

MINUTES

**MONTANA SENATE
56th LEGISLATURE - REGULAR SESSION**

CONFERENCE COMMITTEE ON SB 195

Call to Order: By **CHAIRMAN DON HARGROVE**, on April 13, 1999 at 8:30 A.M., in Room 331 Capitol.

ROLL CALL

Members Present:

Sen. Don Hargrove, Chairman (R)
Sen. Mike Halligan
Sen. J. D. Lynch
Rep. Matt Brainard
Rep. Edith Clark
Rep. Bob Pavlovich

Members Excused: None.

Members Absent: None.

Staff Present: Sheri Heffelfinger, Legislative Branch
Carol Masolo, Secretary

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:

Hearing(s) & Date(s) Posted:
Executive Action: SB 195

EXECUTIVE ACTION ON SB 195

SEN. LYNCH sponsored the bill to help Korean and Vietnam veterans get some free time. The Teachers' Retirement gives it to them without cost. The Senate accepted this 44 to 6. It went to House State Administration and ran into the lawyer for the Public Employees' Retirement Division. He opposed the bill in its original form. The changes they made were removing the "without cost" and putting a cost in. The opposition came primarily from those with purchased service who cannot get a refund. **REP.**

DIANNA WYATT amended on the Floor that those who had already purchased service pre-GABA, (Guaranteed Annual Benefit Adjustment), could benefit from this bill by getting additional time if they care to purchase it. We agree to a two year window of opportunity. We've agreed and so has the Dept. that they wouldn't have a problem moving it back to July 1 of this year to give a two year window of opportunity to July 1, 2001. Some of the people I presented for are ready to try to retire and July 1 would be more acceptable. That's one thing we agree on.

I make the motion, Mr. Chairman, to change the dates from January 1, 2000 to July 1, 1999 to July 1, 2001.

Vote: Motion **carried unanimously.**

Sheri Heffelfinger When I was preparing for the Conference Committee, it was unclear if people were reading the bill two different ways. It's necessary to clarify. Section 1 deals with the election of qualifying military service. Subsection 1 identifies the current law for being able to qualify all types of active service, for full actuarial cost. Subsection 3(a) is the part in which **SEN. LYNCH** sets up Korean and Vietnam service. To qualify that service, the House State Administration put on Subsection(b) that to qualify for that service, you had to contribute a certain amount of money which is not full actuary cost, but still a contribution to purchase the service.

In Subsection 1 on line 19, they are limited to a maximum of five years. When **REP. WYATT** offered her amendment on the Floor which exempted the military service from the cap, the cap she was talking about was not the five years on line 19, it was the five years in the new section added to the bill. On the top of page three, you'll see "five years of service under", and 19-3-503 is stricken. The other types of service limited to a composite of five years would simply be the one for five service. The 19-3-512 section is the one dealing with out-of-state public service. When **REP. WYATT's** amendments were added and struck 19-3-503, you can purchase the five year cap. You're not limited under this cap of the military service. You're still limited to a composite of five years of military because of what's on page 1, line 19.

It was unclear to David Niss and Mike O'Connor whether the new 4 years you can purchase for the discounted service was in addition to the five years you can buy for full cost, or part of the total five years. I've prepared two different amendments, depending on which way the Committee would want to go, to either say the four years in subsection 3, which is **SEN. LYNCH's** part of the four

years, is either in addition to the five years or is part, if subsection 1 and subsection 3 service is a total of five years.

SENATOR LYNCH Let me beg for making it in addition to the five years. If we don't make it in addition, we are not helping those people who have already purchased the time. The cost will be minimal. If they want to purchase it, it should be in addition to. Most of these people won't get near four years. You're talking 2.3 if everyone took advantage of it. I'm trying to help these people who legitimately bought and I'm not trying to hurt anybody.

REP. BRAINARD Our primary consideration was the effect with GABA. Everything we do is to let these individuals to have the same opportunity to purchase the service under the same conditions people did prior to GABA. That was the main opposition on this bill. People who had purchased prior to GABA asked "Why are you going to give that service away"? We tried to re-institute what was prior to GABA. GABA came along rather quickly and a lot of them weren't prepared to buy their service. We're giving them a two year window. How does being able to add that work, as compared to the provisions prior to GABA?

Sheri Heffelfinger The only thing GABA changed was cost of the service. The total years of service you could purchase has always been limited to five years of military. With 19-3-513, that military was added to the one for five service and the public service from out-of-state. All of that together could not exceed five years.

REP. BRAINARD I would prefer to keep that five years the way it always has been and allow this four years to count towards the five. When you get into retirements and start to change things, adding new benefits for certain people, you get a ratcheting effect and it gets very hard to predict. Predictability and qualification of benefits are the stability you need for the system.

SEN. LYNCH If I was a Vietnam veteran right now and retiring from the Teachers', I would get up to four years free. There's no waiting; there's no two years. I'm trying to make some equality between the Teachers' Retirement System and the Public Employees' Retirement System. I wish the two years wasn't there but I'm willing to go along with that. I backed down on "without cost" and said OK, we'll make them pay the employee's contribution pre-GABA. We're not doing much for them if they've already purchased the service. We're saying we'll give a couple

extra years to do it, but we're not helping as much as I wanted to. I hope that the House, seeing our willingness to accept some of your amendments, might let us in on this and we could leave.

REP. BRAINARD We would be allowing these individuals to get up to nine years military service. You would pay for full service on five, but there would be four years you could pick up pre-GABA.

SENATOR HARGROVE Everybody in the world can't jump in on that, because this is a unique group.

SENATOR LYNCH Some people think that I'm going to get sued. I said the teachers have been doing this since 1981 and there have been no lawsuits. "We didn't include enough people; we didn't include Granada, Panama and Desert Storm". I have no problem including them. There's never been a lawsuit in the Teacher's Retirement System, so I feel safe. "You forgot there are seven armed services." We mentioned all military service; we don't have to list who the armed services are. I'm not worried about that, unless someone thinks we should tie it to Desert Storm.

REP. BRAINARD People who can take military retirement, none of their time can count. This is for public employees who are not professional soldiers.

SEN. LYNCH I don't want to clutter this up. I would like to put "in addition to" and I would be willing to sign the agreement and we'll accept all the other amendments.

SEN. LYNCH moved the amendment

REP. BRAINARD This isn't going to particularly affect the people who purchased prior to GABA, except maybe they would be able to purchase up to five years more time.

Sheri Heffelfinger That's correct. This Korea and Vietnam service at the discounted price is a subsection of the total service covered under Subsection 1. A person could have purchased in the last two years since GABA, when the price went to actuarial cost. They could have purchased Korean and Vietnam service for full cost. They will not be able to get a refund for that. If someone purchased prior to GABA at the discounted cost, it may allow them a few more extra years than they had.

REP. BRAINARD asked Mike if he was aware of anybody who purchased this service from the time GABA was instituted.

Mike O'Connor A few people have purchased.

Vote: Motion **carried unanimously.**

ADJOURNMENT

Adjournment: 9:00 A.M.

SEN. DON HARGROVE, Chairman

Carol Masolo, Secretary

DH/CM

EXHIBIT (ccs80sb0195aad)