

Amendments to House Bill No. 2
3rd Reading Copy

Requested by Office of Budget and Program Planning

For the Senate Finance and Claims Committee

Prepared by Jim Standaert
March 31, 2005 (11:32am)

1. Page E-1, line 18.

Strike: "423,522,296 427,637,698" [general fund FY06 and FY07]**Insert:** "424,522,296 428,637,698" [general fund FY06 and FY07]

Explanation -

Senate Bill 333 has passed the Senate and was referred to the House State Administration Committee on 3/19/2005.

In February 2005, US District Court permanently enjoined the State from complying with Section 20-9-501, MCA (2004) as applied to school district employees paid with federal Impact Aid. The ruling disallows the use of federal funds to pay for school district retirement costs (i.e. retirement, social security and unemployment insurance) of employees paid with Impact Aid funds. These costs must be paid from state and local sources as was the law before SB 424 from last session.

In 2004, the Montana Supreme Court enjoined, and then lifted its injunction against, Section 20-9-501. The Martz and subsequent Schweitzer budgets for State retirement GTB in the 2007 biennium assumed that retirement costs would be paid for with federal money and therefore \$1 million per year was subtracted from expected fiscal 2006 and 2007 state retirement GTB costs.

Now that the US District Court permanently enjoined the statute, the \$1 million per year needs to be added back to the costs of State GTB retirement, which is an addition to Base Aid.

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