

HOUSE BILL NO. 85

INTRODUCED BY J. KARJALA

BY REQUEST OF THE PUBLIC EMPLOYEES' RETIREMENT BOARD

A BILL FOR AN ACT ENTITLED: "AN ACT REVISING FUNDING PROVISIONS FOR THE SHERIFFS' RETIREMENT SYSTEM; INCREASING MEMBER CONTRIBUTION RATES; PROVIDING FOR A REDUCTION IN MEMBER CONTRIBUTION RATES DEPENDING ON ANNUAL ACTUARIAL VALUATION; PROVIDING FOR A TEMPORARY INCREASE TO EMPLOYER CONTRIBUTION RATES; AMENDING SECTIONS 19-7-403 AND 19-7-404, MCA; AND PROVIDING AN EFFECTIVE DATE."

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

Section 1. Section 19-7-403, MCA, is amended to read:

"19-7-403. Member's contributions deducted. (1) Each member's contribution is ~~9.245%~~ 10.245% of the member's compensation. Each member's contribution must be reduced to 9.245% on July 1 following the board's receipt of the system's annual actuarial valuation if:

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

(b) reducing the employee contribution pursuant to this subsection (1) and reducing the employer contribution pursuant to 19-7-404(4)(b)(ii) would not cause the system's amortization period to exceed 25 years.

(2) Each employer, pursuant to section 414(h)(2) of the federal Internal Revenue Code of 1954, as amended and applicable on July 1, 1985, shall pick up and pay the contributions that would be payable by the member under subsection (1) for service rendered after June 30, 1985.

(3) The member's contributions picked up by the employer must be designated for all purposes of the retirement system as the member's contributions, except for the determination of a tax upon a distribution from the retirement system. These contributions must become part of the member's accumulated contributions but must be accounted for separately from those previously accumulated.

(4) The member's contributions picked up by the employer must be payable from the same source as is used to pay compensation to the member and must be included in the member's wages, as defined in

1 19-1-102, and salary as used to define the member's highest average compensation in 19-7-101. The employer
2 shall deduct from the member's compensation an amount equal to the amount of the member's contributions
3 picked up by the employer and remit the total of the contributions to the board."
4

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

6 **"19-7-404. Employer contributions.** (1) Each employer shall pay 9.535% of the compensation paid to
7 all of the employer's employees plus any additional contribution under subsection (3), except for those employees
8 properly excluded from membership.

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

13 (3) Subject to subsection (4), each employer shall contribute to the system an additional employer
14 contribution equal to ~~0.58%~~ 3.58% of the compensation paid to all of the employer's employees, except for those
15 employees properly excluded from membership.

16 (4) (a) The board shall periodically review the additional employer contribution provided for under
17 subsection (3) and recommend adjustments to the legislature as needed to maintain the amortization schedule
18 set by the board for payment of the system's unfunded liabilities.

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

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

24 (ii) terminating the additional employer contribution pursuant to this subsection (4)(b) and reducing the
25 employee contribution pursuant to 19-7-403(1) would not cause the amortization period as of the most recent
26 actuarial valuation to exceed 25 years."
27

28 NEW SECTION. **Section 3. Effective date.** [This act] is effective July 1, 2017.

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