

HOUSE BILL NO. 618
INTRODUCED BY J. SINRUD

A BILL FOR AN ACT ENTITLED: "AN ACT ESTABLISHING A STATEWIDE ACCOUNT FOR STATE EMPLOYEE TERMINATION COSTS; PROVIDING FOR ADMINISTRATION OF THE ACCOUNT BY THE DEPARTMENT OF ADMINISTRATION; REQUIRING A BIENNIAL ACTUARIAL ASSESSMENT OF THE ACCOUNT; PROVIDING A FUND TRANSFER; AND PROVIDING EFFECTIVE DATES."

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

NEW SECTION. Section 1. Statewide account for state employee termination costs. (1) There is a reserve account in the state special revenue fund for the purposes of addressing the state's liability for annual leave or sick leave costs and maximizing the use of nongeneral fund revenue sources. Money may be deposited in the account through an allocation of money to the account or as provided in [section 2].

(2) The money in the account must be expended only for:

- (a) termination costs for cash compensation for unused annual vacation leave, as provided in 2-18-617;
- (b) termination costs for lump-sum payment of sick leave expenditures, as provided in 2-18-618; and
- (c) reasonable and necessary direct costs of administering the fund, including the actuarial analysis.

(3) The account may be divided into subaccounts as necessary. The money in the account must be invested pursuant to Title 17, chapter 6. The income and earnings on the account must be deposited in the account.

NEW SECTION. Section 2. Administration of account. (1) The department of administration shall develop a procedure for determining a rate, for each pay period by agency and by fund source based upon an average of the past 3 years experience, to cover the estimated payout of employee-earned annual vacation leave and sick leave, as provided in 2-18-617 and 2-18-618.

(2) The department of administration shall charge that cost to the employing agency and deposit the money in the termination reserve account provided in [section 1].

(3) The department of administration shall develop a procedure for paying the cost of the compensation for unused annual vacation leave and the lump-sum payment of accrued sick leave for an employee who is terminating employment from the termination reserve account provided in [section 1].

(4) The department of administration shall provide an actuarial assessment of the termination reserve account as of June 30 of each even-numbered year of the biennium to the budget director to determine the soundness of the account relative to the financial liability associated with unused annual vacation leave and accrued sick leave. The budget director shall make a determination when the account has sufficient money over the liability to transfer ~~\$20~~ \$1 million to the general fund to pay back the amount provided for in [section 3].

(5) For the purposes of this section, "agency" means an agency of the executive, judicial, or legislative branches of government, other than the Montana university system.

NEW SECTION. **Section 3. Fund transfer.** There is a one-time-only transfer of ~~\$20~~ \$1 million from the general fund to the account provided for in [section 1] in the state special revenue fund for the purposes of working capital.

NEW SECTION. **Section 4. Codification instruction.** [Sections 1 and 2] are intended to be codified as an integral part of Title 2, chapter 18, part 6, and the provisions of Title 2, chapter 18, part 6, apply to [sections 1 and 2].

NEW SECTION. **Section 5. Effective dates.** (1) [Section 3 and this section] are effective July 1, 2007.

(2) Except as provided in subsection (1), [this act] is effective July 1, 2008.

- END -