

HOUSE BILL NO. 135

INTRODUCED BY C. SQUIRES

BY REQUEST OF THE PUBLIC EMPLOYEES' RETIREMENT BOARD

A BILL FOR AN ACT ENTITLED: "AN ACT INCREASING THE TIME PERIOD FOR CALCULATING HIGHEST AVERAGE COMPENSATION FOR INDIVIDUALS WHO INITIALLY BECOME MEMBERS OF THE SHERIFFS' RETIREMENT SYSTEM AFTER JUNE 30, 2011; INCREASING EMPLOYER CONTRIBUTIONS ON ALL PAYROLL COVERED BY THE SHERIFFS' RETIREMENT SYSTEM; AMENDING SECTIONS 19-7-101 AND 19-7-404, MCA; AND PROVIDING AN EFFECTIVE DATE."

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

Section 1. Section 19-7-101, MCA, is amended to read:

"19-7-101. Definitions. Unless the context requires otherwise, the following definitions apply in this chapter:

(1) (a) "Compensation" means remuneration paid from funds controlled by an employer for the member's services or for time during which the member is excused from work because the member has taken compensatory leave, sick leave, annual leave, or a leave of absence before any pretax deductions allowed by state or federal law are made.

(b) Compensation does not include maintenance, allowances, and expenses.

(2) "Detention officer" means any detention officer who is hired by a sheriff, employed in a detention center, and acting as a detention officer for the sheriff and who has received or is expected to receive training to meet the employment standards set for detention officers by the Montana public safety officer standards and training council established in 2-15-2029.

(3) (a) "Highest average compensation" means:

(i) for members hired prior to [the effective date of this act], the member's highest average monthly compensation during any 36 consecutive months of membership service;

(ii) for members hired on or after [the effective date of this act], the highest average compensation during any 60 consecutive months of membership service; or;

(iii) if a member has not served at least 36 months the minimum specified period of membership service



1 as applicable in subsection (3)(a)(i) or (3)(a)(ii), the total compensation earned divided by the number of months
2 of service.

3 (b) Lump-sum payments for severance pay, including payment for compensatory leave, sick leave, and
4 annual leave, paid to the member upon termination of employment may be used in the calculation of a retirement
5 benefit only to the extent that they are used to replace, on a month-for-month basis, the normal compensation
6 for a month or months included in the calculation of the highest average compensation. A lump-sum payment may
7 not be added to a single month's compensation.

8 (4) "Investigator" means a person who is employed by the department of justice as a criminal investigator
9 or as a gambling investigator.

10 (5) "Sheriff" means any elected or appointed county sheriff or undersheriff or any appointed, lawfully
11 trained, appropriately salaried, and regularly acting deputy sheriff with the requisite professional certification and
12 licensing."

13

14 **Section 2.** Section 19-7-404, MCA, is amended to read:

15 **"19-7-404. Employer contributions.** (1) Each employer shall ~~pay 9.535%~~ contribute to the retirement
16 system the following:

17 (a) July 1, 2011, through June 30, 2012, 11.115% of the compensation paid to all of the employer's
18 employees ~~plus any additional contribution under subsection (3)~~, except for those employees properly excluded
19 from membership; ~~and~~

20 (b) beginning July 1, 2012, 12.115% of the compensation paid to all of the employer's employees except
21 for those employees properly excluded from membership.

22 (2) If the required contribution to the retirement system exceeds the funds available to a county from
23 general revenue sources, a county may, subject to 15-10-420, budget, levy, and collect annually a tax on the
24 taxable value of all taxable property within the county that is sufficient to raise the amount of revenue needed to
25 meet the county's obligation.

26 ~~(3) Subject to subsection (4), each employer shall contribute to the system an additional employer~~
27 ~~contribution equal to 0.58% of the compensation paid to all of the employer's employees, except for those~~
28 ~~employees properly excluded from membership.~~

29 ~~—————(4) (a)(3)~~ The board shall periodically review the ~~additional employer contribution provided for under~~
30 ~~subsection (3) contributions~~ and recommend adjustments to the legislature as needed to maintain the

1 amortization schedule set by the board for payment of the system's unfunded liabilities.

2 ~~(b) The employer contribution required under subsection (3) terminates on July 1 following the board's~~
3 ~~receipt of the system's actuarial valuation if:~~

4 ~~—— (i) the actuarial valuation determines that the period required to amortize the system's unfunded~~
5 ~~liabilities, including adjustments made for any benefit enhancements enacted by the legislature after the valuation,~~
6 ~~is less than 25 years; and~~

7 ~~—— (ii) terminating the additional employer contribution would not cause the amortization period as of the~~
8 ~~most recent actuarial valuation to exceed 25 years."~~

9

10 NEW SECTION. **Section 3. Effective date.** [This act] is effective July 1, 2011.

11

- END -