EXHIBIT 1
DATE 3-16-05
HB 761

# MT DEPARTMENT OF MILITARY AFFAIRS INFORMATION SHEET

## HB 761

## A BILL FOR AN ACT CREATING AN ACCOUNT IN THE STATE TREASURY FROM WHICH PREMIUMS, FOR GROUP LIFE INSRUANCE PAID FOR BY MEMBERS OF THE MONTANA NATIONAL GUARD AND FEDERAL RESERVE WHO ARE ON ACTIVE DUTY IN SUPPORT OF A CONTINGENCY OPERATION, MAY BE REIMBURSED

**INTENT**

House Bill 761 provides reimbursement, to eligible members of the Montana National Guard, and federal reserves, for insurance premiums paid for coverage under the federal Servicemembers' Group Life Insurance Program ("SGLI"). The stated intent of HB 761 is to provide a financial benefit to members of the Montana National Guard, and federal reserves, in exchange for and in recognition of their performance of extended periods of active duty in contingency operations and contributions to the safety and welfare of the citizens of the State of Montana. HB 761 also attempts to ensure that surviving dependents, of service members killed while on active duty, will be left with adequate financial resources.

A service member is eligible for reimbursement for SGLI premiums only if the federal military service was performed after the effective date of the act, and the service was pursuant to a "contingency operation" (10 USC Sec. 101(a)(13)). HB 761 will be effective upon passage and will apply to premiums paid after the effective date. The maximum amount of premium reimbursement may not exceed $16.25 a month for each month the member was on active duty, in a contingency operation, and purchased SGLI coverage.

HB 761 also amends Section 15-30-116 (Veterans' bonus or military salary – exemptions), MCA, and makes SGLI premium reimbursement payments a bonus and exempt from state income tax.

HB 761 creates an account, in the state treasury, that must be used to reimburse qualifying service members for SGLI premiums. The reimbursement account shall be funded from the state general fund ($60k FY 05, $300k FY 06, and $300k FY 07). The Montana Department of Military Affairs will be responsible for administering the reimbursement program and shall adopt rules necessary to determine service member eligibility and implement of the reimbursement program.

HB 761 provides for automatic termination of the state funded SGLI premium program if: 1.) the federal death gratuity is at least $250k; 2.) the federal government directly pays SGLI premiums for $250k of coverage; or 3.) the federal death gratuity, plus the amount of SGLI coverage that is directly paid for by the federal government, totals at least $250k.

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