

Amendments to House Bill No. 181
3rd Reading Copy

Requested by Senator John Esp

For the Senate Finance and Claims Committee

Prepared by Greg Petesch
April 11, 2005 (10:18am)

1. Page 11, line 30.

Insert: "COORDINATION SECTION. Section 4. Coordination instruction. If the condition in [section 8(2)] is met, then [section 2], amending 19-20-605, reads as follows:

"19-20-605. Pension accumulation fund -- employer's contribution. The pension accumulation fund is the fund in which the reserves for payment of retirement allowances and benefits must be accumulated and from which retirement allowances and benefits must be paid to retirees or their beneficiaries. Contributions to and payments from the pension accumulation fund must be made as follows:

(1) (a) Each Except as provided in subsection (1)(b), each employer shall pay into the pension accumulation fund an amount equal to 7.47% a percentage of the earned compensation of each member for all of the employer's employees who are members of the system that are employed during the whole or part of the preceding payroll period as follows:

(i) 8.67% beginning July 1, 2005; and

(ii)(i) 9.87% beginning July 1, 2007; and

(iii)(ii) 10.62% beginning July 1, 2009.

(b) (i) The employer contribution rate under subsection (1)(a) must be reduced to 7.47% on the date that the board certifies to the governor that the percentage is sufficient to allow the amortization schedule for the system's unfunded liabilities to be maintained at 25 years or less.

(ii) The board shall periodically review the employer contribution rate provided in this subsection (1)(b) and recommend adjustments to the legislature as needed to maintain the amortization of unfunded liabilities in an actuarially sound manner.

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

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

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

(5) All interest and other earnings realized on the money of the retirement system must be credited to the pension accumulation fund, and the amount required to allow regular interest on the annuity savings fund must be transferred to that fund from the pension accumulation fund.

(6) The retirement board may transfer from the pension accumulation fund to the expense fund an amount necessary to cover expenses of administration."

Insert: "COORDINATION SECTION. Section 5. Coordination instruction. If the condition in [section 8(2)] is met, then [section 3], amending 19-20-621, reads as follows:

"19-20-621. Montana university system optional retirement program supplemental contributions. (1) Each employer within the university system with employees participating in the optional retirement program under Title 19, chapter 21, shall contribute to the teachers' retirement system a supplemental employer contribution sufficient to amortize, by July 1, 2033, the past service liability of the teachers' retirement system for the university system members.

(2) The optional retirement program supplemental employer contribution as a percentage of the total compensation of all employees participating in the program ~~must increase to is:~~

- ~~(a) 2.81% 4.60% beginning July 1, 1997 2005, and~~
- ~~(b) 3.12% 5.16% beginning July 1, 1998 2007~~
- ~~(c) 3.42% beginning July 1, 1999,~~
- ~~(d) 3.73% beginning July 1, 2000, and~~
- ~~(e) 4.04% beginning July 1, 2001.~~

(3) The board shall periodically review the supplemental employer contribution rate and recommend adjustments to the legislature as needed to maintain the amortization of the university system's past service liability by July 1, 2033."

Insert: "NEW SECTION. Section 6. Appropriation. If the condition in section 8(2)(b)] is met, then the amount of \$10,416,000 for the biennium beginning July 1, 2005, is appropriated from the state general fund to the office of budget and program planning for distribution to the teachers' retirement system."

Renumber: subsequent sections

2. Page 12, line 17.

Following: "date."

Insert: "(1) Subject to subsection (2),"

Strike: "[This act]"

Insert: "[this act]"

3. Page 12, line 18.

Insert: "(2) [Sections 2 through 5] are effective July 1, 2007, if:

(a) House Bill No. 2 contains an item appropriation for the teachers' retirement system in an amount of at least \$10,416,000 for the biennium beginning July 1, 2005; or

(b) the ending fund balance for the general fund exceeds the amount contained in the budget for the biennium ending June 30, 2005, by at least \$11 million and the legislature appropriates \$10,416,000 to the teachers' retirement system."

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