

INFORMATION ON THE
VOLUNTEER FIREFIGHTER PENSION RESERVE

By Montana League of Cities and Towns

Background

Under 19-18-503, MCA, cities and towns are required to soundly fund disability and pension funds for firefighters. The fund is deemed soundly funded if either the assets in the fund are at least 0.21% but not more than 0.52% of total **assessed value** of taxable property, or at a value determined by an actuarial valuation. The **assessed value** of taxable property is the same as the **appraised value** and all taxable property is **appraised** at 100% of its **market value**. (15-8-111(1) and (6), MCA). The **taxable value** for ad valorem taxation is found by multiplying the **market value**, by the taxable percentage for the applicable property class. The taxable percentage for residential real property as Class Four property is 1.35% of market value. **The number used for the calculation is taken from the annual D.O.R. Certified Taxable Valuation Information worksheet-Total Market Value.**

The cities and towns are allowed to levy an annual tax to keep the pension fund soundly funded under 19-18-504, MCA; however, that special tax levy is restricted by the caps on mill levy revenue in 15-10-420, MCA, which only allows an annual increase of one-half (½) of the average rate of inflation for the prior 3 years. The current funding requirement for the pension fund reserve is based upon a percentage of total assessed value of taxable property, which results in requiring a municipality to have to increase taxes to an unrealistic, unnecessary and expensive amount in order to satisfy the statutory requirement for the funding of a reserve for the disability and pension fund. This was especially exacerbated by major changes during the 2015 Session in the property tax assessment legislation that reduced taxable valuation but did not affect the total assessed value. These property tax law changes made the percentages of total assessed value unrealistic with no nexus to the municipality's actual liability exposure for the reserve. In some cases municipalities were legally unable to levy an amount equal to 0.21% of total assessed value and to do so would unnecessarily overfund the disability and pension reserve. The Montana Department of Revenue in consultation with the Montana League of Cities and Towns drafted proposed legislation that would make the funding requirement for a disability and pension fund reserve be 3 to 5 times the actual liability. Using this formula would set the reserve fund at a realistic amount based upon future liability of the fund.

Questions and Answers

Based upon the experiences of the municipalities of Conrad, Choteau and Fairfield, the following answers are provided to the following questions. These examples are probably typical of the impact on other cities and towns of similar size.

1. How much do pensioners receive?
Currently Conrad's get \$110/month with \$5 increase per month each January till reaches \$150/month. Choteau and Fairfield get \$50/month.
2. Why not do an actuarial valuation?

Because of the high cost. If the cities and towns don't have the funds to sufficiently fund the pension, they do not have the dollars to pay for an actuarial every 3-5 years. The actuarial would be an additional cost to the local municipality which is borne by the local taxpayers. This is contrary to the Police Retirement where the State will pay up to \$6,000 for their actuarial (MCA 19-19-205). In 2006 there was only one firm that did an actuarial, they were out of Whitefish. The cost, at that time was approximately \$3,000 for Columbia Falls.

3. How can cities and towns come up with the money to fund the pension under current law? (15-10-425 election, which would not go until November of fiscal year)
Municipalities would have to do a special levy in the next budget cycle-would most likely fail as taxpayers feel they are overtaxed already and historically the public safety levies have not been passing in other communities.
4. Give an example of the amount in a disability and pension fund reserve, the amounts that are paid out annually totally and individually, number of firefighters, number of pensioners, and the solvency of the fund.
Conrad currently pays out to 28 retirees \$110/month each. This is approximately \$37,000 a year just in retirement payments, not counting for any additional funding to reduce the shortfall. Conrad has 20 active firefighters and per their annual report to the City they have approximately \$70,000 in their fund. That is a shortfall of \$247,200 based on the current statutory reserve requirements under 19-18-504, MCA. Using 0.21% of assessed value Conrad would need to levy taxes for a minimum reserve of \$317,170, or 8.5 times more than the annual pension payment requirements. Choteau has 14 retirees that get \$50/month and approximately \$8,400 a year. It has 27 active fire fighters. The actual pension fund reserve is \$127,842, which is \$120,000 below its minimum mandated pension reserve of \$262,200, based upon 0.21% of assessed value. With this amount of funding, the Fire Pension Department may then be liable for annual audits as well, another cost that is unfunded.
5. The proposed change for the pension reserve is 3-5 times the actual annual expenditure. Why that is deemed enough?
Because it would be re-evaluated annually at budget time to increase or decrease based on the number of retirees at that time for a 3-5 year period. It is a more accurate calculation, based on each community rather than an arbitrary percentage of a municipality's assessed value that is not grounded in actual, predictable future expenditures form the reserve.
6. Why wouldn't the cities elect to join the unified retirement system (19-13-211, MCA)?
That law would only cover 1st & 2nd class cities, of which most have paid fire departments. The municipalities question how the funding of the unfunded portion would be calculated since there are no wages paid out.
7. Is there a similar problem for the police pensions under 19-19-201, MCA? *The municipalities do not believe so since the Conrad police department is PERS based on wages with a 30 retirement while Choteau, a county-run pension through consolidation has a 20 year retirement.*

City of Conrad's Calculation of Market Value by Minimum/Maximum MCA requirement for soundly funding Fire Pension

2014	2015	2016
\$1,833.65	\$2,565.04	\$2,648.76
\$66,759,144.00	\$149,640,163.00	\$151,032,816.00
0.21%	0.21%	0.21%
\$140,194.20	\$314,244.34	\$317,168.91
76.46	122.51	119.74

Mill Value

Minimum

Number of Mills required to meet MCA mandated minimum requirements

2014	2015	2016
\$1,833.65	\$2,565.04	\$2,648.76
\$66,759,144.00	\$149,640,163.00	\$151,032,816.00
0.52%	0.52%	0.52%
\$347,147.55	\$778,128.85	\$785,370.64
189.32	303.36	296.50

Mill Value

Maximum

Number of Mills required to meet MCA mandated maximum requirements

Conrad currently is allocated 155.35 mills equivalent to \$411,482 in tax revenue to fund all governmental funds.

As you can see, expending even the minimum number of mills greatly reduces the available revenue to provide all the other services for the governmental funds.

Granted, a portion of that amount has already been allocated to the Fire Pension Fund. However even the increase from 2014 to 2016 has resulted in needing an additional \$176,975 which equates, at the current mill value of \$2,648.76, an additional 66.81 mills. That would only leave 88.54 mills to operate the governmental funds for a total of \$234,522 to operate in those governmental funds for FY 17.

To exceed the 155.35, per MCA 15-10-425, a special voted levy would have to pass successfully by the voters.

These funds, if passed through the voted levy, would not be available to the City until the next tax year.

Historically, in recent years, public safety levies have not been successful but the mandated requirements remain.

Note that at the maximum funding, under the current MCA, 2-7-503, the Fire Pension Association would be subject to an audit as they would have over \$500,000 in their account. There is also the risk of fraud without adequate oversight.

Proposed Calculation Based on Number of Retirees To Soundly Fund the Fire Pension.

2016
28
\$110.00
\$36,960.00
\$110,880.00
41.86
\$184,800.00
69.77

Number of Retirees

Current Monthly Pension Payment

Annual Retiree Pension Payment

3 year minimum Pension Reserve

Number of Mills to meet proposed minimum requirements

5 year maximum Pension Reserve

Number of Mills to meet proposed maximum requirements

As you can see the number of mills required when compared to the current MCA is significantly less which makes the proposed calculation **affordable** as well as **adequate** specifically that it is evaluated annually so the amount would increase if there were more retirees at that time.

At this time, the City of Conrad **does not** meet the mandated MCA requirements for adequate funding-see audit finding attached.

Now, with the new requirements per SB 157 being in compliance is an unattainable goal, without passage of a voted special levy.

This funding issue is a hardship for many communities and with the every increasing of normal operating expenses for communities it is harder and harder to to meet the everyday demands to operate the governmental funds to the standard our taxpayers demand as well as meeting safety standards.

CITY OF CONRAD
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
For the Year Ended June 30, 2015

Findings Relating to Financial Statements

Finding #2015-01

Criteria: Section 19-18-503, MCA, requires pension funds be soundly funded, which is defined as having a balance of at least 0.21% of total market value per the certified taxable value form for the City.

Condition: The City's Fire Department Relief Association (FDRA) is underfunded based on Section 19-18-503, MCA, and the guidance provided by the State of Montana Department of Revenue.

Cause: An oversight in the passing of Senate Bill 157, which eliminated the homestead and comstead exemptions, removing them from the total market value line of the certified taxable value forms, greatly increasing the total market value, and thus, the minimum amount needed to adequately fund the FDRA.

Effect: The City was out of compliance with Section 19-18-503, MCA, although out of their control based on the oversight by the State.

Recommendation: The City should continue working with the State of Montana Department of Revenue and the Montana League of Cities and Towns to develop a long-term solution to adequately fund the FDRA. We also recommend the City consider increasing the funding for the FDRA, which would in turn likely eliminate funding for other municipal services.

Management

Response: The City of Conrad is aware the Fire Pension fund is not soundly funded at this time per MCA. For the City to fully fund at the mandated .21%, would have a devastating financial effect on the operations of the remaining City budget if required to be implemented in one year. The City has consistently increased the number of mills annually to designate additional funding. The City has been in communications with the Fire Pension department as to this funding method and they understand the situation and have been willing to work with the City towards a feasible solution, gradually building up the reserve. With the passage of Senate Bill 157, effective April, 2015, the amount required by the .21% is almost the entire amount received in taxes for the City, as a whole, for one year. The City has been in meetings with members of the Fire Pension department striving to obtain a viable solution to the problem.

CITY OF CONRAD
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
For the Year Ended June 30, 2015

Findings Relating to Financial Statements (Continued)

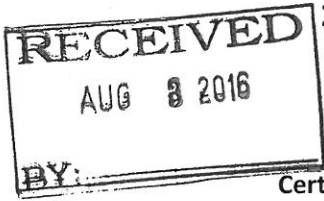
Finding #2015-01 (Continued)

*Management
Response
(Continued):*

Currently there are three options being considered: 1) a Public Safety voted levy which would be used to offset current General Fund expenditures (the Fire Pension members are against this type of funding); 2) a specific voted levy that would only fund the Fire Pension deficit; 3) implementation of a Street Maintenance District. If any of these options were to be approved it would free up General Fund money. In light of the statewide failures of voted levies, which would be the Public Safety Levy and the specific Fire Pension levy, we are unsure if these would pass if proposed. Meetings will be scheduled in the very near future with local legislative representatives, Department of Revenue leaders and the Montana League of Cities and Town to devise an alternative calculation method that is affordable and feasible to all Montana communities. This will then be presented to legislature in the next cycle. The City is concerned as to the verification of the lack of funding when we are not the custodians of the Fire Pension funds. We remit to them, as money is received via tax payments. The City feels when the law was passed initially, that Cities most likely were the Treasurer's for the Fire Pension funds, but this is not the case anymore as most Fire Pension agencies handle their own finances. Unless their books are also audited there is not a clear and accurate picture if they are or are not adequately funded."

Findings Relating to Federal Awards

None.



2016 Certified Taxable Valuation Information
(15-10-202, MCA)
Pondera County
CITY OF CONRAD

Certified values are now available online at property.mt.gov/cov

1. 2016 Total Market Value ¹	\$	151,032,816
2. 2016 Total Taxable Value ²	\$	2,648,763
3. 2016 Taxable Value of Newly Taxable Property.....	\$	121,795
4. 2016 Taxable Value less Incremental Taxable Value ³	\$	2,648,763
5. 2016 Taxable Value of Net and Gross Proceeds ⁴ (Class 1 and Class 2).....	\$	-

6. TIF Districts

Tax Increment District Name	Current Taxable Value ²	Base Taxable Value	Incremental Value

Total Incremental Value \$ -

Preparer Amanda Lesnik

Date 7/29/2016

¹Market value does not include class 1 and class 2 value

²Taxable value is calculated after abatements have been applied

³This value is the taxable value less total incremental value of all tax increment financing districts

⁴The taxable value of class 1 and class 2 is included in the taxable value totals

For Information Purposes Only

2016 taxable value of centrally assessed property having a market value of \$1 million or more, which has transferred to a different ownership in compliance with 15-10-202(2), MCA.

I. Value Included in "newly taxable" property	\$	528
II. Total value exclusive of "newly taxable" property	\$	0

151,032,816.00 ×
0.21%
317,168.91*

- (c) ensure constituent interests by determining that compliance with all appropriate statutes and regulations is accomplished;
- (d) ensure that the financial condition and operations of the local government entities are reasonably conducted and reported;
- (e) ensure that the stewardship of local government entities is conducted in a manner to preserve and protect the public trust;
- (f) ensure that local government entities accomplish, with economy and efficiency, the duties and responsibilities of the entities in accordance with the legal requirements imposed and the desires of the public; and
- (g) promote the efficient and effective use of audit resources.

History: En. 82-4517 by Sec. 3, Ch. 380, L. 1975; R.C.M. 1947, 82-4517; amd. Sec. 2, Ch. 489, L. 1991.

Cross-References

Constitutional mandate for strict financial accountability of local governments, Art. VIII, sec. 12, Mont. Const.

2-7-503. Financial reports and audits of local government entities. (1) The governing body or managing or executive officer of a local government entity, other than a school district or associated cooperative, shall ensure that a financial report is made every year. A school district or associated cooperative shall comply with the provisions of 20-9-213. The financial report must cover the preceding fiscal year, be in a form prescribed by the department, and be completed and submitted to the department for review within 6 months of the end of the reporting period.

(2) The department shall prescribe a uniform reporting system for all local government entities subject to financial reporting requirements, other than school districts. The superintendent of public instruction shall prescribe the reporting requirements for school districts.

(3) (a) The governing body or managing or executive officer of each local government entity receiving revenue or financial assistance in the period covered by the financial report in excess of \$500,000, regardless of the source of revenue or financial assistance, shall cause an audit to be made at least every 2 years. The audit must cover the entity's preceding 2 fiscal years. The audit must commence within 9 months from the close of the last fiscal year of the audit period. The audit must be completed and submitted to the department for review within 1 year from the close of the last fiscal year covered by the audit.

(b) The governing body or managing or executive officer of a local government entity that does not meet the criteria established in subsection (3)(a) shall at least once every 4 years, if directed by the department, or, in the case of a school district, if directed by the department at the request of the superintendent of public instruction, cause a financial review, as defined by department rule, to be conducted of the financial statements of the entity for the preceding fiscal year.

(4) An audit conducted in accordance with this part is in lieu of any financial or financial and compliance audit of an individual financial assistance program that a local government is required to conduct under any other state or federal law or regulation. If an audit conducted pursuant to this part provides a state agency with the information that it requires to carry out its responsibilities under state or federal law or regulation, the state agency shall rely upon and use that information to plan and conduct its own audits or reviews in order to avoid a duplication of effort.

(5) In addition to the audits required by this section, the department may at any time conduct or contract for a special audit or review of the affairs of any local government entity referred to in this part. The special audit or review must, to the extent practicable, build upon audits performed pursuant to this part.

(6) The fee for the special audit or review must be a charge based upon the costs incurred by the department in relation to the special audit or review. The audit fee must be paid by the local government entity to the state treasurer and must be deposited in the enterprise fund to the credit of the department.

(7) Failure to comply with the provisions of this section subjects the local government entity to the penalties provided in 2-7-517.

History: En. 82-4516, 82-4529 by Secs. 2, 15, Ch. 380, L. 1975; R.C.M. 1947, 82-4516(1) thru (3), 82-4529; amd. Sec. 1, Ch. 336, L. 1979; amd. Sec. 1, Ch. 573, L. 1981; amd. Sec. 1, Ch. 49, L. 1983; amd. Sec. 3, Ch. 277, L.

19-19-205. Actuarial valuation of police retirement fund. (1) The city treasurer shall submit to the public employees' retirement board before September 1 of each odd-numbered year all information requested by the public employees' retirement board necessary to complete an actuarial valuation of the city's police retirement fund. The valuation must consider the actuarial soundness of the police retirement fund for the 2 preceding fiscal years.

(2) The valuation must be prepared by a qualified actuary selected by the public employees' retirement board. A qualified actuary is a member of the American academy of actuaries or of any organization considered by the department to have similar standards.

(3) In each fiscal year in which an actuarial valuation is prepared, the public employees' retirement board shall submit to the state treasurer a request for payment of the expense incurred in securing the actuarial valuation. The expense may not exceed \$6,000 in any fiscal year. The state treasurer shall make payment to the actuary from the general fund.

History: En. Sec. 13, Ch. 120, L. 1929; re-en. Sec. 5108.13, R.C.M. 1935; amd. Sec. 1, Ch. 84, L. 1971; amd. Sec. 1, Ch. 1, L. 1974; amd. Sec. 1, Ch. 128, L. 1974; amd. Sec. 16, Ch. 213, L. 1975; amd. Sec. 4, Ch. 224, L. 1977; R.C.M. 1947, 11-1829(1); amd. Sec. 1, Ch. 64, L. 1979; amd. Sec. 19, Ch. 114, L. 1979; amd. Sec. 22, Ch. 703, L. 1985; Sec. 19-10-205, MCA 1991; redes. 19-19-205 by Code Commissioner, 1993; amd. Sec. 28, Ch. 422, L. 1997; amd. Sec. 30, Ch. 532, L. 1997; amd. Sec. 95, Ch. 562, L. 1999; amd. Sec. 70, Ch. 329, L. 2005.

Cross-References

The Public Employees' Retirement Act — employment of actuary — biennial investigation and valuation, 19-2-405.

Part 3 Contributions to Funds

Part Cross-References

Management and investment of pension trust funds, Title 19, ch. 2, part 5.
 PERS — contributions, Title 19, ch. 3, part 3.
 Judges' retirement — contributions, Title 19, ch. 5, part 4.
 Highway patrol retirement — contributions, Title 19, ch. 6, part 4.
 Sheriffs' retirement — contributions, Title 19, ch. 7, part 4.
 Game wardens' and peace officers' retirement — contributions, Title 19, ch. 8, part 5.
 Police retirement — statewide plan — contributions, Title 19, ch. 9, part 7.
 Firefighters' unified retirement — contributions, Title 19, ch. 13, part 6.
 Volunteer Firefighters' Compensation Act — contributions to fund, Title 19, ch. 17, part 3.
 Firefighters' retirement — contributions to fund, Title 19, ch. 18, part 5.
 Teachers' retirement — funds — contributions, Title 19, ch. 20, part 6.

19-19-301. City's contribution to fund. Each city, other than one of the first or second class, that has a police retirement fund and that did not elect to join the statewide police reserve fund provided for in Chapter 335, Laws of 1974, and has not elected to participate in the plan under 19-9-207 shall deposit in its fund monthly an amount equal to 11% of the total salaries for the preceding month paid to active police officers of the city, exclusive of overtime and payments in lieu of sick leave and annual leave. If the demand against a city for deposits in its fund cannot be met, the city, subject to 15-10-420, may impose an additional levy in an amount that is sufficient to meet the demand.

History: En. Sec. 7, Ch. 100, L. 1927; amd. Sec. 7, Ch. 120, L. 1929; re-en. Sec. 5108.7, R.C.M. 1935; amd. Sec. 2, Ch. 78, L. 1937; amd. Sec. 1, Ch. 78, L. 1949; amd. Sec. 1, Ch. 8, L. 1959; amd. Sec. 6, Ch. 335, L. 1974; amd. Sec. 1, Ch. 224, L. 1977; amd. Sec. 35, Ch. 456, L. 1977; amd. Sec. 3, Ch. 489, L. 1977; R.C.M. 1947, 11-1823; amd. Sec. 20, Ch. 114, L. 1979; Sec. 19-10-301, MCA 1991; redes. 19-19-301 by Code Commissioner, 1993; amd. Sec. 114, Ch. 574, L. 2001.

Cross-References

Power to levy taxes for pension fund unaffected by law or Department of Public Safety, 7-3-4464.

19-19-302. Officer's contribution deducted from salary. The treasurer of an incorporated city that has a police retirement fund shall retain from the monthly salary of each police officer on the active list a sum equal to 6% of the officer's monthly compensation for services as a police officer, exclusive of overtime and payments made in lieu of sick leave and annual leave. The monthly deduction from the salaries of police officers must be paid into the city's police retirement fund for the purpose of paying the salaries of police officers on the retired list.

History: En. Sec. 9, Ch. 100, L. 1927; amd. Sec. 9, Ch. 120, L. 1929; amd. Sec. 1, Ch. 54, L. 1953; amd. Sec. 7, Ch. 335, L. 1974; amd. Sec. 2, Ch. 224, L. 1977; amd. Sec. 36, Ch. 456, L. 1977; amd. Sec. 3, Ch. 489, L. 1977;

19-13-205. Terminated. Sec. 7, Ch. 328, L. 1987.
History: En. Sec. 3, Ch. 328, L. 1987.

19-13-206 through 19-13-209 reserved.

19-13-210. Participation in retirement system. (1) Cities of the first and second class that employ full-paid firefighters shall participate in the retirement system. If a city of the first or second class is reduced to a city of the third class or a town under 7-1-4118, it shall continue to participate in the retirement system as long as it has retired firefighters or survivors eligible to receive retirement benefits.

(2) Firefighters hired by the Montana air national guard on or after October 1, 2001, or on or after the date of the execution of an agreement between the department of military affairs and the board, whichever is later, shall participate in the retirement system.

(3) (a) A city that is not covered under subsection (1) and that has full-paid firefighters covered by the public employees' retirement system and any rural fire district department with full-paid firefighters covered by the public employees' retirement system may elect to be covered under the retirement system as provided in 19-13-211.

(b) An election by a city fire department to be covered by the retirement system must be made through adoption of an ordinance stating that the governing body of the city agrees to be bound by the provisions of the retirement system.

(c) A similar election may be made by a rural fire district through adoption of a resolution stating that the governing body of the fire district agrees to be bound by the provisions of the retirement system.

(d) The ordinance or resolution must specify the effective date of the election. The provisions of the retirement system become applicable on the effective date specified in the adopted ordinance or resolution. A certified copy of the ordinance or resolution must be provided to the board.

(4) The following are the terms and conditions of an election to join the retirement system pursuant to subsection (3):

(a) Each firefighter employed by the fire department before the effective date of the election must be given 90 days from the effective date of the election to make an individual, one-time, irrevocable election to remain in the public employees' retirement system or to join the retirement system. Failure to make an election under this subsection (4)(a) must be considered an election to remain in the public employees' retirement system.

(b) Each firefighter employed by the fire department who is hired on or after the effective date of the election must be covered by the retirement system.

(c) A firefighter electing to join the retirement system may retain prior service in the public employees' retirement system or purchase the prior service and transfer that prior service to the retirement system as provided for in 19-2-715.

History: En. Sec. 5, Ch. 566, L. 1981; amd. Sec. 208, Ch. 265, L. 1993; Sec. 19-13-105, MCA 1991; redes. 19-13-210 by Code Commissioner, 1993; amd. Sec. 2, Ch. 290, L. 2001; amd. Sec. 1, Ch. 299, L. 2007; amd. Sec. 22, Ch. 284, L. 2009.

Cross-References

Classification of municipalities, 7-1-4111.

Municipal fire departments, Title 7, ch. 33, part 41.

19-13-211. Election to join retirement system — transfer of assets. (1) Except for cities with only volunteer firefighters, a city other than one described in 19-13-210 may, after July 1, 1981, elect to join the retirement system by passing an ordinance stating the election and the consent of the city to be bound by the provisions of this retirement system. The fire department relief association of the city may pass a resolution to the same effect. Upon the enactment of the ordinance and passage of the resolution, the provisions of this retirement system become applicable to the city. Any city that enacts an election ordinance and in which the fire department relief association passes a resolution shall send certified copies to the board and shall, as soon as possible, deposit into the pension trust fund all cash and securities held by its fire department relief association. The value of the securities must be determined by the board.

(2) The board of trustees of the fire department relief association as of the effective date of the election shall certify the proportion, if any, of the funds of the association that represents the accumulated contributions of the active members and the relative shares of the members as of

that date. Following the transfer of the cash and securities required by subsection (1) and the certification required by this subsection, the fire department relief association may conclude its affairs. The shares of the members must be charged to the employer and credited to the respective members in the retirement system and administered as if the contributions had been made during membership in the retirement system. Any excess of employer credits over charges under this section must be offset, with interest, against future required employer contributions. Any excess of employer charges over credits under this section are payable by the employer, with interest, on a basis determined by the procedure described in 19-13-213.

History: En. Sec. 8, Ch. 566, L. 1981; amd. Sec. 209, Ch. 265, L. 1993; Sec. 19-13-108, MCA 1991; redes. 19-13-211 by Code Commissioner, 1993.

19-13-212. Termination of participation in retirement system or reduction of employer contributions. (1) If an employer voluntarily terminates its contributions in the retirement system or significantly reduces the number of full-paid firefighters it employs to a degree that, in the board's opinion, inadequately funds the accrued or accruing benefits of retirement system members, the board shall request as part of the required actuarial valuation an actuarial investigation of the funding status of the employer.

(2) Based on the actuarial investigation, the board may request and the employer shall pay annually the amount determined to be necessary to provide adequate funding for the liabilities of the employer. This amount must be in addition to any other contributions required by the retirement act.

(3) Six years after the actuarial investigation is conducted, an employer making payments as provided in subsection (2) may request the board to review the employer's funding status relative to the annual payments. As a result of the review, the board may adjust the payments.

History: En. Sec. 1, Ch. 468, L. 1983; amd. Sec. 210, Ch. 265, L. 1993; Sec. 19-13-110, MCA 1991; redes. 19-13-212 by Code Commissioner, 1993; amd. Sec. 3, Ch. 290, L. 2001.

19-13-213. Excess unfunded liabilities of prior plans. (1) The legislature finds and declares that many cities operating under prior plans have excess and unfunded liabilities, and the liabilities cannot be amortized by the percentage contributions set forth in this chapter.

(2) The board shall, within 6 months after a city is granted membership in the retirement system, determine the excess and unfunded liability of the city's previous plan. If the board determines that the city has an excess and unfunded liability under a previous plan that is not funded by sums on deposit or funds available for deposit in the pension trust fund, the city shall pay an additional sum over a period of time to amortize the city's excess liability.

History: En. Sec. 24, Ch. 566, L. 1981; amd. Sec. 3, Ch. 286, L. 1983; amd. Sec. 5, Ch. 661, L. 1983; amd. Sec. 1, Ch. 44, L. 1991; amd. Sec. 211, Ch. 265, L. 1993; Sec. 19-13-503, MCA 1991; redes. 19-13-213 by Code Commissioner, 1993.

19-13-214. Taxing authority of employers. For the purpose of making contributions required of a city under this chapter, the appropriate authority of the city may, subject to 15-10-420, levy a tax that along with other revenue available for that purpose is sufficient to meet the demand.

History: En. Sec. 32, Ch. 566, L. 1981; Sec. 19-13-606, MCA 1991; redes. 19-13-214 by Code Commissioner, 1993; amd. Sec. 111, Ch. 574, L. 2001.

Cross-References

Police retirement — statewide plan — taxing authority of employers, 19-9-209.
Firefighters' retirement — special tax levy for fund required, 19-18-503.

Part 3 Eligibility, Membership, and Vesting

Part Cross-References

The Public Employees' Retirement Act — general provisions — termination of membership and refunds, Title 19, ch. 2, part 6.

PERS — membership, Title 19, ch. 3, part 4.

Judges' retirement — membership, Title 19, ch. 5, part 3.

Highway patrol retirement — membership, Title 19, ch. 6, part 3.

Sheriffs' retirement — membership, Title 19, ch. 7, part 3.

Game wardens' and peace officers' retirement — membership, Title 19, ch. 8, part 3.

Police retirement — statewide plan — membership, Title 19, ch. 9, part 3.

Teachers' retirement — membership, Title 19, ch. 20, part 3.

Unofficial Draft Copy

As of: August 9, 2016 (9:35am)

LCfire

**** Bill No. ****

Introduced By *****

By Request of the *****

A Bill for an Act entitled: "An Act revising the basis for determining whether the disability and pension fund of a city's or town's fire relief association is soundly funded; amending sections 19-18-503 and 19-18-504, MCA; and providing an immediate effective date."

Be it enacted by the Legislature of the State of Montana:

Section 1. Section 19-18-503, MCA, is amended to read:

"19-18-503. Fund to be soundly funded. (1) Each disability and pension fund must be soundly funded. The fund is soundly funded if, subject to subsection (2):

(a) assets in the fund are maintained at a level equal to at least ~~0.21% but no more than 0.52%~~ of the total assessed value of taxable property, determined as provided in ~~15-8-111~~, within ~~the limits of the city or town~~ three times but no more than five times the benefits paid by the fund in the previous fiscal year;
or

(b) funding is maintained at a level determined by an actuarial valuation to be sufficient to keep the fund actuarially sound.

(2) An actuarial valuation may be requested only by a city, town, or association. ~~Once an actuarial valuation has been~~

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~~conducted, funding must continue to be based on actuarial determinations rather than on the total assessed value of taxable property pursuant to subsection (1) (a)."~~

{ Internal References to 19-18-503:
a19-18-504 x19-18-602 }

Section 2. Section 19-18-504, MCA, is amended to read:

"19-18-504. Special tax levy for fund required. (1)

~~Whenever~~ If the fund contains an amount that is less than the minimum amount required to keep the fund soundly funded pursuant to 19-18-503, the city or town council shall, subject to 15-10-420, levy an annual tax on the taxable value of all taxable property within the city or town.

(2) ~~When~~ If the fund contains an amount that is less than ~~0.52% but more than 0.21% of the total assessed value of all taxable property within the city or town~~ the maximum but more than the minimum required to keep the fund soundly funded pursuant to 19-15-503(1) (a), the city or town council may, if authorized by the voters as provided in 15-10-425, levy an annual tax.

(3) All revenue from the tax must be deposited in the fund."

{ Internal References to 19-18-504:
x19-18-501 }

NEW SECTION. **Section 3. {standard} Effective date.** [This act] is effective on passage and approval.

- END -

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