 RETIRED AFTER JULY 1, 1979, BUT ON OR BEFORE JUNE 30, 1981,  
 20 OR HIS BENEFICIARY SHALL BE INCREASED BY 50 CENTS FOR EACH  
 21 YEAR OF A MEMBER'S CREDITABLE SERVICE MULTIPLIED BY A RATIO  
 22 EQUAL TO THE NUMBER OF MONTHS RETIRED AFTER JULY 1, 1979,  
 23 BUT ON OR BEFORE JUNE 30, 1981, AND 24.

24 NEW SECTION. Section 5. Minimum monthly benefit  
 25 allowance for certain members. (1) (a) Except as provided in

1 subsection (2) a A member terminated on or before June 30,  
 2 1981, with vested rights who is receiving a service or  
 3 disability retirement allowance or his beneficiary who is  
 4 receiving a service or disability retirement allowance or  
 5 his surviving spouse or dependent child who is receiving a  
 6 survivorship allowance is eligible for a minimum monthly  
 7 benefit allowance based on the ratio of a member's years of  
 8 creditable service to 30 multiplied by \$350 \$300 and subject  
 9 to the adjustments listed in subsection (1)(b).

10 (b) The following adjustments apply to the minimum  
 11 monthly benefit allowance:

12 (i) The minimum monthly benefit must be based on 30  
 13 years of creditable service for a recipient of a disability  
 14 or survivorship allowance.

15 (ii) The minimum monthly benefit must be adjusted by  
 16 the actuarial factors determined by the retirement board for  
 17 a member or beneficiary receiving an optional retirement  
 18 allowance or for a surviving spouse or dependent child  
 19 receiving a survivorship allowance.

20 (iii) The minimum monthly benefit must be adjusted by  
 21 the actuarial factors determined by the retirement board for  
 22 a member or beneficiary receiving an early retirement  
 23 allowance.

24 (2) A recipient who is eligible for a minimum monthly  
 25 benefit allowance under subsection (1)(a) of this section

1 and who is also eligible for a cost-of-living increase under  
 2 subsection (2)(a) of [section 7] is entitled to receive the  
 3 greater of the increases, if a member or beneficiary  
 4 receives a minimum monthly benefit allowance under this  
 5 subsection, he is eligible for a cost-of-living increase  
 6 under subsection (2)(a) of [section 7] beginning the  
 7 following year. THIS BENEFIT INCREASE BEFORE HIS ALLOWANCE  
 8 IS ADJUSTED UNDER [SECTION 4].

9 ~~NEW SECTION.~~ Section 9. Funding-----cost-of-living  
 10 increase and minimum monthly benefit allowance. The  
 11 cost-of-living increase provided in [section 7] and the  
 12 minimum monthly benefit allowance provided in [section 8]  
 13 will be funded by:

14 (1) an amount equal to 1% of the monthly compensation  
 15 paid to each active member from the member contributions  
 16 collected under 19-4-602;

17 (2) an amount equal to 1% of the annual compensation  
 18 paid to all active members during the preceding year from  
 19 the employer contributions collected under 19-4-605; and

20 (3) a general fund appropriation or other supplemental  
 21 funding source. During each legislative session, the  
 22 retirement system administrator shall submit to the  
 23 legislature a request for funding the cost-of-living  
 24 increase and minimum monthly benefit allowance through a  
 25 general fund appropriation or other supplemental funding

1 source, if the funding request is not granted by the  
 2 legislature, the cost-of-living increase and minimum monthly  
 3 benefit allowance will be reduced to reflect the available  
 4 funding provided by the member and employer contributions in  
 5 subsections (1) and (2) of this section.

6 Section 6. Section 19-4-804, MCA, is amended to read:  
 7 "19-4-804. Allowance for superannuation retirement.  
 8 (1) Upon superannuation retirement a member shall receive a  
 9 retirement allowance consisting of a pension which, together  
 10 with an annuity, provides a retirement allowance equal to  
 11 one-sixtieth of his average final compensation multiplied by  
 12 the number of years of creditable service.

13 (2) The minimum annual retirement allowance for a  
 14 member who has 30 or more years of creditable service is  
 15 \$2,400, and the minimum retirement allowance for a member  
 16 whose creditable service is less than 30 years is based on  
 17 an amount which bears the same ratio to \$2,400 as his  
 18 service bears to 30 years.

19 (3)(2) Any retired member may be employed as a  
 20 part-time or substitute teacher in Montana and may earn,  
 21 without loss of retirement benefits, the greater of an  
 22 amount not to exceed one-fourth of his average final  
 23 compensation and one-fourth of the median of the average  
 24 final compensation for members retired during the preceding  
 25 fiscal year as determined by the retirement board."

1 Section 7. Section 19-4-802, MCA, is amended to read:

2 "19-4-802. Early retirement. (1) A member who has at  
3 least 5 years of creditable service, whose last 5 years of  
4 creditable service were in this state, and who has attained  
5 the age of 55 may retire from service and be eligible for an  
6 early retirement allowance if he files with the retirement  
7 board his written application setting forth the fact of his  
8 retirement.

9 (2) The early retirement allowance shall be determined  
10 as prescribed in 19-4-804(1) and ~~†2†~~ [section 8 5], with the  
11 exception that the allowance will be reduced by 1/2 of 1%  
12 multiplied by the number of months by which the retirement  
13 date precedes the date on which he would have retired had he  
14 attained 60 years of age or had he completed 30 years of  
15 creditable service."

16 Section 8. Section 19-4-1001, MCA, is amended to read:

17 "19-4-1001. Allowances for death of member. (1) If a  
18 member dies before retirement, his accumulated contributions  
19 shall be paid to his estate or such person as he may have  
20 nominated by a written designation filed with the retirement  
21 board prior to his death in the manner prescribed by the  
22 board.

23 (2) (a) In lieu of benefits provided for in subsection  
24 (1), if the deceased member qualified by reason of service  
25 for a retirement benefit, the beneficiary nominated by the

1 deceased member may elect to receive a monthly life annuity.  
2 The monthly life annuity shall be determined as prescribed  
3 in 19-4-802, and 19-4-804(1), and ~~†2†~~ [section 8 5] in the  
4 same manner as if the member elected option A provided for  
5 in 19-4-702(2)(a).

6 (b) In the event payments made to an annuitant do not  
7 equal the amount of the member's accumulated contributions  
8 prior to the annuitant's death, the difference between the  
9 total annuity payments made and the amount of the  
10 accumulated contributions shall be paid to the beneficiary.

11 (3) If the deceased member had 5 or more years of  
12 creditable service and was an active member in the state of  
13 Montana within 1 year prior to his death, a lump-sum death  
14 benefit of \$500 is payable to his designated beneficiary.

15 (4) If a deceased member had 5 or more years of  
16 creditable service and was an active member in the state of  
17 Montana within 1 year prior to his death, the sum of \$100  
18 per month shall be paid to each minor child of the deceased  
19 member until such child reaches his 18th birthday."

20 ~~Section 13. Section 19-4-602, MCA, is amended to read:~~

21 ~~"19-4-602. Annuity savings fund. The annuity savings fund is a fund in which~~  
22 ~~contributions from the members to provide for their~~  
23 ~~annuities shall be accumulated in individual accounts for~~  
24 ~~each member. Contributions to and payments from the annuity~~  
25



1 savings fund shall be made in the following manner:

2 (1) Each employer shall deduct from the compensation

3 of each active member on the payroll for each payroll period

4 on and subsequent to the date on which the member became a

5 member an amount equal to ~~6.18%~~ 7.18% of the member's

6 earned compensation.

7 (2) The deductions shall be made notwithstanding that

8 the minimum compensation provided by law for a member may be

9 reduced thereby. Every member is considered to consent to

10 the deductions prescribed by this section and payment of

11 salary or compensation less the deductions is a complete

12 discharge of all claims whatsoever for the services rendered

13 by the member during the period covered by the payments

14 except as to the benefits provided by the retirement system.

15 (3) In addition to the contributions deducted from

16 compensation and subject to the approval of the retirement

17 board, any member may redeposit in the annuity savings fund

18 by a single payment or by an increased rate of contribution

19 an amount equal to any accumulated contributions which he

20 has previously withdrawn plus interest in the amount the

21 contributions would have earned had the contributions not

22 been withdrawn.

23 (4) The accumulated contributions of a member

24 withdrawn by him or paid to his estate or to his designated

25 beneficiary in event of his death shall be paid from the

1 annuity savings funds. Upon the retirement of a member, his

2 accumulated contributions shall be transferred from the

3 annuity savings fund to the annuity reserve fund.

4 Section 9. Section 19-4-605, MCA, is amended to read:

5 "19-4-605. Pension accumulation fund -- employer's

6 contribution. The pension accumulation fund is the fund in

7 which the reserves for payment of pensions shall be

8 accumulated and from which pensions and benefits in lieu

9 thereof shall be paid to or on account of beneficiaries

10 credited with prior service. Contributions to and payments

11 from the pension accumulation fund shall be made as follows:

12 (1) Each employer shall pay into the pension

13 accumulation fund an amount equal to ~~6.312%~~ 7.312% ~~6.432%~~ of

14 the earned compensation of each member employed during the

15 whole or part of the preceding payroll period.

16 (2) If the employer is a district or community college

17 district, the trustees shall budget and pay for the

18 employer's contribution under the provisions of 20-9-501.

19 (3) If the employer is the superintendent of public

20 instruction, a public institution of the state of Montana, a

21 unit of the Montana university system, or the Montana state

22 school for the deaf and blind, the legislature shall

23 appropriate to the employer an adequate amount to allow the

24 payment of the employer's contribution.

25 (4) If the employer is a county, the county

1 commissioners shall budget and pay for the employer's  
 2 contribution in the manner provided by law for the adoption  
 3 of a county budget and for payments under the budget.

4 (5) All interest and other earnings realized on the  
 5 moneys of the retirement system shall be credited to the  
 6 pension accumulation fund, and the amounts required to allow  
 7 regular interest on the annuity savings fund and the annuity  
 8 reserve fund shall be transferred to the respective funds  
 9 from the pension accumulation fund.

10 (6) All pensions and benefits in lieu thereof shall be  
 11 paid from the pension accumulation fund.

12 (7) The retirement board may, in its discretion,  
 13 transfer to and from the pension accumulation fund the  
 14 amount of any surplus or deficit which may develop in the  
 15 reserve creditable to the annuity reserve fund, as shown by  
 16 actuarial valuation, and also an amount to cover expenses of  
 17 administration."

18 NEW-SECTION Section 15--Financing----increase----in  
 19 employer--contribution--rate--for--school--districts----in  
 20 compliance-with--1-2-112,--the--state--shall--reimburse--the  
 21 school--district--for--the--amount--of--the--increase--in--the  
 22 employer-contribution-rate-provided-in-[section-14,--Chapter  
 23 ---,--laws--of--1981];--During each legislative session, the  
 24 retirement--system--administrator--shall--submit--to--the  
 25 legislature--a--request-for-funding-the-reimbursement-to-the

1 school-districts-through-a--general--fund--appropriation--or  
 2 other--supplemental--fundings--if-the-funding-request-is-not  
 3 granted-by-the-legislature,--the-cost-of-living-increase--and  
 4 minimum-monthly-benefit-allowance-will-be-reduced-to-reflect  
 5 the-available-funding-provided-in-subsections-(1)-and-(3)-of  
 6 [section-9].

7 NEW-SECTION Section 16--Cost-of-living----increase  
 8 (1)--The following definitions apply to this section:

9 (a)--"index" means, for any calendar year, that year's  
 10 annual--average--consumer-price-index-for-urban-wage-earners  
 11 and-clerical-workers, all-items--(1967--=--100)--compiled-by-the  
 12 bureau-of-labor--statistics,--United--States--department--of  
 13 labor--or-a-successor-agency.

14 (b)--"Salary" means the salary for the lowest-paid  
 15 active-member-of-the-highway-patrol--retirement--system--for  
 16 the-last-month-of-the-same-year-used-in-the-index.

17 (2)--(a) Except as provided in subsection (2) of  
 18 [section-17], the following recipients are eligible for an  
 19 increase in their highway patrol retirement or survivorship  
 20 allowances:

21 (i)--a member with 20 years or more of creditable  
 22 service or his beneficiary who is receiving a service  
 23 retirement allowance;

24 (ii)--a member compelled to retire under 19-6-504 with  
 25 less than 20 years of creditable service or his beneficiary

1 who is receiving a service retirement allowance;

2 (iii) a member or his beneficiary who is receiving a

3 disability retirement allowance; and

4 (iv) a member's surviving spouse or dependent child who

5 is receiving a survivorship allowance.

6 (b) A member of the highway patrol retirement system

7 retired on or before July 1, 1978, or his beneficiary

8 surviving spouse, or dependent child who is eligible for an

9 increase in his allowance under subsection (2)(a) is

10 entitled to receive the increase on July 1, 1981, and on

11 each July 1 thereafter.

12 (c) A member of the highway patrol retirement system

13 retired after July 1, 1978, or his beneficiary surviving

14 spouse, or dependent child who is eligible for an increase

15 in his allowance under subsection (2)(a) is entitled to

16 receive the increase on:

17 (i) July 1 following the third anniversary date of the

18 member's retirement and each July 1 thereafter; or

19 (ii) if he retired on July 1, the third anniversary

20 date of the member's retirement and each anniversary date

21 thereafter.

22 (3) Except as provided in subsection (4) of this

23 section, the increase in the allowance equals one-half of

24 the salary multiplied by the ratio of a member's years of

25 creditable service to 25 multiplied by the average

1 percentage increase in the index during the previous 3 years

2 or 12%, whichever is less, minus 3% multiplied by

3 two-thirds.

4 (4) The following adjustments apply to the increases:

5 (a) The increase must be based on 25 years of

6 creditable service for a recipient of a disability or

7 survivorship allowance.

8 (b) The increase must be adjusted by the actuarial

9 factors determined by the board for a member or beneficiary

10 receiving an optional retirement allowance or for a

11 surviving spouse or dependent child receiving a survivorship

12 allowance.

13 (c) The increase must be adjusted by the actuarial

14 factors determined by the board for a member or beneficiary

15 receiving an early retirement allowance.

16 (d) The increase in the benefit allowance must not be

17 greater than the percentage increase in the index from the

18 previous calendar year.

19 NEW SECTION. SECTION 10. COST-OF-LIVING INCREASE.

20 (1) EFFECTIVE JULY 1, 1981, EVERY SERVICE OR DISABILITY

21 RETIREMENT ALLOWANCE OR SURVIVORSHIP ALLOWANCE PAYABLE TO A

22 MEMBER OF THE HIGHWAY PATROLMEN'S RETIREMENT SYSTEM RETIRED

23 ON OR BEFORE JULY 1, 1979, OR HIS BENEFICIARY SHALL BE

24 INCREASED BY 50 CENTS FOR EACH YEAR OF A MEMBER'S CREDITABLE

25 SERVICE.

1       (2) EFFECTIVE JULY 1, 1981, EVERY SERVICE OR  
 2       DISABILITY RETIREMENT ALLOWANCE OR SURVIVORSHIP ALLOWANCE  
 3       PAYABLE TO A MEMBER OF THE HIGHWAY PATROLMEN'S RETIREMENT  
 4       SYSTEM RETIRED AFTER JULY 1, 1979, BUT ON OR BEFORE JUNE 30,  
 5       1981, OR HIS BENEFICIARY SHALL BE INCREASED BY 50 CENTS FOR  
 6       EACH YEAR OF A MEMBER'S CREDITABLE SERVICE MULTIPLIED BY A  
 7       RATIO EQUAL TO THE NUMBER OF MONTHS RETIRED AFTER JULY 1,  
 8       1979, BUT ON OR BEFORE JUNE 30, 1981, AND 2%.

9       NEW SECTION. Section 11. Minimum monthly benefit  
 10       allowance for certain members. (1) (a) ~~Except as provided in~~  
 11       ~~subsection (2)(a)~~ A member terminated on or before June 30,  
 12       1981, with vested rights who is receiving a service or  
 13       disability retirement allowance or his beneficiary who is  
 14       receiving a service or disability retirement allowance or  
 15       his surviving spouse or dependent child who is receiving a  
 16       survivorship allowance is eligible for a minimum monthly  
 17       benefit allowance based on the ratio of a member's years of  
 18       creditable service to 25 multiplied by \$500 ~~\$450~~ and subject  
 19       to the adjustments listed in subsection (1)(b).

20       (b) The following adjustments apply to the minimum  
 21       monthly benefit allowance:

22       (i) The minimum monthly benefit must be based on 25  
 23       years of creditable service for a recipient of a disability  
 24       or survivorship allowance.

25       (ii) The minimum monthly benefit must be adjusted by

1       the actuarial factors determined by the board for a member  
 2       or beneficiary receiving an optional retirement allowance or  
 3       for a surviving spouse or dependent child receiving a  
 4       survivorship allowance.

5       (iii) The minimum monthly benefit must be adjusted by  
 6       the actuarial factors determined by the board for a member  
 7       or beneficiary receiving an early retirement allowance.

8       (2) A recipient who is eligible for a minimum monthly  
 9       benefit allowance under subsection (1)(a) ~~of this section~~  
 10       ~~and who is also eligible for a cost-of-living-increase under~~  
 11       ~~subsection (2)(a) of [section 16]~~ is entitled to receive the  
 12       ~~greater of the increases, if a member or beneficiary~~  
 13       ~~receives a minimum monthly benefit allowance under this~~  
 14       ~~subsection, he is eligible for a cost-of-living-increase~~  
 15       ~~under subsection (2)(a) of [section 16] beginning the~~  
 16       ~~following year. THIS BENEFIT INCREASE BEFORE HIS ALLOWANCE~~  
 17       IS ADJUSTED UNDER [SECTION 10].

18       ~~NEW SECTION. Section 18. Funding-----cost-of-living~~  
 19       ~~increase--and--minimum--monthly--benefit--allowance-----The~~  
 20       ~~cost-of-living--increase--provided--in--[section 16]--and--the~~  
 21       ~~minimum--monthly--benefit--allowance--provided--in--[section 17]~~  
 22       ~~will--be--funded--by:~~

23       ~~(i) an amount equal to 1% of the monthly compensation~~  
 24       ~~paid to each active member from the member contributions~~  
 25       ~~collected under 19-6-402.~~

1           (2) an amount equal to 1% of the annual compensation  
2 paid to all active members during the preceding year from  
3 the state contributions collected under 19-6-404 and

4           (3) an amount equal to 1.88% of the annual  
5 compensation paid to all active members during the preceding  
6 year from the driver's license fees collected under  
7 61-5-111.

8           Section 19-6-402, MCA, is amended to read:  
9           "19-6-402. Member's contributions. Every member shall  
10 be required to contribute into the account a sum equal to  
11 6 1/2% ~~7 1/2%~~ of his monthly salary, which sum shall be  
12 deducted from his salary and deposited to his credit in the  
13 account."

14           Section 12. Section 19-6-404, MCA, is amended to read:  
15           "19-6-404. State's contribution. The state of Montana  
16 shall annually contribute to the account an amount equal to  
17 16% ~~17%~~ 16.57% of the salaries paid to the highway patrolmen  
18 who are covered by this account from the general fund."

19           Section 21. Section 61-5-111, MCA, is amended to read:  
20           "61-5-111. Licenses issued to operators and chauffeurs  
21 --- renewals and expiration --- fees --- disposition. (1) The  
22 division shall have authority to appoint county treasurers  
23 and other qualified officers to act as its agents for the  
24 sale of driver's licenses, receipts and shall make necessary  
25 rates governing such sales in those areas where the

1           division provides driver licensing services 3 days or more a  
2 week the division is responsible for sale of receipts and  
3 may not appoint an agent. The division upon receipt of  
4 payment of the fees specified in this section shall issue  
5 to every applicant qualifying therefor an operator's or  
6 chauffeur's license as applied for. Such licenses shall  
7 contain a photograph of the licensee in the size and form as  
8 prescribed by the division a distinguishing number issued  
9 to the licensee, the full name, date of birth, residence  
10 address, and a brief description of the licensee and either  
11 a facsimile of the signature of the licensee or a space upon  
12 which he shall write his signature in pen and ink  
13 immediately upon receipt of the license. No license shall be  
14 valid until it has been so signed by the licensee. Five  
15 percent of the license fees collected by the county  
16 treasurer shall be deposited by the county treasurer for the  
17 use of the county general funds in the event no agent is  
18 appointed under this section. 5% of the license fees  
19 collected by the division shall be retained by the division  
20 to defray the cost of handling.

21           (2) The division shall when any person applies for  
22 renewal of an operator's or chauffeur's license test the  
23 applicant's eyesight and may also in the division's  
24 discretion have the applicant demonstrate his physical  
25 ability to operate and to exercise ordinary and reasonable

1 core in the operation of a motor vehicle. A person shall be  
 2 considered to have applied for renewal of a Montana  
 3 operator's or chauffeur's license if the application is made  
 4 within 3 months of the expiration of his license.  
 5 (3) Licenses shall expire on the anniversary of the  
 6 date of birth of the licensee 4 years or less after the date  
 7 of issue.  
 8 (4) Whenever the division issues an original license  
 9 to a person under the age of 18 years, the license shall be  
 10 designated and clearly marked as a "provisional license".  
 11 Any license so designated and marked may be suspended by the  
 12 division for a period of not more than 12 months when its  
 13 records disclose that the licensee subsequent to the  
 14 issuance of such license has been guilty of careless or  
 15 negligent driving. Upon renewal as applicable to operator's  
 16 licenses, the division may for any reasonable cause as  
 17 shown by its records designate the renewal of the license  
 18 as provisional; otherwise a license in usual form shall be  
 19 issued subject to other provisions of the laws of Montana.  
 20 (5) It shall be unlawful for any person to have in his  
 21 possession or under his control more than one Montana  
 22 operator's or chauffeur's license at any one time. A license  
 23 is not valid for the operation of a motorcycle until the  
 24 holder thereof has completed the requirements of 61-5-110  
 25 and the license has been clearly marked with the words

1 "motorcycle endorsement".  
 2 (6) Fees for driver's licenses shall be as follows:  
 3 (a) driver's license ----- \$2 per year or fraction  
 4 thereof.  
 5 (b) motorcycle endorsement ----- 50 cents per year or  
 6 fraction thereof.  
 7 (7) (a) The county treasurer or other agent of the  
 8 division collecting such fees shall retain 5% of each fee  
 9 for the use of the county general fund and shall transmit  
 10 the remainder to the state treasurer who shall deposit to  
 11 the credit of the state general fund all money received by  
 12 him from the collection of the fees.  
 13 (b) The remaining 95% of all money received by the  
 14 state treasurer from the collection of the fees is allocated  
 15 as follows:  
 16 (i) 5% to the state traffic education account provided  
 17 in 20-7-504;  
 18 (ii) an amount equal to 1.88% of the annual  
 19 compensation paid to all active members of the highway  
 20 patrol retirement system during the preceding year to the  
 21 highway patrol retirement system agency account as provided  
 22 in subsection (3) of section 10; and  
 23 (iii) the balance after payments are made in  
 24 subsections (7)(b)(i) and (7)(b)(ii) to the credit of the  
 25 state general fund."

1 ~~NEW SECTION~~ Section 22~~v~~ Coordination with ~~-----~~ Bill  
 2 ~~-----~~ (LC-98)~~v~~ if ~~-----~~ Bill ~~-----~~ (LC-98)~~v~~ introduced in the  
 3 47th legislature is passed and approved, the percentage  
 4 amount stated in 61-5-111(7)(b)(i) shall reflect the  
 5 provisions of ~~-----~~ Bill ~~-----~~ (LC-98) and the code commissioner  
 6 shall codify amendments to 61-5-111 accordingly.

7 Section 23~~v~~ Section 15-1-581~~v~~ MGA~~v~~ is amended to read  
 8 "15-1-581~~v~~ Disposition of moneys from certain  
 9 designated license and other taxes--(1) The state treasurer  
 10 shall deposit to the credit of the state general fund all  
 11 moneys received by him from the collection of:

12 (a) automobile driver's license fees under subsections  
 13 (1) through (6) of 61-5-111~~v~~ except for fees allocated under  
 14 subsections (7)(b)(i) and (7)(b)(ii) of 61-5-111~~v~~

15 (b) electric energy producer's license taxes under  
 16 chapter 51~~v~~

17 (c) metalliferous mines license taxes under chapter  
 18 37~~v~~

19 (d) oil and gas severance taxes allocated to the  
 20 general fund under chapter 36~~v~~

21 (e) liquor license taxes under Title 16~~v~~

22 (f) telephone license taxes under chapter 53~~v~~ and

23 (g) inheritance and estate taxes under Title 72~~v~~  
 24 chapter 16~~v~~

25 (2) Seventy-five percent of all moneys received from

1 the collection of income taxes under chapter 30 and  
 2 corporation license and income taxes under chapter 31~~v~~  
 3 except as provided in 15-31-702~~v~~ shall be deposited in the  
 4 general fund subject to the prior pledge and appropriation  
 5 of such income tax and corporation license tax collections  
 6 for the payment of long range building program bonds. The  
 7 remaining 25% of the proceeds of the corporation license  
 8 tax excluding that allocated to the counties under  
 9 15-31-702~~v~~ corporation income tax and income tax shall be  
 10 deposited to the credit of the earmarked revenue fund for  
 11 state equalization aid to the public schools of Montana.

12 (3) The state treasurer shall also deposit to the  
 13 credit of the state general fund all moneys received by him  
 14 from the collection of license taxes, fees, and all net  
 15 revenues and receipts from all other sources under the  
 16 operation of the Montana Alcoholic Beverage Code~~v~~

17 ~~NEW SECTION~~ Section 24~~v~~ Cost of living increase~~v~~  
 18 (1) The following definitions apply to this section:

19 (a) "index" means for any calendar year that year's  
 20 annual average consumer price index for urban wage earners  
 21 and clerical workers, all items (1967-1980) compiled by the  
 22 bureau of labor statistics, United States department of  
 23 labor or a successor agency.

24 (b) "salary" means the average salary for all active  
 25 members of the sheriffs' retirement system for the last

1 month-of-the-same-year-used-in-the-index  
 2 (2)--(a)--Except--as--provided--in--subsection--(2)--of  
 3 [section-25]--a--member--of--the--sheriffs'--retirement--system  
 4 retired--on--or--before--July--1--1978--who--is--receiving--a  
 5 service--or--disability--retirement--allowance--or--his  
 6 beneficiary--who--is--receiving--a--service--or--disability  
 7 retirement--allowance--or--his--surviving--spouse--or--dependent  
 8 child--who--is--receiving--a--survivorship--allowance--is--eligible  
 9 for--an--increase--in--his--allowance--on--July--1--1981--and--on  
 10 each--July--1--thereafter.  
 11 (b)--A--member--of--the--sheriffs'--retirement--system  
 12 retired--after--July--1--1978--who--is--receiving--a--service--or  
 13 disability--retirement--allowance--or--his--beneficiary--who--is  
 14 receiving--a--service--or--disability--retirement--allowance--or  
 15 his--surviving--spouse--or--dependent--child--who--is--receiving--a  
 16 survivorship--allowance--is--eligible--for--an--increase--in--his  
 17 allowance--on--  
 18 (i)--July--1--following--the--third--anniversary--date--of--the  
 19 member's--retirement--and--each--July--1--thereafter--or  
 20 (ii)--if--he--retired--on--July--1--the--third--anniversary  
 21 date--of--the--member's--retirement--and--each--anniversary--date  
 22 thereafter.  
 23 (3)--Except--as--provided--in--subsection--(4)--of--this  
 24 section--the--increase--in--the--allowance--equals--one--half--of  
 25 the--salary--multiplied--by--the--ratio--of--a--member's--years--of

1 creditable--service--to--25--multiplied--by--the--average  
 2 percentage--increase--in--the--index--during--the--previous--3--years  
 3 or--12%--whichever--is--less--minus--3%--multiplied--by  
 4 two-thirds.  
 5 (4)--The--following--adjustments--apply--to--the--increase:  
 6 (a)--The--increase--must--be--based--on--25--years--of  
 7 creditable--service--for--a--recipient--of--a--disability--or  
 8 survivorship--allowance.  
 9 (b)--The--increase--must--be--adjusted--by--the--actuarial  
 10 factors--determined--by--the--board--for--a--member--or--beneficiary  
 11 receiving--an--optional--retirement--allowance--or--for--a  
 12 surviving--spouse--or--dependent--child--receiving--a--survivorship  
 13 allowance.  
 14 (c)--The--increase--must--be--adjusted--by--the--actuarial  
 15 factors--determined--by--the--board--for--a--member--or--beneficiary  
 16 receiving--an--early--retirement--allowance.  
 17 (d)--The--increase--in--the--benefit--allowance--must--not--be  
 18 greater--than--the--percentage--increase--in--the--index--from--the  
 19 previous--calendar--year.  
 20 NEW SECTION. SECTION 13. COST-OF-LIVING INCREASE.  
 21 (1) EFFECTIVE JULY 1, 1981, EVERY SERVICE OR DISABILITY  
 22 RETIREMENT ALLOWANCE OR SURVIVORSHIP ALLOWANCE PAYABLE TO A  
 23 MEMBER OF THE SHERIFFS' RETIREMENT SYSTEM RETIRED ON OR  
 24 BEFORE JULY 1, 1979, OR HIS BENEFICIARY SHALL BE INCREASED  
 25 BY 50 CENTS FOR EACH YEAR OF A MEMBER'S CREDITABLE SERVICE.



1 (2) EFFECTIVE JULY 1, 1981, EVERY SERVICE OR  
 2 DISABILITY RETIREMENT ALLOWANCE OR SURVIVORSHIP ALLOWANCE  
 3 PAYABLE TO A MEMBER OF THE SHERIFFS' RETIREMENT SYSTEM  
 4 RETIRED AFTER JULY 1, 1979, BUT ON OR BEFORE JUNE 30, 1981,  
 5 OR HIS BENEFICIARY SHALL BE INCREASED BY 50 CENTS FOR EACH  
 6 YEAR OF A MEMBER'S CREDITABLE SERVICE MULTIPLIED BY A RATIO  
 7 EQUAL TO THE NUMBER OF MONTHS RETIRED AFTER JULY 1, 1979,  
 8 BUT ON OR BEFORE JUNE 30, 1981, AND 24.

9 NEW SECTION. Section 14. Minimum monthly benefit  
 10 allowance for certain members. (1) (a) ~~Except as provided in~~  
 11 ~~subsection (2),~~ a member terminated on or before June 30,  
 12 1981, with vested rights who is receiving a service or  
 13 disability retirement allowance or his beneficiary who is  
 14 receiving a service or disability retirement allowance or  
 15 his surviving spouse or dependent child who is receiving a  
 16 survivorship allowance is eligible for a minimum monthly  
 17 benefit allowance based on the ratio of a member's years of  
 18 creditable service to 25 multiplied by ~~\$350~~ \$300 and subject  
 19 to the adjustments listed in subsection (1)(b).

20 (b) The following adjustments apply to the minimum  
 21 monthly benefit allowance:

22 (i) The minimum monthly benefit must be based on 25  
 23 years of creditable service for a recipient of a disability  
 24 or survivorship allowance.

25 (ii) The minimum monthly benefit must be adjusted by

1 the actuarial factors determined by the board for a member  
 2 or beneficiary receiving an optional retirement allowance or  
 3 for a surviving spouse or dependent child receiving a  
 4 survivorship allowance.

5 (iii) The minimum monthly benefit must be adjusted by  
 6 the actuarial factors determined by the board for a member  
 7 or beneficiary receiving an early retirement allowance.

8 (2) A recipient who is eligible for a minimum monthly  
 9 benefit allowance under subsection (1)(a) ~~of this section~~  
 10 ~~and who is also eligible for a cost-of-living increase under~~  
 11 ~~subsection (2)(a) of [section 24]~~ is entitled to receive the  
 12 ~~greater of the increases~~ ~~if a member or beneficiary~~  
 13 ~~receives a minimum monthly benefit allowance under this~~  
 14 ~~subsection, he is eligible for a cost-of-living increase~~  
 15 ~~under subsection (2)(a) of [section 24] beginning the~~  
 16 ~~following year.~~ THIS BENEFIT INCREASE BEFORE HIS ALLOWANCE  
 17 IS ADJUSTED UNDER [SECTION 13].

18 NEW SECTION. Section 26. ~~Funding~~ ~~cost-of-living~~  
 19 ~~increase and minimum monthly benefit allowances.~~ ~~The~~  
 20 ~~cost-of-living increase provided in [section 24] and the~~  
 21 ~~minimum monthly benefit allowance provided in [section 25]~~  
 22 ~~will be funded by:~~

23 (1) ~~an amount equal to 1% of the monthly compensation~~  
 24 ~~paid to each active member from the member contributions~~  
 25 ~~collected under 19-7-403.~~

1       ~~{2}--an amount equal to 1% of the annual compensation~~  
 2 ~~paid to all active members during the preceding year from~~  
 3 ~~the employer contributions collected under 19-7-404 and~~  
 4       ~~{3}--an amount equal to 44% of the annual compensation~~  
 5 ~~paid to all active members during the preceding year from~~  
 6 ~~the premium tax collected on insurance sold in this state to~~  
 7 ~~insure against the risks enumerated in 19-11-512(2). The~~  
 8 ~~state auditor shall make this payment to the retirement~~  
 9 ~~system administrator after July 1 but before September 1 of~~  
 10 ~~each year. On or before April 1 of each year, the~~  
 11 ~~administrator shall notify the state auditor of the annual~~  
 12 ~~compensation paid to all active members during the preceding~~  
 13 ~~year.~~

14       Section 27. Section 19-7-403, MCA, is amended to read:  
 15       "19-7-403. Members' contributions deducted. Every  
 16 member shall be required to contribute into the account 7%  
 17 of his monthly salary, which shall be deducted from his  
 18 salary and deposited to his credit in the account."

19       Section 15. Section 19-7-404, MCA, is amended to read:  
 20       "19-7-404. Counties' contributions. (1) The various  
 21 counties of Montana shall pay monthly 7.55% ~~8.55%~~ 7.62% of  
 22 each sheriff's gross salary into the retirement account  
 23 created by this chapter.

24       (2) IF THE REQUIRED CONTRIBUTION TO THE RETIREMENT  
 25 SYSTEM EXCEEDS THE FUNDS AVAILABLE TO A COUNTY FROM GENERAL

1       REVENUE SOURCES, A COUNTY MAY BUDGET, LEVY, AND COLLECT  
 2 ANNUALLY A SPECIAL TAX ON THE ASSESSABLE PROPERTY WITHIN THE  
 3 COUNTY THAT IS SUFFICIENT TO RAISE THE AMOUNT OF REVENUE  
 4 NEEDED TO MEET THE COUNTY'S OBLIGATION. THIS TAX MAY BE IN  
 5 ADDITION TO THE ANNUAL RATE OF TAXATION ALLOWED BY LAW TO BE  
 6 LEVIED BY THE COUNTY."

7       ~~NEW SECTION. Section 29. Financing. Increase in~~  
 8 ~~counties' contributions in compliance with 1-2-112, the~~  
 9 ~~state shall reimburse the county for the amount of the~~  
 10 ~~increase in the employer contribution rate provided in~~  
 11 ~~[section 26, Chapter \_\_\_\_\_, Laws of 1981]. During each~~  
 12 ~~legislative session, the retirement system administrator~~  
 13 ~~shall submit to the legislature a request for funding the~~  
 14 ~~reimbursement to the counties through a general fund~~  
 15 ~~appropriation or other supplemental funding. If the funding~~  
 16 ~~request is not granted by the legislature, the~~  
 17 ~~cost-of-living increase and minimum monthly benefit~~  
 18 ~~allowance will be reduced to reflect the available funding~~  
 19 ~~provided in subsections (1) and (3) of [section 26].~~

20       ~~NEW SECTION. Section 30. Cost-of-living increase.~~  
 21 ~~(1) The following definitions apply to this section:~~

22       ~~(a) "Index" means for any calendar year, that year's~~  
 23 ~~annual average consumer price index for urban wage earners~~  
 24 ~~and clerical workers, all items (1967=100) compiled by the~~  
 25 ~~bureau of labor statistics, United States department of~~

1 laborv-or-a-successor-agencyv

2 (b)--"Salary"--means--the--salary--for--the--lowest-paid

3 active-member-of-the-game-wardens'-retirement-system-for-the

4 last-month-of-the-same-year-used-in-the-indexv

5 (2)--(a)--Except--as--provided--in--subsection--(2)--of

6 [section--31]v--a--member--of--the--game-wardens'-retirement

7 system-retired-on-or-before-July-1v-1978v-who-is-receiving-a

8 service--or--disability--retirement--allowance--or--his

9 beneficiary--who--is--receiving--a--service--or--disability

10 retirement-allowance-or-his-surviving--spouse--or--dependent

11 child--who-is-receiving-a-survivorship-allowance-is-eligible

12 for-an-increase-in-his-allowance-on-July-1v-1981v--and--on

13 each-July-1--thereafterv

14 (b)--A--member--of--the--game-wardens'-retirement-system

15 retired-after-July-1v-1978v-who-is-receiving--a--service--or

16 disability--retirement--allowance--or-his-beneficiary-who-is

17 receiving-a-service-or-disability--retirement--allowance--or

18 his--surviving--spouse-or-dependent-child-who-is-receiving-a

19 survivorship-allowance-is-eligible-for-an-increase--in--his

20 allowance-onv

21 (i)--July-1--following-the-third-anniversary-date-of-the

22 member's-retirement-and-each-July-1--thereafterv-or

23 (ii)--if--he--retired--on--July-1v-the-third-anniversary

24 date-of-the-member's-retirement-and--each--anniversary--date

25 thereafterv

1 (3)--Except--as--provided--in--subsection--(4)--of--this

2 sectionv-the-increase-in-the-allowance--equals--one-half--of

3 the--salary--multiplied--by--the--ratio-of-a-member's-years-of

4 creditable--service--to--25--multiplied--by--the--average

5 percentage-increase-in-the-index-during-the-previous-3-years

6 or--12%v--whichever--is--lessv--minus--3%--multiplied--by

7 two-thirdsv

8 (4)--The-following-adjustments-apply-to--the--increasesv

9 (a)--The--increase--must--be--based--on--25--years--of

10 creditable-service--for--a--recipient--of--a--disability--or

11 survivorship-allowancev

12 (b)--The--increase--must--be--adjusted-by-the-actuarial

13 factors-determined-by-the--board-for-a-member-or-beneficiary

14 receiving--an--optional--retirement--allowance--or--for--a

15 surviving-spouse-or-dependent-child-receiving-a-survivorship

16 allowancev

17 (c)--The--increase--must--be--adjusted-by-the-actuarial

18 factors-determined-by-the--board-for-a-member-or-beneficiary

19 receiving-an-early-retirement-allowancev

20 (d)--The-increase-in-the-benefit-allowance-must-not--be

21 greater--than--the-percentage-increase-in-the-index-from-the

22 previous-calendar-yearv

23 NEW SECTION. SECTION 16. COST-OF-LIVING INCREASE.

24 (1) EFFECTIVE JULY 1, 1981, EVERY SERVICE OR DISABILITY

25 RETIREMENT ALLOWANCE OR SURVIVORSHIP ALLOWANCE PAYABLE TO A

1 MEMBER OF THE GAME WARDENS' RETIREMENT SYSTEM RETIRED ON OR  
 2 BEFORE JULY 1, 1979, OR HIS BENEFICIARY SHALL BE INCREASED  
 3 BY 50 CENTS FOR EACH YEAR OF A MEMBER'S CREDITABLE SERVICE.

4 (2) EFFECTIVE JULY 1, 1981, EVERY SERVICE OR  
 5 DISABILITY RETIREMENT ALLOWANCE OR SURVIVORSHIP ALLOWANCE  
 6 PAYABLE TO A MEMBER OF THE GAME WARDENS' RETIREMENT SYSTEM  
 7 RETIRED AFTER JULY 1, 1979, BUT ON OR BEFORE JUNE 30, 1981,  
 8 OR HIS BENEFICIARY SHALL BE INCREASED BY 50 CENTS FOR EACH  
 9 YEAR OF A MEMBER'S CREDITABLE SERVICE MULTIPLIED BY A RATIO  
 10 EQUAL TO THE NUMBER OF MONTHS RETIRED AFTER JULY 1, 1979,  
 11 BUT ON OR BEFORE JUNE 30, 1981, AND 2%.

12 NEW SECTION. Section 17. Minimum monthly benefit  
 13 allowance for certain members. (1) (a) ~~Except as provided in~~  
 14 ~~subsection (2) a~~ A member terminated on or before June 30,  
 15 1981, with vested rights who is receiving a service or  
 16 disability retirement allowance or his beneficiary who is  
 17 receiving a service or disability retirement allowance or  
 18 his surviving spouse or dependent child who is receiving a  
 19 survivorship allowance is eligible for a minimum monthly  
 20 benefit allowance based on a ratio of a member's years of  
 21 creditable service to 25 multiplied by ~~\$350~~ \$300 and subject  
 22 to the adjustments listed in subsection (1)(b).

23 (b) The following adjustments apply to the minimum  
 24 monthly benefit allowance:

25 (i) The minimum monthly benefit must be based on 25

1 years of creditable service for a recipient of a disability  
 2 or survivorship allowance.

3 (ii) The minimum monthly benefit must be adjusted by  
 4 the actuarial factors determined by the board for a member  
 5 or beneficiary receiving an optional retirement allowance or  
 6 for a surviving spouse or dependent child receiving a  
 7 survivorship allowance.

8 (iii) The minimum monthly benefit must be adjusted by  
 9 the actuarial factors determined by the board for a member  
 10 or beneficiary receiving an early retirement allowance.

11 (2) A recipient who is eligible for a minimum monthly  
 12 benefit allowance under subsection (1)(a) ~~of this section~~  
 13 ~~and who is also eligible for a cost-of-living-increase under~~  
 14 ~~subsection (2)(a) of [section 30]~~ is entitled to receive the  
 15 ~~greater of the increases, if a member or beneficiary~~  
 16 ~~receives a minimum monthly benefit allowance under this~~  
 17 ~~subsection, he is eligible for a cost-of-living-increase~~  
 18 ~~under subsection (2)(a) of [section 30] beginning the~~  
 19 ~~following year.~~ THIS BENEFIT INCREASE BEFORE HIS ALLOWANCE  
 20 IS ADJUSTED UNDER [SECTION 16].

21 NEW SECTION. Section 32 ~~Funding~~ ~~cost-of-living~~  
 22 ~~increase and minimum monthly benefit allowance.~~ ~~The~~  
 23 ~~cost-of-living-increase provided in [section 30] and the~~  
 24 ~~minimum monthly benefit allowance provided in [section 31]~~  
 25 ~~will be funded by~~

1 (1) an amount equal to 1% of the monthly compensation  
 2 paid to each active member from the member contributions  
 3 collected under 19-8-502;

4 (2) an amount equal to 1% of the annual compensation  
 5 paid to all active members during the preceding year from  
 6 the state contribution collected under 19-8-504; and

7 (3) an amount equal to 1.5% of the annual  
 8 compensation paid to all active members during the preceding  
 9 year from the premium tax collected on insurance sold in  
 10 this state to insure against the risks enumerated in  
 11 19-11-512(2). The state auditor shall make this payment to  
 12 the retirement system administrator after July 1 but before  
 13 September 1 of each year. On or before April 1 of each  
 14 year, the administrator shall notify the state auditor of  
 15 the annual compensation paid to all active members during  
 16 the preceding year.

17 Section 33, Section 19-8-502, MCA, is amended to read:

18 "19-8-502. Member's contributions. Every member is  
 19 required to contribute into the account a sum equal to 7% ~~8%~~  
 20 of his monthly salary, which sum shall be deducted from his  
 21 salary and deposited to his credit in the account."

22 Section 18, Section 19-8-504, MCA, is amended to read:

23 "19-8-504. State's contribution. Each month the state  
 24 treasurer shall pay to the account, out of the department of  
 25 fish, wildlife, and parks moneys, a sum equal to 7% ~~8%~~ 7.15%

1 of the total of all members' salaries, and out of the moneys  
 2 collected as fines and forfeited bonds under the provisions  
 3 of 87-1-601, all such collections until the unfunded  
 4 liability in the account is solvent and a verification  
 5 statement to that effect is given to the state treasurer by  
 6 the board."

7 NEW SECTION Section 35, Cost-of-living increases

8 (1) The following definitions apply to this section:

9 (a) "Index" means, for any calendar year, that year's  
 10 annual average consumer price index for urban wage earners  
 11 and clerical workers, all items (1967-1980) compiled by the  
 12 bureau of labor statistics, United States department of  
 13 labor, or a successor agency.

14 (b) "Salary" means the average salary for the last  
 15 month of the same year used in the index for all newly  
 16 confirmed police officers participating in the municipal  
 17 police officers' retirement system.

18 (2) (a) Except as provided in subsection (2) of  
 19 [section 36], a member of the municipal police retirement  
 20 system retired on or before July 1, 1978, who is receiving a  
 21 service or disability retirement allowance or his  
 22 beneficiary who is receiving a service or disability  
 23 retirement allowance or his surviving spouse or dependent  
 24 child who is receiving a survivorship allowance is eligible  
 25 for an increase in his allowance on July 1, 1981, and on

1 each July 1 thereafter.

2 (b) A member of the municipal police retirement system  
 3 retired after July 1, 1978, who is receiving a service or  
 4 disability retirement allowance or his beneficiary who is  
 5 receiving a service or disability retirement allowance or  
 6 his surviving spouse or dependent child who is receiving a  
 7 survivorship allowance is eligible for an increase in his  
 8 allowance on:

9 (i) July 1 following the third anniversary date of the  
 10 member's retirement and each July 1 thereafter; or

11 (ii) if he retired on July 1, the third anniversary  
 12 date of the member's retirement and each anniversary date  
 13 thereafter.

14 (3) Except as provided in subsection (4) of this  
 15 section, the increase in the allowance equals one-half of  
 16 the salary multiplied by the ratio of a member's years of  
 17 creditable service to 20 multiplied by the average  
 18 percentage increase in the index during the previous 3 years  
 19 or 12% whichever is less, minus 3% multiplied by  
 20 two-thirds.

21 (4) The following adjustments apply to the increase:

22 (a) The increase must be based on 20 years of  
 23 creditable service for a recipient of a disability or  
 24 survivorship allowance.

25 (b) The increase in the benefit allowance must not be

1 greater than the percentage increase in the index from the  
 2 previous calendar year.

3 NEW SECTION. SECTION 19. COST-OF-LIVING INCREASE.

4 (1) EFFECTIVE JULY 1, 1981, EVERY SERVICE OR DISABILITY  
 5 RETIREMENT ALLOWANCE OR SURVIVORSHIP ALLOWANCE PAYABLE TO A  
 6 MEMBER OF THE MUNICIPAL POLICE RETIREMENT SYSTEM RETIRED ON  
 7 OR BEFORE JULY 1, 1979, OR HIS BENEFICIARY SHALL BE  
 8 INCREASED BY 50 CENTS FOR EACH YEAR OF A MEMBER'S CREDITABLE  
 9 SERVICE.

10 (2) EFFECTIVE JULY 1, 1981, EVERY SERVICE OR  
 11 DISABILITY RETIREMENT ALLOWANCE OR SURVIVORSHIP ALLOWANCE  
 12 PAYABLE TO A MEMBER OF THE MUNICIPAL POLICE RETIREMENT  
 13 SYSTEM RETIRED AFTER JULY 1, 1979, BUT ON OR BEFORE JUNE 30,  
 14 1981, OR HIS BENEFICIARY SHALL BE INCREASED BY 50 CENTS FOR  
 15 EACH YEAR OF A MEMBER'S CREDITABLE SERVICE MULTIPLIED BY A  
 16 RATIO EQUAL TO THE NUMBER OF MONTHS RETIRED AFTER JULY 1,  
 17 1979, BUT ON OR BEFORE JUNE 30, 1981, AND 24.

18 NEW SECTION. Section 20. Minimum monthly benefit  
 19 allowance for certain members. (1) (a) Except as provided in  
 20 subsection (2), a member terminated on or before June 30,  
 21 1981, with vested rights who is receiving a service or  
 22 disability retirement allowance or his beneficiary who is  
 23 receiving a service or disability retirement allowance or  
 24 his surviving spouse or dependent child who is receiving a  
 25 survivorship allowance is eligible for a minimum monthly

1 benefit allowance based on the ratio of a member's years of  
2 creditable service to 20 multiplied by \$500 ~~\$450~~ and subject  
3 to the adjustment listed in subsection (1)(b).

4 (b) The minimum monthly benefit must be based on 20  
5 years of creditable service for a recipient of a disability  
6 or survivorship allowance.

7 (2) A recipient who is eligible for a minimum monthly  
8 benefit allowance under subsection (1)(a) of ~~this section~~  
9 ~~and who is also eligible for a cost-of-living increase under~~  
10 ~~subsection (2)(a) of [section 35]~~ is entitled to receive the  
11 ~~greater of the increases if a member or beneficiary~~  
12 ~~receives a minimum monthly benefit allowance under this~~  
13 ~~subsection, he is eligible for a cost-of-living increase~~  
14 ~~under subsection (2)(a) of [section 35] beginning the~~  
15 ~~following year. THIS BENEFIT INCREASE BEFORE HIS ALLOWANCE~~  
16 ~~IS ADJUSTED UNDER [SECTION 19].~~

17 ~~NEW SECTION: Section 37. Funding cost-of-living~~  
18 ~~increase and minimum monthly benefit allowance. The~~  
19 ~~cost-of-living increase provided in [section 35] and the~~  
20 ~~minimum monthly benefit allowance provided in [section 36]~~  
21 ~~will be funded by:~~

22 (1) ~~an amount equal to 1% of the monthly compensation~~  
23 ~~paid to each active member hired on or before June 30, 1980,~~  
24 ~~and 1/2 of 1% of the monthly compensation paid to each~~  
25 ~~active member hired after this date from the member~~

1 ~~contributions collected under 19-9-601~~

2 (2) ~~an amount equal to 1% of the annual compensation~~  
3 ~~paid to all active members during the preceding year from~~  
4 ~~the state contribution collected under 19-9-702~~

5 (3) ~~an amount equal to 1% of the annual compensation~~  
6 ~~paid to all active members during the preceding year from~~  
7 ~~the employer contributions collected under 19-9-703 and~~

8 (4) ~~an amount equal to 1.98% of the annual~~  
9 ~~compensation paid to all active members during the preceding~~  
10 ~~year from the premium tax collected on insurance sold in~~  
11 ~~this state to insure against the risks enumerated in~~  
12 ~~19-11-512(2). The state auditor shall make this payment to~~  
13 ~~the administrator after July 1 but before September 1 of~~  
14 ~~each year. This payment is in addition to the payments made~~  
15 ~~by the state auditor under 19-9-702 and 19-9-1007(3). On or~~  
16 ~~before April 1 of each year the administrator shall notify~~  
17 ~~the state auditor of the annual compensation paid to all~~  
18 ~~active members during the preceding year.~~

19 Section 38. Section 19-9-601, MCA, is amended to read  
20 "19-9-601. Member contributions. The treasurer or  
21 other appropriate official of each employer shall retain  
22 from the monthly compensation of each active member a sum  
23 equal to 6% ~~7%~~ or, in the case of a member first employed by  
24 an employer as a police officer after June 30, 1979, 7 1/2%  
25 ~~8%~~ of his monthly compensation, excluding overtime holiday

1 ~~payments, shift differential payments, compensation, time~~  
 2 ~~payments, and payments in lieu of sick leave and annual~~  
 3 ~~leave for his services as a police officer. The monthly~~  
 4 ~~deduction from the salaries of police officers shall be paid~~  
 5 ~~to the administrator for the purpose of paying the~~  
 6 ~~retirement allowances of retired police officers."~~

7 Section 21. Section 19-9-702, MCA, is amended to read:

8 "19-9-702. State contribution. The state of Montana  
 9 shall make its contributions through the state auditor out  
 10 of the premium tax on motor vehicle property and casualty  
 11 insurance policies. Such payments shall be made annually  
 12 from the gross premium tax after deduction for cancellations  
 13 and returned premiums. The administrator shall notify the  
 14 auditor of the annual compensation paid to all active  
 15 members during the preceding year, and the state's  
 16 contribution shall be ~~14%~~ ~~15%~~ 14.04% of such compensation."

17 Section 22. Section 19-9-703, MCA, is amended to read:

18 "19-9-703. Employer contribution. Each employer shall  
 19 make its contribution on behalf of members through the city  
 20 treasurer or other appropriate official out of moneys  
 21 available to the city for such purpose. The employer's  
 22 contribution shall be ~~14%~~ 15% of the total monthly  
 23 compensation paid to all active members during the preceding  
 24 month and shall be payable monthly to the administrator."

25 NEW SECTION Section 41~~9~~ Financing increase in

1 employer contributions in compliance with 1-2-112, the  
 2 state shall reimburse the employer for the amount of the  
 3 increase in the employer contribution rate provided in  
 4 [section 40, Chapter \_\_\_\_\_, laws of 1981]. During each  
 5 legislative session the retirement system administrator  
 6 shall submit to the legislature a request for funding the  
 7 reimbursement to the employers through a general fund  
 8 appropriation or other supplemental funding. If the funding  
 9 request is not granted by the legislature, the  
 10 cost of living increase and minimum monthly benefit  
 11 allowance will be reduced to reflect the available funding  
 12 provided in subsections (1), (2), and (4) of [section 37].

13 Section 42~~9~~ Appropriations (1) There is appropriated  
 14 to the department of administration the sum of \$4,500,000  
 15 from the general fund for the biennium ending June 30, 1983,  
 16 for the purpose of funding an automatic cost of living  
 17 increase and a minimum monthly benefit allowance for members  
 18 of the public employees', teachers', sheriffs', and  
 19 municipal police officers' retirement systems.

20 (2) There is appropriated to the department of  
 21 administration the sum of \$4,500,000 from the interest  
 22 earnings on the coal tax trust fund established under  
 23 15-35-108(1) for the biennium ending June 30, 1983, for the  
 24 purpose of funding an automatic cost of living increase and  
 25 a minimum monthly benefit allowance for members of the



1 public employees, teachers, sheriffs and municipal  
2 police officers' retirement systems.

3 Section 43. Codification instruction. (1) Sections 1  
4 through 3 and section 6 are intended to be codified as an  
5 integral part of Title 19, Chapter 3, and the provisions of  
6 Title 19, Chapter 3, apply to sections 1 through 3 and  
7 section 6.

8 (2) Sections 7 through 9 and section 15 are intended  
9 to be codified as an integral part of Title 19, Chapter 4,  
10 and the provisions of Title 19, Chapter 4, apply to sections  
11 7 through 9 and section 15.

12 (3) Sections 16 through 18 are intended to be codified  
13 as an integral part of Title 19, Chapter 6, and the  
14 provisions of Title 19, Chapter 6, apply to sections 16  
15 through 18.

16 (4) Sections 24 through 26 and section 29 are intended  
17 to be codified as an integral part of Title 19, Chapter 7,  
18 and the provisions of Title 19, Chapter 7, apply to sections  
19 24 through 26 and section 29.

20 (5) Sections 30 through 32 are intended to be codified  
21 as an integral part of Title 19, Chapter 8, and the  
22 provisions of Title 19, Chapter 8, apply to sections 30  
23 through 32.

24 (6) Sections 35 through 37 and section 41 are intended  
25 to be codified as an integral part of Title 19, Chapter 9,

1 and the provisions of Title 19, Chapter 9, apply to sections  
2 35 through 37 and section 41.

3 NEW SECTION. SECTION 23. CODIFICATION INSTRUCTION.  
4 (1) SECTIONS 1 AND 2 ARE INTENDED TO BE CODIFIED AS AN  
5 INTEGRAL PART OF TITLE 19, CHAPTER 3, AND THE PROVISIONS OF  
6 TITLE 19, CHAPTER 3, APPLY TO SECTIONS 1 AND 2.

7 (2) SECTIONS 4 AND 5 ARE INTENDED TO BE CODIFIED AS AN  
8 INTEGRAL PART OF TITLE 19, CHAPTER 4, AND THE PROVISIONS OF  
9 TITLE 19, CHAPTER 4, APPLY TO SECTIONS 4 AND 5.

10 (3) SECTIONS 10 AND 11 ARE INTENDED TO BE CODIFIED AS  
11 AN INTEGRAL PART OF TITLE 19, CHAPTER 6, AND THE PROVISIONS  
12 OF TITLE 19, CHAPTER 6, APPLY TO SECTIONS 10 AND 11.

13 (4) SECTIONS 13 AND 14 ARE INTENDED TO BE CODIFIED AS  
14 AN INTEGRAL PART OF TITLE 19, CHAPTER 7, AND THE PROVISIONS  
15 OF TITLE 19, CHAPTER 7, APPLY TO SECTIONS 13 AND 14.

16 (5) SECTIONS 16 AND 17 ARE INTENDED TO BE CODIFIED AS  
17 AN INTEGRAL PART OF TITLE 19, CHAPTER 8, AND THE PROVISIONS  
18 OF TITLE 19, CHAPTER 8, APPLY TO SECTIONS 16 AND 17.

19 (6) SECTIONS 19 AND 20 ARE INTENDED TO BE CODIFIED AS  
20 AN INTEGRAL PART OF TITLE 19, CHAPTER 9, AND THE PROVISIONS  
21 OF TITLE 19, CHAPTER 9, APPLY TO SECTIONS 19 AND 20.

22 SECTION 24. EFFECTIVE DATE. THIS ACT IS EFFECTIVE  
23 JULY 1, 1981.

-End-

## HOUSE BILL NO. 45

INTRODUCED BY VINCENT, EUDAILY, SCHULTZ, MENAHAN, ROUSH

BY REQUEST OF THE STUDY COMMITTEE

ON PUBLIC RETIREMENT SYSTEMS

A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING AN ~~AUTOMATIC~~  
AD HOC COST-OF-LIVING INCREASE IN SERVICE AND DISABILITY  
 RETIREMENT AND SURVIVORSHIP ALLOWANCES PAYABLE TO MEMBERS OF  
 THE PUBLIC EMPLOYEES', TEACHERS', HIGHWAY ~~PATROL~~  
PATROLMEN'S, SHERIFFS', AND GAME WARDENS' RETIREMENT SYSTEMS  
 AND THEIR BENEFICIARIES AND TO MEMBERS OF THE MUNICIPAL  
 POLICE RETIREMENT SYSTEM RETIRED ON OR AFTER JULY 1, 1975,  
 AND THEIR BENEFICIARIES; PROVIDING A MINIMUM MONTHLY BENEFIT  
 ALLOWANCE FOR CERTAIN MEMBERS OF THESE RETIREMENT SYSTEMS  
 AND THEIR BENEFICIARIES; PROVIDING FUNDING FOR THE  
 COST-OF-LIVING INCREASE AND MINIMUM MONTHLY BENEFIT  
 ALLOWANCE; AMENDING SECTIONS 15-1-501, ~~19-3-701~~, 19-3-801,  
~~19-4-602~~, 19-4-605, 19-4-802, 19-4-804, 19-4-1001, 19-6-402,  
~~19-6-404~~, ~~19-7-403~~, 19-7-404, ~~19-8-502~~, 19-8-504, ~~19-9-601~~,  
 19-9-702, AND 19-9-703, ~~AND 61-5-111~~, MCA; AND PROVIDING AN  
EFFECTIVE DATE."

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

~~NEW SECTION~~ Section 15-1-501 Cost-of-living-increase--(1)  
 The following definitions apply to this section:

(a) "Index" means, for any calendar year, that year's  
 annual average consumer price index for urban wage earners  
 and clerical workers, all items (1967-1980) compiled by the  
 bureau of labor statistics, United States department of  
 labor, or a successor agency.

(b) "Salary" means the average salary for all active  
 members of the public employees' retirement system with 5  
 years or more of creditable service on June 30 in the same  
 year used in the index.

(2)(a) Except as provided in subsection (2) of  
 [section 2], a member of the public employees' retirement  
 system retired on or before July 1, 1978, who is receiving a  
 service or disability retirement allowance or his  
 beneficiary who is receiving a service or disability  
 retirement allowance or his surviving spouse or dependent  
 child who is receiving a survivorship allowance is eligible  
 for an increase in his allowance on July 1, 1981, and on  
 each July 1 thereafter.

(b) A member of the public employees' retirement  
 system retired after July 1, 1978, who is receiving a  
 service or disability retirement allowance or his  
 beneficiary who is receiving a service or disability  
 retirement allowance or his surviving spouse or dependent  
 child who is receiving a survivorship allowance is eligible  
 for an increase in his allowance on:

1 (i) ~~July 1 following the third anniversary date of the~~  
 2 ~~member's retirement and each July 1 thereafter) or~~

3 (ii) ~~if he retired on July 1, the third anniversary~~  
 4 ~~date of the member's retirement and each anniversary date~~  
 5 ~~thereafter.~~

6 (3) ~~Except as provided in subsection (4) of this~~  
 7 ~~section, the increase in the allowance equals one-half of~~  
 8 ~~the salary multiplied by the ratio of a member's years of~~  
 9 ~~creditable service to 30 multiplied by the average~~  
 10 ~~percentage increase in the index during the previous 3 years~~  
 11 ~~or 12% whichever is less, minus 3% multiplied by~~  
 12 ~~two-thirds.~~

13 (4) ~~The following adjustments apply to the increase:~~

14 (a) ~~The increase must be based on 30 years of~~  
 15 ~~creditable service for a recipient of a disability or~~  
 16 ~~survivorship allowance.~~

17 (b) ~~The increase must be adjusted by the actuarial~~  
 18 ~~factors determined by the board for a member or beneficiary~~  
 19 ~~receiving an optional retirement allowance or for a~~  
 20 ~~surviving spouse or dependent child receiving a survivorship~~  
 21 ~~allowance.~~

22 (c) ~~The increase must be adjusted by the actuarial~~  
 23 ~~factors determined by the board for a member or beneficiary~~  
 24 ~~receiving an early retirement allowance.~~

25 (d) ~~The increase in the benefit allowance must not be~~

1 ~~greater than the percentage increase in the index from the~~  
 2 ~~previous calendar year.~~

3 NEW SECTION. SECTION 1. COST-OF-LIVING INCREASE. (1)  
 4 EFFECTIVE JULY 1, 1981, EVERY SERVICE OR DISABILITY  
 5 RETIREMENT ALLOWANCE OR SURVIVORSHIP ALLOWANCE PAYABLE TO A  
 6 MEMBER OF THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM RETIRED ON  
 7 OR BEFORE JULY 1, 1979, OR HIS BENEFICIARY SHALL BE  
 8 INCREASED BY 50 CENTS FOR EACH YEAR OF A MEMBER'S CREDITABLE  
 9 SERVICE.

10 (2) EFFECTIVE JULY 1, 1981, EVERY SERVICE OR  
 11 DISABILITY RETIREMENT ALLOWANCE OR SURVIVORSHIP ALLOWANCE  
 12 PAYABLE TO A MEMBER OF THE PUBLIC EMPLOYEES' RETIREMENT  
 13 SYSTEM RETIRED AFTER JULY 1, 1979, BUT ON OR BEFORE JUNE 30,  
 14 1981, OR HIS BENEFICIARY SHALL BE INCREASED BY 50 CENTS FOR  
 15 EACH YEAR OF A MEMBER'S CREDITABLE SERVICE MULTIPLIED BY A  
 16 RATIO EQUAL TO THE NUMBER OF MONTHS RETIRED AFTER JULY 1,  
 17 1979, BUT ON OR BEFORE JUNE 30, 1981, AND 24.

18 NEW SECTION. Section 2. Minimum monthly benefit  
 19 allowance for certain members. (1) (a) Except as provided in  
 20 subsection (2), a member terminated on or before June 30,  
 21 1981, with vested rights who is receiving a service or  
 22 disability retirement allowance or his beneficiary who is  
 23 receiving a service or disability retirement allowance or  
 24 his surviving spouse or dependent child who is receiving a  
 25 survivorship allowance is eligible for a minimum monthly

1 benefit allowance based on the ratio of a member's years of  
2 creditable service to 30 multiplied by \$350 ~~\$300~~ and subject  
3 to the adjustments listed in subsection (1)(b).

4 (b) The following adjustments apply to the minimum  
5 monthly benefit allowance:

6 (i) The minimum monthly benefit must be based on 30  
7 years of creditable service for a recipient of a disability  
8 or survivorship allowance.

9 (ii) The minimum monthly benefit must be adjusted by  
10 the actuarial factors determined by the board for a member  
11 or beneficiary receiving an optional retirement allowance or  
12 for a surviving spouse or dependent child receiving a  
13 survivorship allowance.

14 (iii) The minimum monthly benefit must be adjusted by  
15 the actuarial factors determined by the board for a member  
16 or beneficiary receiving an early retirement allowance.

17 (iv) The benefit must be multiplied by a ratio equal to  
18 the member's final average salary to \$4,800 (such ratio not  
19 to exceed 1) for elected officials, Montana national  
20 guardsmen, and independent contractors.

21 (2) A recipient who is eligible for a minimum monthly  
22 benefit allowance under subsection (1)(a) of this section  
23 and who is also eligible for a cost-of-living increase under  
24 subsection (2)(a) of [section 1] is entitled to receive the  
25 greater of the increases, if a member or beneficiary

1 receives a minimum monthly benefit allowance under this  
2 subsection, he is eligible for a cost-of-living increase  
3 under subsection (2)(a) of [section 1] beginning the  
4 following year. THIS BENEFIT INCREASE BEFORE HIS ALLOWANCE  
5 IS ADJUSTED UNDER [SECTION 1].

6 NEW SECTION: Section 3 - Funding - - - - - cost-of-living  
7 increase - - - and - - - minimum - - - monthly - - - benefit - - - allowance - - - The  
8 cost-of-living increase provided in [section 1] and the  
9 minimum - - - monthly - - - benefit - - - allowance provided in [section 2]  
10 will be funded by:

11 (1) - - - an amount equal to 1% of the monthly compensation  
12 paid to each active member from the member contributions  
13 collected under 19-3-701;

14 (2) - - - an amount equal to 1% of the annual compensation  
15 paid to all active members during the preceding year from  
16 the employer contributions collected under 19-3-801; and

17 (3) - - - a general fund appropriation or other supplemental  
18 funding source. - - - During each legislative session, the  
19 retirement system administrator shall submit to the  
20 legislature a request for funding the cost-of-living  
21 increase and minimum monthly benefit allowance through a  
22 general fund appropriation or other supplemental funding  
23 source. - - - If the funding request is not granted by the  
24 legislature, the cost-of-living increase and minimum monthly  
25 benefit allowance will be reduced to reflect the available

1 funding provided by the member and employer contributions in  
2 subsections (1) and (2) of this section.

3 Section 4. Section 19-3-701, MCA, is amended to read:  
4 "19-3-701. Member's contribution to be deducted. The  
5 normal contribution of each member shall be equal to 6% ~~7%~~  
6 of his compensation. The chief administrative officer of  
7 each employer shall deduct the contribution from the  
8 compensation of each member and remit the total of the  
9 contributions to the board. Payment of salaries or wages  
10 less the contribution shall be full and complete discharge  
11 and acquittance of all claims and demands whatsoever for the  
12 service rendered by members during the period covered by the  
13 payments, except their claims to the benefits to which they  
14 may be entitled under the provisions of this chapter."

15 Section 3. Section 19-3-801, MCA, is amended to read:  
16 "19-3-801. Employer contribution rates -- actuarial  
17 determination. (1) Each employer shall contribute to the  
18 cost of benefits under the system. The amount of the  
19 employer contributions shall be computed by applying to  
20 member's compensation the sum of the current service  
21 contribution rate and the unfunded liability contribution  
22 rate. The sum of these rates shall be 5.90 ~~6.90~~ 6.02% from  
23 July 1, 1978 1981, and thereafter.

24 (2) The actuary shall determine the current service  
25 contribution rate to be that level percentage of the present

1 value of the future compensation of the average new member  
2 entering the system which equals the then present value of  
3 the excess of all prospective benefits in respect of such  
4 member over the member's own normal contributions.

5 (3) The actuary shall determine the minimum unfunded  
6 liability contribution rate to be that level percentage of  
7 the present value of the prospective compensation of all  
8 members for the 40-year period following the date of the  
9 determination which is equal to the unfunded liability on  
10 that date. The unfunded liability at any time is the excess  
11 of the present value of all future benefits payable in  
12 respect of all persons then entitled to benefits under the  
13 system over the sum of the retirement fund and the present  
14 values of the future current service contributions and  
15 normal contributions payable in respect of all such  
16 persons."

17 ~~NEW SECTION~~ Section 6. Financing. Increase in  
18 employer contribution rate for contracting employers. In  
19 compliance with 1-2-112, the state shall reimburse the  
20 contracting employer for the amount of the increase in the  
21 employer contribution rate provided in [section 5, Chapter  
22 ---, Laws of 1981]. During each legislative session, the  
23 retirement system administrator shall submit to the  
24 legislature a request for funding the reimbursement to the  
25 contracting employers through a general fund appropriation

1 or other supplemental funding if the funding request is not  
2 granted by the legislature, the cost-of-living increase and  
3 minimum monthly benefit allowance will be reduced to reflect  
4 the available funding provided in subsections (1) and (3) of  
5 [section 3].

6 NEW SECTION. Section 7. Cost-of-living increases. (1)  
7 The following definitions apply to this section:

8 (a) "Index" means, for any calendar year, that year's  
9 annual average consumer price index for urban wage earners  
10 and clerical workers, all items (1967-1980) compiled by the  
11 bureau of labor statistics, United States department of  
12 labor or a successor agency.

13 (b) "Salary" means the average salary for all active  
14 members of the teachers' retirement system for the last  
15 month of the same year used in the index.

16 (2) (a) Except as provided in subsection (2) of  
17 [section 8], a member of the teachers' retirement system  
18 retired on or before July 1, 1978, who is receiving a  
19 service or disability retirement allowance or his  
20 beneficiary who is receiving a service or disability  
21 retirement allowance other than a death benefit under  
22 19-4-1001(4) or his surviving spouse or dependent child who  
23 is receiving a survivorship allowance is eligible for an  
24 increase in his allowance on July 1, 1981, and on each July  
25 1 thereafter.

1 (b) A member of the teachers' retirement system  
2 retired after July 1, 1978, who is receiving a service or  
3 disability retirement allowance or his beneficiary who is  
4 receiving a service or disability retirement allowance other  
5 than a death benefit under 19-4-1001(4) or his surviving  
6 spouse or dependent child who is receiving a survivorship  
7 allowance is eligible for an increase in his allowance on

8 (i) July 1 following the third anniversary date of the  
9 member's retirement and each July 1 thereafter, or

10 (ii) if he retired on July 1, the third anniversary  
11 date of the member's retirement and each anniversary date  
12 thereafter.

13 (3) Except as provided in subsection (4) of this  
14 section, the increase in the allowance equals one-half of  
15 the salary multiplied by the ratio of a member's years of  
16 creditable service to 30 multiplied by the average  
17 percentage increase in the index during the previous 3 years  
18 or 12%, whichever is less, minus 3% multiplied by  
19 two-thirds.

20 (4) The following adjustments apply to the increase:

21 (a) The increase must be based on 30 years of  
22 creditable service for a recipient of a disability or  
23 survivorship allowance.

24 (b) The increase must be adjusted by the actuarial  
25 factors determined by the retirement board for a member or

1 beneficiary--receiving--an--optional--retirement--allowance--or  
 2 for--a--surviving--spouse--or--dependent--child--receiving--a  
 3 survivorship--allowance.

4 (c)--The--increase--must--be--adjusted--by--the--actuarial  
 5 factors--determined--by--the--retirement--board--for--a--member--or  
 6 beneficiary--receiving--an--early--retirement--allowance.

7 (d)--The--increase--in--the--benefit--allowance--must--not--be  
 8 greater--than--the--percentage--increase--in--the--index--from--the  
 9 previous--calendar--years.

10 NEW SECTION. SECTION 4. COST-OF-LIVING INCREASE. (1)  
 11 EFFECTIVE JULY 1, 1981, EVERY SERVICE OR DISABILITY  
 12 RETIREMENT ALLOWANCE OR SURVIVORSHIP ALLOWANCE PAYABLE TO A  
 13 MEMBER OF THE TEACHERS' RETIREMENT SYSTEM RETIRED ON OR  
 14 BEFORE JULY 1, 1979, OR HIS BENEFICIARY SHALL BE INCREASED  
 15 BY 50 CENTS FOR EACH YEAR OF A MEMBER'S CREDITABLE SERVICE.

16 (2) EFFECTIVE JULY 1, 1981, EVERY SERVICE OR  
 17 DISABILITY RETIREMENT ALLOWANCE OR SURVIVORSHIP ALLOWANCE  
 18 PAYABLE TO A MEMBER OF THE TEACHERS' RETIREMENT SYSTEM  
 19 RETIRED AFTER JULY 1, 1979, BUT ON OR BEFORE JUNE 30, 1981,  
 20 OR HIS BENEFICIARY SHALL BE INCREASED BY 50 CENTS FOR EACH  
 21 YEAR OF A MEMBER'S CREDITABLE SERVICE MULTIPLIED BY A RATIO  
 22 EQUAL TO THE NUMBER OF MONTHS RETIRED AFTER JULY 1, 1979,  
 23 BUT ON OR BEFORE JUNE 30, 1981, AND 24.

24 NEW SECTION. Section 5. Minimum monthly benefit  
 25 allowance for certain members. (1) (a) Except-as-provided-in

1 subsection--(2)--a A member terminated on or before June 30,  
 2 1981, with vested rights who is receiving a service or  
 3 disability retirement allowance or his beneficiary who is  
 4 receiving a service or disability retirement allowance or  
 5 his surviving spouse or dependent child who is receiving a  
 6 survivorship allowance is eligible for a minimum monthly  
 7 benefit allowance based on the ratio of a member's years of  
 8 creditable service to 30 multiplied by ~~4350~~ 3300 and subject  
 9 to the adjustments listed in subsection (1)(b).

10 (b) The following adjustments apply to the minimum  
 11 monthly benefit allowance:

12 (i) The minimum monthly benefit must be based on 30  
 13 years of creditable service for a recipient of a disability  
 14 or survivorship allowance.

15 (ii) The minimum monthly benefit must be adjusted by  
 16 the actuarial factors determined by the retirement board for  
 17 a member or beneficiary receiving an optional retirement  
 18 allowance or for a surviving spouse or dependent child  
 19 receiving a survivorship allowance.

20 (iii) The minimum monthly benefit must be adjusted by  
 21 the actuarial factors determined by the retirement board for  
 22 a member or beneficiary receiving an early retirement  
 23 allowance.

24 (2) A recipient who is eligible for a minimum monthly  
 25 benefit allowance under subsection (1)(a) of--this--section

1 and who is also eligible for a cost-of-living increase under  
 2 subsection (2)(a) of [section 7] is entitled to receive the  
 3 greater of the increases. If a member or beneficiary  
 4 receives a minimum monthly benefit allowance under this  
 5 subsection, he is eligible for a cost-of-living increase  
 6 under subsection (2)(a) of [section 7] beginning the  
 7 following year. THIS BENEFIT INCREASE BEFORE HIS ALLOWANCE  
 8 IS ADJUSTED UNDER [SECTION 4].

9 NEW SECTION. Section 9, Funding, cost-of-living  
 10 increase and minimum monthly benefit allowance. The  
 11 cost-of-living increase provided in [section 7] and the  
 12 minimum monthly benefit allowance provided in [section 8]  
 13 will be funded by:

14 (1) an amount equal to 1% of the monthly compensation  
 15 paid to each active member from the member contributions  
 16 collected under 19-4-602;

17 (2) an amount equal to 1% of the annual compensation  
 18 paid to all active members during the preceding year from  
 19 the employer contributions collected under 19-4-605; and

20 (3) a general fund appropriation or other supplemental  
 21 funding source. During each legislative session, the  
 22 retirement system administrator shall submit to the  
 23 legislature a request for funding the cost-of-living  
 24 increase and minimum monthly benefit allowance through a  
 25 general fund appropriation or other supplemental funding

1 source if the funding request is not granted by the  
 2 legislature, the cost-of-living increase and minimum monthly  
 3 benefit allowance will be reduced to reflect the available  
 4 funding provided by the member and employer contributions in  
 5 subsections (1) and (2) of this section.

6 Section 6. Section 19-4-804, MCA, is amended to read:

7 "19-4-804. Allowance for superannuation retirement.

8 (1) Upon superannuation retirement a member shall receive a  
 9 retirement allowance consisting of a pension which, together  
 10 with an annuity, provides a retirement allowance equal to  
 11 one-sixtieth of his average final compensation multiplied by  
 12 the number of years of creditable service.

13 (2) The minimum annual retirement allowance for a  
 14 member who has 30 or more years of creditable service is  
 15 \$2,400 and the minimum retirement allowance for a member  
 16 whose creditable service is less than 30 years is based on  
 17 an amount which bears the same ratio to \$2,400 as his  
 18 service bears to 30 years.

19 (3) (2) Any retired member may be employed as a  
 20 part-time or substitute teacher in Montana and may earn,  
 21 without loss of retirement benefits, the greater of an  
 22 amount not to exceed one-fourth of his average final  
 23 compensation and one-fourth of the median of the average  
 24 final compensation for members retired during the preceding  
 25 fiscal year as determined by the retirement board."



1 Section 7. Section 19-4-802, MCA, is amended to read:

2 "19-4-802. Early retirement. (1) A member who has at  
3 least 5 years of creditable service, whose last 5 years of  
4 creditable service were in this state, and who has attained  
5 the age of 55 may retire from service and be eligible for an  
6 early retirement allowance if he files with the retirement  
7 board his written application setting forth the fact of his  
8 retirement.

9 (2) The early retirement allowance shall be determined  
10 as prescribed in 19-4-804(1) and (2) [section 8 5], with the  
11 exception that the allowance will be reduced by 1/2 of 1%  
12 multiplied by the number of months by which the retirement  
13 date precedes the date on which he would have retired had he  
14 attained 60 years of age or had he completed 30 years of  
15 creditable service."

16 Section 8. Section 19-4-1001, MCA, is amended to read:

17 "19-4-1001. Allowances for death of member. (1) If a  
18 member dies before retirement, his accumulated contributions  
19 shall be paid to his estate or such person as he may have  
20 nominated by a written designation filed with the retirement  
21 board prior to his death in the manner prescribed by the  
22 board.

23 (2) (a) In lieu of benefits provided for in subsection  
24 (1), if the deceased member qualified by reason of service  
25 for a retirement benefit, the beneficiary nominated by the

1 deceased member may elect to receive a monthly life annuity.

2 The monthly life annuity shall be determined as prescribed  
3 in 19-4-802, and 19-4-804(1) and (2) [section 8 5] in the  
4 same manner as if the member elected option A provided for  
5 in 19-4-702(2)(a).

6 (b) In the event payments made to an annuitant do not  
7 equal the amount of the member's accumulated contributions  
8 prior to the annuitant's death, the difference between the  
9 total annuity payments made and the amount of the  
10 accumulated contributions shall be paid to the beneficiary.

11 (3) If the deceased member had 5 or more years of  
12 creditable service and was an active member in the state of  
13 Montana within 1 year prior to his death, a lump-sum death  
14 benefit of \$500 is payable to his designated beneficiary.

15 (4) If a deceased member had 5 or more years of  
16 creditable service and was an active member in the state of  
17 Montana within 1 year prior to his death, the sum of \$100  
18 per month shall be paid to each minor child of the deceased  
19 member until such child reaches his 18th birthday."

20 ~~Section 13. Section 19-4-602, MCA, is amended to read:~~

21 ~~"19-4-602. Annuity savings fund. Member's~~  
22 ~~contributions. The annuity savings fund is a fund in which~~  
23 ~~the contributions from the members to provide for their~~  
24 ~~annuities shall be accumulated in individual accounts for~~  
25 ~~each member. Contributions to and payments from the annuity~~

1 savings fund shall be made in the following manner:

2 (1) Each employer shall deduct from the compensation  
3 of each active member on the payroll for each payroll period  
4 on and subsequent to the date on which the member became a  
5 member an amount equal to ~~6.187%~~ 7.187% of the member's  
6 earned compensation.

7 (2) The deductions shall be made notwithstanding that  
8 the minimum compensation provided by law for a member may be  
9 reduced thereby. Every member is considered to consent to  
10 the deductions prescribed by this section and payment of  
11 salary or compensation less the deductions is a complete  
12 discharge of all claims whatsoever for the services rendered  
13 by the member during the period covered by the payments  
14 except as to the benefits provided by the retirement systems.

15 (3) In addition to the contributions deducted from  
16 compensation and subject to the approval of the retirement  
17 board, any member may redeposit in the annuity savings fund  
18 by a single payment or by an increased rate of contribution  
19 an amount equal to any accumulated contributions which he  
20 has previously withdrawn plus interest in the amount the  
21 contributions would have earned had the contributions not  
22 been withdrawn.

23 (4) The accumulated contributions of a member  
24 withdrawn by him or paid to his estate or to his designated  
25 beneficiary in event of his death shall be paid from the

1 annuity savings fund. Upon the retirement of a member, his  
2 accumulated contributions shall be transferred from the  
3 annuity savings fund to the annuity reserve fund.

4 Section 9. Section 19-4-605, MCA, is amended to read:  
5 "19-4-605. Pension accumulation fund -- employer's  
6 contribution. The pension accumulation fund is the fund in  
7 which the reserves for payment of pensions shall be  
8 accumulated and from which pensions and benefits in lieu  
9 thereof shall be paid to or on account of beneficiaries  
10 credited with prior service. Contributions to and payments  
11 from the pension accumulation fund shall be made as follows:

12 (1) Each employer shall pay into the pension  
13 accumulation fund an amount equal to ~~6.312%~~ 7.312% 6.432% of  
14 the earned compensation of each member employed during the  
15 whole or part of the preceding payroll period.

16 (2) If the employer is a district or community college  
17 district, the trustees shall budget and pay for the  
18 employer's contribution under the provisions of 20-9-501.

19 (3) If the employer is the superintendent of public  
20 instruction, a public institution of the state of Montana, a  
21 unit of the Montana university system, or the Montana state  
22 school for the deaf and blind, the legislature shall  
23 appropriate to the employer an adequate amount to allow the  
24 payment of the employer's contribution.

25 (4) If the employer is a county, the county

1 commissioners shall budget and pay for the employer's  
2 contribution in the manner provided by law for the adoption  
3 of a county budget and for payments under the budget.

4 (5) All interest and other earnings realized on the  
5 moneys of the retirement system shall be credited to the  
6 pension accumulation fund, and the amounts required to allow  
7 regular interest on the annuity savings fund and the annuity  
8 reserve fund shall be transferred to the respective funds  
9 from the pension accumulation fund.

10 (6) All pensions and benefits in lieu thereof shall be  
11 paid from the pension accumulation fund.

12 (7) The retirement board may, in its discretion,  
13 transfer to and from the pension accumulation fund the  
14 amount of any surplus or deficit which may develop in the  
15 reserve creditable to the annuity reserve fund, as shown by  
16 actuarial valuation, and also an amount to cover expenses of  
17 administration."

18 ~~NEW-SECTION~~ Section-15--financing--increase--in  
19 employer--contribution--rate--for--school--districts--in  
20 compliance-with--i-2-112--the--state--shall--reimburse--the  
21 school--district--for--the--amount--of--the--increase--in--the  
22 employer--contribution--rate--provided--in--[section-14--Chapter  
23 ---v--laws--of--1981]--During--each--legislative--session--the  
24 retirement--system--administrator--shall--submit--to--the  
25 legislature--a--request--for--funding--the--reimbursement--to--the

1 school--districts--through--a--general--fund--appropriation--or  
2 other--supplemental--fundings--if--the--funding--request--is--not  
3 granted--by--the--legislature--the--cost--of--living--increase--and  
4 minimum--monthly--benefit--allowance--will--be--reduced--to--reflect  
5 the--available--funding--provided--in--subsections--(1)--and--(3)--of  
6 [section-9]v

7 ~~NEW-SECTION~~ Section-16--Cost-of-living--increase  
8 (1)--The--following--definitions--apply--to--this--section:

9 (a)--"index"--means--for--any--calendar--year--that--year's  
10 annual--average--consumer--price--index--for--urban--wage--earners  
11 and--clerical--workers--all--items--(1967--=--100)--compiled--by--the  
12 bureau--of--labor--statistics--United--States--department--of  
13 labor--or--a--successor--agencyv

14 (b)--"Salary"--means--the--salary--for--the--lowest--paid  
15 active--member--of--the--highway--patrol--retirement--system--for  
16 the--last--month--of--the--same--year--used--in--the--indexv

17 (2)--(a)--Except--as--provided--in--subsection--(2)--of  
18 [section-17]v--the--following--recipients--are--eligible--for--an  
19 increase--in--their--highway--patrol--retirement--or--survivorship  
20 allowances:

21 (i)--a--member--with--20--years--or--more--of--creditable  
22 service--or--his--beneficiary--who--is--receiving--a--service  
23 retirement--allowancev

24 (ii)--a--member--compelled--to--retire--under--19-6-584--with  
25 less--than--20--years--of--creditable--service--or--his--beneficiary

1 who is receiving a service retirement allowance;

2 (iii) a member or his beneficiary who is receiving a

3 disability retirement allowance; and

4 (iv) a member's surviving spouse or dependent child who

5 is receiving a survivorship allowance;

6 (b) A member of the highway patrol retirement system

7 retired on or before July 1, 1978, or his beneficiary,

8 surviving spouse or dependent child who is eligible for an

9 increase in his allowance under subsection (2)(a) is

10 entitled to receive the increase on July 1, 1981, and on

11 each July 1 thereafter;

12 (c) A member of the highway patrol retirement system

13 retired after July 1, 1978, or his beneficiary, surviving

14 spouse or dependent child who is eligible for an increase

15 in his allowance under subsection (2)(a) is entitled to

16 receive the increase on:

17 (i) July 1 following the third anniversary date of the

18 member's retirement and each July 1 thereafter; or

19 (ii) if he retired on July 1, the third anniversary

20 date of the member's retirement and each anniversary date

21 thereafter;

22 (3) Except as provided in subsection (4) of this

23 section, the increase in the allowance equals one-half of

24 the salary multiplied by the ratio of a member's years of

25 creditable service to 25 multiplied by the average

1 percentage increase in the index during the previous 3 years

2 or 12% whichever is less, minus 3% multiplied by

3 two-thirds;

4 (4) The following adjustments apply to the increase:

5 (a) The increase must be based on 25 years of

6 creditable service for a recipient of a disability or

7 survivorship allowance;

8 (b) The increase must be adjusted by the actuarial

9 factors determined by the board for a member or beneficiary

10 receiving an optional retirement allowance or for a

11 surviving spouse or dependent child receiving a survivorship

12 allowance;

13 (c) The increase must be adjusted by the actuarial

14 factors determined by the board for a member or beneficiary

15 receiving an early retirement allowance;

16 (d) The increase in the benefit allowance must not be

17 greater than the percentage increase in the index from the

18 previous calendar year;

19 NEW SECTION. SECTION 10. COST-OF-LIVING INCREASE.

20 (1) EFFECTIVE JULY 1, 1981, EVERY SERVICE OR DISABILITY

21 RETIREMENT ALLOWANCE OR SURVIVORSHIP ALLOWANCE PAYABLE TO A

22 MEMBER OF THE HIGHWAY PATROLMEN'S RETIREMENT SYSTEM RETIRED

23 ON OR BEFORE JULY 1, 1979, OR HIS BENEFICIARY SHALL BE

24 INCREASED BY 50 CENTS FOR EACH YEAR OF A MEMBER'S CREDITABLE

25 SERVICE.

1 (2) EFFECTIVE JULY 1, 1981, EVERY SERVICE OR  
 2 DISABILITY RETIREMENT ALLOWANCE OR SURVIVORSHIP ALLOWANCE  
 3 PAYABLE TO A MEMBER OF THE HIGHWAY PATROLMEN'S RETIREMENT  
 4 SYSTEM RETIRED AFTER JULY 1, 1979, BUT ON OR BEFORE JUNE 30,  
 5 1981, OR HIS BENEFICIARY SHALL BE INCREASED BY 50 CENTS FOR  
 6 EACH YEAR OF A MEMBER'S CREDITABLE SERVICE MULTIPLIED BY A  
 7 RATIO EQUAL TO THE NUMBER OF MONTHS RETIRED AFTER JULY 1,  
 8 1979, BUT ON OR BEFORE JUNE 30, 1981, AND 24.

9 NEW SECTION. Section 11. Minimum monthly benefit  
 10 allowance for certain members. (1) (a) ~~Except as provided in~~  
 11 ~~subsection (2)(v) a~~ A member terminated on or before June 30,  
 12 1981, with vested rights who is receiving a service or  
 13 disability retirement allowance or his beneficiary who is  
 14 receiving a service or disability retirement allowance or  
 15 his surviving spouse or dependent child who is receiving a  
 16 survivorship allowance is eligible for a minimum monthly  
 17 benefit allowance based on the ratio of a member's years of  
 18 creditable service to 25 multiplied by \$500 ~~\$450~~ and subject  
 19 to the adjustments listed in subsection (1)(b).

20 (b) The following adjustments apply to the minimum  
 21 monthly benefit allowance:

22 (i) The minimum monthly benefit must be based on 25  
 23 years of creditable service for a recipient of a disability  
 24 or survivorship allowance.

25 (ii) The minimum monthly benefit must be adjusted by

1 the actuarial factors determined by the board for a member  
 2 or beneficiary receiving an optional retirement allowance or  
 3 for a surviving spouse or dependent child receiving a  
 4 survivorship allowance.

5 (iii) The minimum monthly benefit must be adjusted by  
 6 the actuarial factors determined by the board for a member  
 7 or beneficiary receiving an early retirement allowance.

8 (2) A recipient who is eligible for a minimum monthly  
 9 benefit allowance under subsection (1)(a) ~~of this section~~  
 10 ~~and who is also eligible for a cost-of-living increase under~~  
 11 ~~subsection (2)(a) of [section 16]~~ is entitled to receive the  
 12 ~~greater of the increases, if a member or beneficiary~~  
 13 ~~receives a minimum monthly benefit allowance under this~~  
 14 ~~subsection, he is eligible for a cost-of-living increase~~  
 15 ~~under subsection (2)(a) of [section 16] beginning the~~  
 16 ~~following year. THIS BENEFIT INCREASE BEFORE HIS ALLOWANCE~~  
 17 IS ADJUSTED UNDER [SECTION 10].

18 NEW SECTION. Section 18. ~~Funding~~ ~~cost-of-living~~  
 19 ~~increase and minimum monthly benefit allowance~~ ~~The~~  
 20 ~~cost-of-living increase provided in [section 16] and the~~  
 21 ~~minimum monthly benefit allowance provided in [section 17]~~  
 22 ~~will be funded by:~~

23 (1) ~~an amount equal to 1% of the monthly compensation~~  
 24 ~~paid to each active member from the member contributions~~  
 25 ~~collected under 19-6-402.~~

1       (2) an amount equal to 1% of the annual compensation  
2 paid to all active members during the preceding year from  
3 the state contributions collected under 19-6-404; and

4       (3) an amount equal to 1.88% of the annual  
5 compensation paid to all active members during the preceding  
6 year from the driver's license fees collected under  
7 61-5-111.

8       Section 19. Section 19-6-402, MCA, is amended to read:  
9       "19-6-402. Member's contributions. Every member shall  
10 be required to contribute into the account a sum equal to  
11 6.1/2% ~~7.1/2%~~ of his monthly salary, which sum shall be  
12 deducted from his salary and deposited to his credit in the  
13 account."

14       Section 12. Section 19-6-404, MCA, is amended to read:  
15       "19-6-404. State's contribution. The state of Montana  
16 shall annually contribute to the account an amount equal to  
17 16% ~~17%~~ 16.57% of the salaries paid to the highway patrolmen  
18 who are covered by this account from the general fund."

19       Section 21. Section 61-5-111, MCA, is amended to read:  
20       "61-5-111. Licenses issued to operators and chauffeurs  
21 ---renewals and expiration--- fees--- disposition--- (1) The  
22 division shall have authority to appoint county treasurers  
23 and other qualified officers to act as its agents for the  
24 sale of driver's licenses, receipts and shall make necessary  
25 rules governing such sales in those areas where the

1       division provides driver licensing services 3 days or more a  
2 week the division is responsible for sale of receipts and  
3 may not appoint an agent. The division upon receipt of  
4 payment of the fees specified in this section shall issue  
5 to every applicant qualifying therefor an operator's or  
6 chauffeur's license as applied for. Such licenses shall  
7 contain a photograph of the licensee in the size and form as  
8 prescribed by the division, a distinguishing number issued  
9 to the licensee, the full name, date of birth, residence  
10 address and a brief description of the licensee, and either  
11 a facsimile of the signature of the licensee or a space upon  
12 which he shall write his signature in pen and ink  
13 immediately upon receipt of the license. No license shall be  
14 valid until it has been so signed by the licensee. Five  
15 percent of the license fees collected by the county  
16 treasurer shall be deposited by the county treasurer for the  
17 use of the county general fund. In the event no agent is  
18 appointed under this section, 5% of the license fees  
19 collected by the division shall be retained by the division  
20 to defray the cost of handling.

21       (2) The division shall, when any person applies for  
22 renewal of an operator's or chauffeur's license, test the  
23 applicant's eyesight and may also in the division's  
24 discretion have the applicant demonstrate his physical  
25 ability to operate and to exercise ordinary and reasonable

1 care in the operation of a motor vehicle, a person shall be  
2 considered to have applied for renewal of a Montana  
3 operator's or chauffeur's license if the application is made  
4 within 3 months of the expiration of his license.

5 (3) Licenses shall expire on the anniversary of the  
6 date of birth of the licensee 4 years or less after the date  
7 of issue.

8 (4) Whenever the division issues an original license  
9 to a person under the age of 18 years, the license shall be  
10 designated and clearly marked as a "provisional license".  
11 Any license so designated and marked may be suspended by the  
12 division for a period of not more than 12 months, when its  
13 records disclose that the licensee subsequent to the  
14 issuance of such license has been guilty of careless or  
15 negligent driving. Upon renewal as applicable to operator's  
16 licenses, the division may, for any reasonable cause as  
17 shown by its records, designate the renewal of the license  
18 as provisional; otherwise, a license in usual form shall be  
19 issued subject to other provisions of the laws of Montana.

20 (5) It shall be unlawful for any person to have in his  
21 possession of, under his control, more than one Montana  
22 operator's or chauffeur's license at any one time. A license  
23 is not valid for the operation of a motorcycle until the  
24 holder thereof has completed the requirements of 61-5-118  
25 and the license has been clearly marked with the words

1 "motorcycle endorsement".

2 (6) Fees for driver's licenses shall be as follows:

3 (a) driver's license ----- \$2 per year or fraction  
4 thereof.

5 (b) motorcycle endorsement ----- 50 cents per year or  
6 fraction thereof.

7 (7) (a) The county treasurer or other agent of the  
8 division collecting such fees shall retain 5% of each fee  
9 for the use of the county general fund and shall transmit  
10 the remainder to the state treasurer, who shall deposit to  
11 the credit of the state general fund all money received by  
12 him from the collection of the fees.

13 (b) The remaining 95% of all money received by the  
14 state treasurer from the collection of the fees is allocated  
15 as follows:

16 (i) 5% to the state traffic education account provided  
17 in 20-7-504;

18 (ii) an amount equal to 1.08% of the annual  
19 compensation paid to all active members of the highway  
20 patrol retirement system during the preceding year to the  
21 highway patrol retirement system agency account as provided  
22 in subsection (3) of section 18; and

23 (iii) the balance, after payments are made in  
24 subsections (i)(b)(i) and (i)(b)(ii), to the credit of the  
25 state general funds."

1 ~~NEW SECTION~~ Section 22v Coordination with ~~Bill~~  
 2 ~~LC-98~~ If ~~Bill~~ ~~LC-98~~ introduced in the  
 3 47th legislature is passed and approved the percentage  
 4 amount stated in 61-5-111(7)(b)(i) shall reflect the  
 5 provisions of ~~Bill~~ ~~LC-98~~ and the code commissioner  
 6 shall codify amendments to 61-5-111 accordingly.

7 Section 23v Section 15-1-501v MCA is amended to read  
 8 "15-1-501v Disposition of moneys from certain  
 9 designated license and other taxes: (1) The state treasurer  
 10 shall deposit to the credit of the state general fund all  
 11 moneys received by him from the collection of:

12 (a) automobile driver's license fees under subsections  
 13 (1) through (6) of 61-5-111, except for fees allocated under  
 14 subsections (7)(b)(i) and (7)(b)(iii) of 61-5-111;

15 (b) electric energy producer's license taxes under  
 16 chapter 51;

17 (c) metalliferous mines license taxes under chapter  
 18 37;

19 (d) oil and gas severance taxes allocated to the  
 20 general fund under chapter 36;

21 (e) liquor license taxes under title 16;

22 (f) telephone license taxes under chapter 53; and

23 (g) inheritance and estate taxes under title 72,  
 24 chapter 16.

25 (2) Seventy-five percent of all moneys received from

1 the collection of income taxes under chapter 30 and  
 2 corporation license and income taxes under chapter 31v  
 3 except as provided in 15-31-702v shall be deposited in the  
 4 general fund subject to the prior pledge and appropriation  
 5 of such income tax and corporation license tax collections  
 6 for the payment of long range building program bonds. The  
 7 remaining 25% of the proceeds of the corporation license  
 8 tax, excluding that allocated to the counties under  
 9 15-31-702v, corporation income tax and income tax shall be  
 10 deposited to the credit of the earmarked revenue fund for  
 11 state equalization aid to the public schools of Montana.

12 (3) The state treasurer shall also deposit to the  
 13 credit of the state general fund all moneys received by him  
 14 from the collection of license taxes, fees, and all net  
 15 revenues and receipts from all other sources under the  
 16 operation of the Montana Alcoholic Beverage Code.

17 ~~NEW SECTION~~ Section 24v Cost of living increase  
 18 (1) The following definitions apply to this section:

19 (a) "index" means for any calendar year that year's  
 20 annual average consumer price index for urban wage earners  
 21 and clerical workers, all items (1967-1980) compiled by the  
 22 bureau of labor statistics, United States department of  
 23 labor, or a successor agency.

24 (b) "salary" means the average salary for all active  
 25 members of the sheriffs' retirement system for the last



1 month-of-the-same-year-used-in-the-index  
 2 (2)--(a) Except--as--provided--in--subsection--(2)--of  
 3 [section-25], a member-of-the--sheriffs'--retirement--system  
 4 retired-on--or--before--July--1,--1978, who-is-receiving-a  
 5 service--or--disability--retirement--allowance--or--his  
 6 beneficiary--who-is--receiving--a--service--or--disability  
 7 retirement-allowance-or-his-surviving-spouse--or--dependent  
 8 child--who-is-receiving-a-survivorship-allowance-is-eligible  
 9 for-an-increase-in-his-allowance-on-July--1,--1981--and--on  
 10 each-July-1--thereafter.  
 11 (b)--A--member--of--the--sheriffs'--retirement--system  
 12 retired-after-July-1,--1978, who-is-receiving--a--service--or  
 13 disability--retirement--allowance--or--his-beneficiary-who-is  
 14 receiving-a-service-or-disability--retirement--allowance--or  
 15 his--surviving--spouse-or-dependent-child-who-is-receiving-a  
 16 survivorship-allowance-is-eligible-for-an-increase--in--his  
 17 allowance-on:  
 18 (i)--July-1--following-the-third-anniversary-date-of-the  
 19 member's-retirement-and-each-July-1--thereafter; or  
 20 (ii)--if--he--retired--on--July-1--the-third-anniversary  
 21 date-of-the-member's-retirement-and-each-anniversary--date  
 22 thereafter.  
 23 (3)--Except--as--provided--in--subsection--(4)--of--this  
 24 section, the-increase-in-the-allowance--equals--one-half--of  
 25 the--salary--multiplied--by--the--ratio-of-a-member's-years-of

1 creditable--service--to--25--multiplied--by--the--average  
 2 percentage-increase-in-the-index-during-the-previous-3-years  
 3 or--12%--whichever--is--less--minus--3%--multiplied--by  
 4 two-thirds.  
 5 (4)--The-following-adjustments-apply-to--the--increases:  
 6 (a)--The--increase--must--be--based--on--25--years--of  
 7 creditable-service-for-a-recipient--of--a--disability--or  
 8 survivorship-allowance.  
 9 (b)--The--increase--must--be--adjusted-by-the-actuarial  
 10 factors-determined-by-the--board-for-a-member-or-beneficiary  
 11 receiving--an--optional--retirement--allowance--or--for--a  
 12 surviving-spouse-or-dependent-child-receiving-a-survivorship  
 13 allowance.  
 14 (c)--The--increase--must--be--adjusted-by-the-actuarial  
 15 factors-determined-by-the--board-for-a-member-or-beneficiary  
 16 receiving-an-early-retirement-allowance.  
 17 (d)--The-increase-in-the-benefit-allowance-must-not--be  
 18 greater--than--the-percentage-increase-in-the-index-from-the  
 19 previous-calendar-year.  
 20 NEW SECTION. SECTION 13. COST-OF-LIVING INCREASE.  
 21 (1) EFFECTIVE JULY 1, 1981, EVERY SERVICE OR DISABILITY  
 22 RETIREMENT ALLOWANCE OR SURVIVORSHIP ALLOWANCE PAYABLE TO A  
 23 MEMBER OF THE SHERIFFS' RETIREMENT SYSTEM RETIRED ON OR  
 24 BEFORE JULY 1, 1979, OR HIS BENEFICIARY SHALL BE INCREASED  
 25 BY 50 CENTS FOR EACH YEAR OF A MEMBER'S CREDITABLE SERVICE.

1       (2) EFFECTIVE JULY 1, 1981, EVERY SERVICE OR  
 2       DISABILITY RETIREMENT ALLOWANCE OR SURVIVORSHIP ALLOWANCE  
 3       PAYABLE TO A MEMBER OF THE SHERIFFS' RETIREMENT SYSTEM  
 4       RETIRED AFTER JULY 1, 1979, BUT ON OR BEFORE JUNE 30, 1981,  
 5       OR HIS BENEFICIARY SHALL BE INCREASED BY 50 CENTS FOR EACH  
 6       YEAR OF A MEMBER'S CREDITABLE SERVICE MULTIPLIED BY A RATIO  
 7       EQUAL TO THE NUMBER OF MONTHS RETIRED AFTER JULY 1, 1979,  
 8       BUT ON OR BEFORE JUNE 30, 1981, AND 24.

9       NEW SECTION. Section 14. Minimum monthly benefit  
 10 allowance for certain members. (1) (a) ~~Except as provided in~~  
 11 ~~subsection (2)(v) a~~ A member terminated on or before June 30,  
 12 1981, with vested rights who is receiving a service or  
 13 disability retirement allowance or his beneficiary who is  
 14 receiving a service or disability retirement allowance or  
 15 his surviving spouse or dependent child who is receiving a  
 16 survivorship allowance is eligible for a minimum monthly  
 17 benefit allowance based on the ratio of a member's years of  
 18 creditable service to 25 multiplied by ~~\$350~~ \$300 and subject  
 19 to the adjustments listed in subsection (1)(b).

20       (b) The following adjustments apply to the minimum  
 21 monthly benefit allowance:

22       (i) The minimum monthly benefit must be based on 25  
 23 years of creditable service for a recipient of a disability  
 24 or survivorship allowance.

25       (ii) The minimum monthly benefit must be adjusted by

1 the actuarial factors determined by the board for a member  
 2 or beneficiary receiving an optional retirement allowance or  
 3 for a surviving spouse or dependent child receiving a  
 4 survivorship allowance.

5       (iii) The minimum monthly benefit must be adjusted by  
 6 the actuarial factors determined by the board for a member  
 7 or beneficiary receiving an early retirement allowance.

8       (2) A recipient who is eligible for a minimum monthly  
 9 benefit allowance under subsection (1)(a) of ~~this section~~  
 10 ~~and who is also eligible for a cost-of-living-increase under~~  
 11 ~~subsection (2)(a) of [section 24]~~ is entitled to receive the  
 12 ~~greater of the increases if a member or beneficiary~~  
 13 ~~receives a minimum monthly benefit allowance under this~~  
 14 ~~subsection, he is eligible for a cost-of-living-increase~~  
 15 ~~under subsection (2)(a) of [section 24] beginning the~~  
 16 ~~following year. THIS BENEFIT INCREASE BEFORE HIS ALLOWANCE~~  
 17 IS ADJUSTED UNDER [SECTION 13].

18       NEW SECTION. Section 26. ~~Funding~~ ~~cost-of-living~~  
 19 ~~increase and minimum monthly benefit allowance. The~~  
 20 ~~cost-of-living-increase provided in [section 24] and the~~  
 21 ~~minimum monthly benefit allowance provided in [section 25]~~  
 22 ~~will be funded by~~

23       ~~(1) an amount equal to 1% of the monthly compensation~~  
 24 ~~paid to each active member from the member contributions~~  
 25 ~~collected under 19-7-403.~~

1        ~~{2}--an amount equal to 1% of the annual compensation~~  
 2        ~~paid to all active members during the preceding year from~~  
 3        ~~the employer contributions collected under 19-7-404 and~~  
 4        ~~{3}--an amount equal to 44% of the annual compensation~~  
 5        ~~paid to all active members during the preceding year from~~  
 6        ~~the premium tax collected on insurance sold in this state to~~  
 7        ~~insure against the risks enumerated in 19-11-512(2). The~~  
 8        ~~state auditor shall make this payment to the retirement~~  
 9        ~~system administrator after July 1 but before September 1 of~~  
 10       ~~each year. On or before April 1 of each year the~~  
 11       ~~administrator shall notify the state auditor of the annual~~  
 12       ~~compensation paid to all active members during the preceding~~  
 13       ~~year.~~

14        Section 27. Section 19-7-403, MCA, is amended to read:  
 15        "19-7-403. Members' contributions deducted. Every  
 16        member shall be required to contribute into the account 7%  
 17        8% of his monthly salary, which shall be deducted from his  
 18        salary and deposited to his credit in the account."

19        Section 15. Section 19-7-404, MCA, is amended to read:  
 20        "19-7-404. Counties' contributions. (1) The various  
 21        counties of Montana shall pay monthly 7.55% ~~8.55%~~ 7.62% of  
 22        each sheriff's gross salary into the retirement account  
 23        created by this chapter.

24        (2) IF THE REQUIRED CONTRIBUTION TO THE RETIREMENT  
 25        SYSTEM EXCEEDS THE FUNDS AVAILABLE TO A COUNTY FROM GENERAL

1        REVENUE SOURCES, A COUNTY MAY BUDGET, LEVY, AND COLLECT  
 2        ANNUALLY A SPECIAL TAX ON THE ASSESSABLE PROPERTY WITHIN THE  
 3        COUNTY THAT IS SUFFICIENT TO RAISE THE AMOUNT OF REVENUE  
 4        NEEDED TO MEET THE COUNTY'S OBLIGATION. THIS TAX MAY BE IN  
 5        ADDITION TO THE ANNUAL RATE OF TAXATION ALLOWED BY LAW TO BE  
 6        LEVIED BY THE COUNTY."

7        ~~NEW SECTION Section 29. Financing. Increase in~~  
 8        ~~counties' contributions. In compliance with 1-2-112, the~~  
 9        ~~state shall reimburse the county for the amount of the~~  
 10       ~~increase in the employer contribution rate provided in~~  
 11       ~~[section 28, Chapter \_\_\_\_\_, Laws of 1981]. During each~~  
 12       ~~legislative session, the retirement system administrator~~  
 13       ~~shall submit to the legislature a request for funding the~~  
 14       ~~reimbursement to the counties through a general fund~~  
 15       ~~appropriation or other supplemental funding. If the funding~~  
 16       ~~request is not granted by the legislature, the~~  
 17       ~~cost-of-living increase and minimum monthly benefit~~  
 18       ~~allowance will be reduced to reflect the available funding~~  
 19       ~~provided in subsections (1) and (3) of [section 26].~~

20        ~~NEW SECTION Section 30. Cost-of-living increase.~~  
 21        ~~(1) The following definitions apply to this section:~~

22        ~~(a) "index" means, for any calendar year, that year's~~  
 23        ~~annual average consumer price index for urban wage earners~~  
 24        ~~and clerical workers, all items (1967-1980) compiled by the~~  
 25        ~~bureau of labor statistics, United States department of~~

laborer or a successor agency.

(b) "Salary" means the salary for the lowest-paid active member of the game wardens' retirement system for the last month of the same year used in the index.

(2) (a) Except as provided in subsection (2) of section 31, a member of the game wardens' retirement system retired on or before July 1, 1978, who is receiving a service or disability retirement allowance or his beneficiary who is receiving a service or disability retirement allowance or his surviving spouse or dependent child who is receiving a survivorship allowance is eligible for an increase in his allowance on July 1, 1981, and on each July 1 thereafter.

(b) A member of the game wardens' retirement system retired after July 1, 1978, who is receiving a service or disability retirement allowance or his beneficiary who is receiving a service or disability retirement allowance or his surviving spouse or dependent child who is receiving a survivorship allowance is eligible for an increase in his allowance on:

(i) July 1 following the third anniversary date of the member's retirement and each July 1 thereafter; or

(ii) if he retired on July 1, the third anniversary date of the member's retirement and each anniversary date thereafter.

(3) Except as provided in subsection (4) of this section, the increase in the allowance equals one-half of the salary multiplied by the ratio of a member's years of creditable service to 25 multiplied by the average percentage increase in the index during the previous 3 years or 12% whichever is less, minus 3% multiplied by two-thirds.

(4) The following adjustments apply to the increases:

(a) The increase must be based on 25 years of creditable service for a recipient of a disability or survivorship allowance.

(b) The increase must be adjusted by the actuarial factors determined by the board for a member or beneficiary receiving an optional retirement allowance or for a surviving spouse or dependent child receiving a survivorship allowance.

(c) The increase must be adjusted by the actuarial factors determined by the board for a member or beneficiary receiving an early retirement allowance.

(d) The increase in the benefit allowance must not be greater than the percentage increase in the index from the previous calendar year.

NEW SECTION. SECTION 16. COST-OF-LIVING INCREASE.

(1) EFFECTIVE JULY 1, 1981, EVERY SERVICE OR DISABILITY RETIREMENT ALLOWANCE OR SURVIVORSHIP ALLOWANCE PAYABLE TO A

1 MEMBER OF THE GAME WARDENS' RETIREMENT SYSTEM RETIRED ON OR  
 2 BEFORE JULY 1, 1979, OR HIS BENEFICIARY SHALL BE INCREASED  
 3 BY 50 CENTS FOR EACH YEAR OF A MEMBER'S CREDITABLE SERVICE.

4 (2) EFFECTIVE JULY 1, 1981, EVERY SERVICE OR  
 5 DISABILITY RETIREMENT ALLOWANCE OR SURVIVORSHIP ALLOWANCE  
 6 PAYABLE TO A MEMBER OF THE GAME WARDENS' RETIREMENT SYSTEM  
 7 RETIRED AFTER JULY 1, 1979, BUT ON OR BEFORE JUNE 30, 1981,  
 8 OR HIS BENEFICIARY SHALL BE INCREASED BY 50 CENTS FOR EACH  
 9 YEAR OF A MEMBER'S CREDITABLE SERVICE MULTIPLIED BY A RATIO  
 10 EQUAL TO THE NUMBER OF MONTHS RETIRED AFTER JULY 1, 1979,  
 11 BUT ON OR BEFORE JUNE 30, 1981, AND 24.

12 NEW SECTION. Section 17. Minimum monthly benefit  
 13 allowance for certain members. (1) (a) ~~Except as provided in~~  
 14 ~~subsection (2)(a)~~ A member terminated on or before June 30,  
 15 1981, with vested rights who is receiving a service or  
 16 disability retirement allowance or his beneficiary who is  
 17 receiving a service or disability retirement allowance or  
 18 his surviving spouse or dependent child who is receiving a  
 19 survivorship allowance is eligible for a minimum monthly  
 20 benefit allowance based on a ratio of a member's years of  
 21 creditable service to 25 multiplied by \$358 ~~\$300~~ and subject  
 22 to the adjustments listed in subsection (1)(b).

23 (b) The following adjustments apply to the minimum  
 24 monthly benefit allowance:

25 (i) The minimum monthly benefit must be based on 25

1 years of creditable service for a recipient of a disability  
 2 or survivorship allowance.

3 (ii) The minimum monthly benefit must be adjusted by  
 4 the actuarial factors determined by the board for a member  
 5 or beneficiary receiving an optional retirement allowance or  
 6 for a surviving spouse or dependent child receiving a  
 7 survivorship allowance.

8 (iii) The minimum monthly benefit must be adjusted by  
 9 the actuarial factors determined by the board for a member  
 10 or beneficiary receiving an early retirement allowance.

11 (2) A recipient who is eligible for a minimum monthly  
 12 benefit allowance under subsection (1)(a) ~~of this section~~  
 13 ~~and who is also eligible for a cost-of-living increase under~~  
 14 ~~subsection (2)(a) of [section 30]~~ is entitled to receive the  
 15 ~~greater of the increases if a member or beneficiary~~  
 16 ~~receives a minimum monthly benefit allowance under this~~  
 17 ~~subsection, he is eligible for a cost-of-living increase~~  
 18 ~~under subsection (2)(a) of [section 30] beginning the~~  
 19 ~~following year. THIS BENEFIT INCREASE BEFORE HIS ALLOWANCE~~  
 20 ~~IS ADJUSTED UNDER [SECTION 16].~~

21 NEW SECTION. Section 32. ~~Funding~~ ~~cost-of-living~~  
 22 ~~increase and minimum monthly benefit allowance.~~ The  
 23 ~~cost-of-living increase provided in [section 30] and the~~  
 24 ~~minimum monthly benefit allowance provided in [section 31]~~  
 25 ~~will be funded by~~

1 (1)--an amount equal to 1% of the monthly compensation  
2 paid to each active member from the member contributions  
3 collected under 19-8-502;

4 (2)--an amount equal to 1% of the annual compensation  
5 paid to all active members during the preceding year from  
6 the state contribution collected under 19-8-504; and

7 (3)--an amount equal to 1.51% of the annual  
8 compensation paid to all active members during the preceding  
9 year from the premium tax collected on insurance sold in  
10 this state to insure against the risks enumerated in  
11 19-11-512(2). The state auditor shall make this payment to  
12 the retirement system administrator after July 1 but before  
13 September 1 of each year on or before April 1 of each  
14 year the administrator shall notify the state auditor of  
15 the annual compensation paid to all active members during  
16 the preceding year.

17 Section 33. Section 19-8-502, MCA, is amended to read:  
18 "19-8-502. Member's contributions. Every member is  
19 required to contribute into the account a sum equal to 7% ~~8%~~  
20 of his monthly salary, which sum shall be deducted from his  
21 salary and deposited to his credit in the account."

22 Section 13. Section 19-8-504, MCA, is amended to read:  
23 "19-8-504. State's contribution. Each month the state  
24 treasurer shall pay to the account, out of the department of  
25 fish, wildlife, and parks moneys, a sum equal to 7% ~~8%~~ 7.15%

1 of the total of all members' salaries, and out of the moneys  
2 collected as fines and forfeited bonds under the provisions  
3 of 37-1-601, all such collections until the unfunded  
4 liability in the account is solvent and a verification  
5 statement to that effect is given to the state treasurer by  
6 the board."

7 NEW SECTION Section 35. Cost-of-living increase.  
8 (1) The following definitions apply to this section:

9 (a) "Index" means for any calendar year that year's  
10 annual average consumer price index for urban wage earners  
11 and clerical workers, all items (1967=100) compiled by the  
12 bureau of labor statistics, United States department of  
13 labor or a successor agency.

14 (b) "Salary" means the average salary for the last  
15 month of the same year used in the index for all newly  
16 confirmed police officers participating in the municipal  
17 police officers' retirement systems.

18 (2) (a) Except as provided in subsection (2) of  
19 [section 36], a member of the municipal police retirement  
20 system retired on or before July 1, 1978, who is receiving a  
21 service or disability retirement allowance or his  
22 beneficiary who is receiving a service or disability  
23 retirement allowance or his surviving spouse or dependent  
24 child who is receiving a survivorship allowance is eligible  
25 for an increase in his allowance on July 1, 1981, and on

1 each July 1 thereafter.

2 (b) A member of the municipal police retirement system

3 retired after July 1, 1978, who is receiving a service or

4 disability retirement allowance or his beneficiary who is

5 receiving a service or disability retirement allowance or

6 his surviving spouse or dependent child who is receiving a

7 survivorship allowance is eligible for an increase in his

8 allowance on:

9 (i) July 1 following the third anniversary date of the

10 member's retirement and each July 1 thereafter; or

11 (ii) if he retired on July 1, the third anniversary

12 date of the member's retirement and each anniversary date

13 thereafter.

14 (j) Except as provided in subsection (4) of this

15 section, the increase in the allowance equals one-half of

16 the salary multiplied by the ratio of a member's years of

17 creditable service to 20 multiplied by the average

18 percentage increase in the index during the previous 3 years

19 or 12% whichever is less, minus 3% multiplied by

20 two-thirds.

21 (4) The following adjustments apply to the increases:

22 (a) The increase must be based on 20 years of

23 creditable service for a recipient of a disability or

24 survivorship allowance.

25 (b) The increase in the benefit allowance must not be

1 greater than the percentage increase in the index from the

2 previous calendar year.

3 NEW SECTION. SECTION 19. COST-OF-LIVING INCREASE.

4 (1) EFFECTIVE JULY 1, 1981, EVERY SERVICE OR DISABILITY

5 RETIREMENT ALLOWANCE OR SURVIVORSHIP ALLOWANCE PAYABLE TO A

6 MEMBER OF THE MUNICIPAL POLICE RETIREMENT SYSTEM RETIRED ON

7 OR AFTER JULY 1, 1975, BUT ON OR BEFORE JULY 1, 1979, OR HIS

8 BENEFICIARY SHALL BE INCREASED BY 50 CENTS FOR EACH YEAR OF

9 A MEMBER'S CREDITABLE SERVICE.

10 (2) EFFECTIVE JULY 1, 1981, EVERY SERVICE OR

11 DISABILITY RETIREMENT ALLOWANCE OR SURVIVORSHIP ALLOWANCE

12 PAYABLE TO A MEMBER OF THE MUNICIPAL POLICE RETIREMENT

13 SYSTEM RETIRED AFTER JULY 1, 1979, BUT ON OR BEFORE JUNE 30,

14 1981, OR HIS BENEFICIARY SHALL BE INCREASED BY 50 CENTS FOR

15 EACH YEAR OF A MEMBER'S CREDITABLE SERVICE MULTIPLIED BY A

16 RATIO EQUAL TO THE NUMBER OF MONTHS RETIRED AFTER JULY 1,

17 1979, BUT ON OR BEFORE JUNE 30, 1981, AND 24.

18 NEW SECTION. Section 20. Minimum monthly benefit

19 allowance for certain members. (1) (a) Except as provided in

20 subsection (2), a member terminated on or before June 30,

21 1981, with vested rights who is receiving a service or

22 disability retirement allowance or his beneficiary who is

23 receiving a service or disability retirement allowance or

24 his surviving spouse or dependent child who is receiving a

25 survivorship allowance is eligible for a minimum monthly

1 benefit allowance based on the ratio of a member's years of  
2 creditable service to 20 multiplied by \$500 \$450 and subject  
3 to the adjustment listed in subsection (1)(b).

4 (b) The minimum monthly benefit must be based on 20  
5 years of creditable service for a recipient of a disability  
6 or survivorship allowance.

7 (2) A recipient who is eligible for a minimum monthly  
8 benefit allowance under subsection (1)(a) ~~of this section~~  
9 ~~and who is also eligible for a cost-of-living-increase under~~  
10 ~~subsection (2)(a) of [section 35]~~ is entitled to receive the  
11 ~~greater of the increases if a member or beneficiary~~  
12 ~~receives a minimum monthly benefit allowance under this~~  
13 ~~subsection if he is eligible for a cost-of-living-increase~~  
14 ~~under subsection (2)(a) of [section 35] beginning the~~  
15 ~~following year. THIS BENEFIT INCREASE BEFORE HIS ALLOWANCE~~  
16 ~~IS ADJUSTED UNDER [SECTION 19].~~

17 ~~NEW SECTION Section 37 Funding cost-of-living~~  
18 ~~increase and minimum monthly benefit allowance. The~~  
19 ~~cost-of-living-increase provided in [section 35] and the~~  
20 ~~minimum monthly benefit allowance provided in [section 36]~~  
21 ~~will be funded by:~~

22 (1) ~~an amount equal to 1% of the monthly compensation~~  
23 ~~paid to each active member hired on or before June 30, 1980~~  
24 ~~and 1/2 of 1% of the monthly compensation paid to each~~  
25 ~~active member hired after this date from the member~~

1 ~~contributions collected under 19-9-601:~~

2 (2) ~~an amount equal to 1% of the annual compensation~~  
3 ~~paid to all active members during the preceding year from~~  
4 ~~the state contribution collected under 19-9-702:~~

5 (3) ~~an amount equal to 1% of the annual compensation~~  
6 ~~paid to all active members during the preceding year from~~  
7 ~~the employer contributions collected under 19-9-703; and~~

8 (4) ~~an amount equal to 1.98% of the annual~~  
9 ~~compensation paid to all active members during the preceding~~  
10 ~~year from the premium tax collected on insurance sold in~~  
11 ~~this state to insure against the risks enumerated in~~  
12 ~~19-11-512(2). The state auditor shall make this payment to~~  
13 ~~the administrator after July 1 but before September 1 of~~  
14 ~~each year. This payment is in addition to the payments made~~  
15 ~~by the state auditor under 19-9-702 and 19-9-1007(3) on or~~  
16 ~~before April 1 of each year. The administrator shall notify~~  
17 ~~the state auditor of the annual compensation paid to all~~  
18 ~~active members during the preceding year.~~

19 Section 38 Section 19-9-601, MEA, is amended to read  
20 "19-9-601 Member contributions. The treasurer or  
21 other appropriate official of each employer shall retain  
22 from the monthly compensation of each active member a sum  
23 equal to 6% 7% or, in the case of a member first employed by  
24 an employer as a police officer after June 30, 1979, 7 1/2%  
25 8% of his monthly compensation, excluding overtime, holiday



1 payments, shift differential payments, compensation time  
 2 payments, and payments in lieu of sick leave and annual  
 3 leave, for his services as a police officer. The monthly  
 4 deduction from the salaries of police officers shall be paid  
 5 to the administrator for the purpose of paying the  
 6 retirement allowances of retired police officers."

7 Section 21. Section 19-9-702, MCA, is amended to read:

8 "19-9-702. State contribution. The state of Montana  
 9 shall make its contributions through the state auditor out  
 10 of the premium tax on motor vehicle property and casualty  
 11 insurance policies. Such payments shall be made annually  
 12 from the gross premium tax after deduction for cancellations  
 13 and returned premiums. The administrator shall notify the  
 14 auditor of the annual compensation paid to all active  
 15 members during the preceding year, and the state's  
 16 contribution shall be ~~14%~~ ~~15%~~ 14.04% of such compensation."

17 Section 22. Section 19-9-703, MCA, is amended to read:

18 "19-9-703. Employer contribution. Each employer shall  
 19 make its contribution on behalf of members through the city  
 20 treasurer or other appropriate official out of moneys  
 21 available to the city for such purpose. The employer's  
 22 contribution shall be ~~14%~~ ~~15%~~ 14.04% of the total monthly  
 23 compensation paid to all active members during the preceding  
 24 month and shall be payable monthly to the administrator."

25 NEW SECTION. Section 41, Financing, is amended to read:

1 employer contributions in compliance with 1-2-112, the  
 2 state shall reimburse the employer for the amount of the  
 3 increase in the employer contribution rate provided in  
 4 [section 40, Chapter \_\_\_\_\_, Laws of 1981]. During each  
 5 legislative session, the retirement system administrator  
 6 shall submit to the legislature a request for funding the  
 7 reimbursement to the employers through a general fund  
 8 appropriation or other supplemental funding. If the funding  
 9 request is not granted by the legislature, the  
 10 cost-of-living increase and minimum monthly benefit  
 11 allowance will be reduced to reflect the available funding  
 12 provided in subsections (1), (2), and (4) of [section 37].

13 Section 42, Appropriations, (1) there is appropriated  
 14 to the department of administration the sum of \$4,500,000  
 15 from the general fund for the biennium ending June 30, 1983,  
 16 for the purpose of funding an automatic cost-of-living  
 17 increase and a minimum monthly benefit allowance for members  
 18 of the public employees', teachers', sheriffs', and  
 19 municipal police officers' retirement systems.

20 (2) there is appropriated to the department of  
 21 administration the sum of \$4,500,000 from the interest  
 22 earnings on the coal tax trust fund established under  
 23 15-35-108(1) for the biennium ending June 30, 1983, for the  
 24 purpose of funding an automatic cost-of-living increase and  
 25 a minimum monthly benefit allowance for members of the

1 public employees, teachers, sheriffs and municipal  
2 police officers' retirement systems.

3 Section 43, Codification instruction (1) Sections 1  
4 through 3 and section 6 are intended to be codified as an  
5 integral part of Title 19, Chapter 3, and the provisions of  
6 Title 19, Chapter 3, apply to sections 1 through 3 and  
7 section 6.

8 (2) Sections 7 through 9 and section 15 are intended  
9 to be codified as an integral part of Title 19, Chapter 4,  
10 and the provisions of Title 19, Chapter 4, apply to sections  
11 7 through 9 and section 15.

12 (3) Sections 16 through 18 are intended to be codified  
13 as an integral part of Title 19, Chapter 6, and the  
14 provisions of Title 19, Chapter 6, apply to sections 16  
15 through 18.

16 (4) Sections 24 through 26 and section 29 are intended  
17 to be codified as an integral part of Title 19, Chapter 7,  
18 and the provisions of Title 19, Chapter 7, apply to sections  
19 24 through 26 and section 29.

20 (5) Sections 30 through 32 are intended to be codified  
21 as an integral part of Title 19, Chapter 8, and the  
22 provisions of Title 19, Chapter 8, apply to sections 30  
23 through 32.

24 (6) Sections 35 through 37 and section 41 are intended  
25 to be codified as an integral part of Title 19, Chapter 9,

1 and the provisions of Title 19, Chapter 9, apply to sections  
2 35 through 37 and section 41.

3 NEW SECTION. SECTION 23. CODIFICATION INSTRUCTION.  
4 (1) SECTIONS 1 AND 2 ARE INTENDED TO BE CODIFIED AS AN  
5 INTEGRAL PART OF TITLE 19, CHAPTER 3, AND THE PROVISIONS OF  
6 TITLE 19, CHAPTER 3, APPLY TO SECTIONS 1 AND 2.

7 (2) SECTIONS 4 AND 5 ARE INTENDED TO BE CODIFIED AS AN  
8 INTEGRAL PART OF TITLE 19, CHAPTER 4, AND THE PROVISIONS OF  
9 TITLE 19, CHAPTER 4, APPLY TO SECTIONS 4 AND 5.

10 (3) SECTIONS 10 AND 11 ARE INTENDED TO BE CODIFIED AS  
11 AN INTEGRAL PART OF TITLE 19, CHAPTER 6, AND THE PROVISIONS  
12 OF TITLE 19, CHAPTER 6, APPLY TO SECTIONS 10 AND 11.

13 (4) SECTIONS 13 AND 14 ARE INTENDED TO BE CODIFIED AS  
14 AN INTEGRAL PART OF TITLE 19, CHAPTER 7, AND THE PROVISIONS  
15 OF TITLE 19, CHAPTER 7, APPLY TO SECTIONS 13 AND 14.

16 (5) SECTIONS 16 AND 17 ARE INTENDED TO BE CODIFIED AS  
17 AN INTEGRAL PART OF TITLE 19, CHAPTER 8, AND THE PROVISIONS  
18 OF TITLE 19, CHAPTER 8, APPLY TO SECTIONS 16 AND 17.

19 (6) SECTIONS 19 AND 20 ARE INTENDED TO BE CODIFIED AS  
20 AN INTEGRAL PART OF TITLE 19, CHAPTER 9, AND THE PROVISIONS  
21 OF TITLE 19, CHAPTER 9, APPLY TO SECTIONS 19 AND 20.

22 SECTION 24. EFFECTIVE DATE. THIS ACT IS EFFECTIVE  
23 JULY 1, 1981.

-End-

April 11, 1981

SENATE STANDING COMMITTEE REPORT  
(Finance and Claims)

That House Bill No. 45 be amended as follows:

1. Page 44, line 6.

Following: "RETIRED"

Insert: "on or after July 1, 1975, but"

2. Page 47, line 22.

Following: "~~14%~~"

Strike: "15%"

Insert: "14.04%"