

HOUSE BILL NO. 101

INTRODUCED BY W. MCKAMEY

BY REQUEST OF THE PUBLIC EMPLOYEES' RETIREMENT BOARD

1
2
3
4
5 A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING LAWS RELATED TO THE
6 ADMINISTRATION OF PUBLIC EMPLOYEE RETIREMENT SYSTEMS; REVISING PROVISIONS OF THE
7 PUBLIC EMPLOYEES', JUDGES', HIGHWAY PATROL OFFICERS', SHERIFFS', GAME WARDENS' AND
8 PEACE OFFICERS', MUNICIPAL POLICE OFFICERS', AND FIREFIGHTERS' UNIFIED RETIREMENT
9 SYSTEMS; REVISING PROVISIONS OF THE VOLUNTEER FIREFIGHTERS' COMPENSATION ACT;
10 CREATING WORKING RETIREE HOUR LIMITS AND SECOND RETIREMENT BENEFITS IN ALL SYSTEMS
11 IN WHICH THEY DO NOT CURRENTLY EXIST; CLARIFYING ELIGIBILITY FOR SERVICE PURCHASES;
12 CLARIFYING LUMP-SUM PAYOUTS; PROVIDING FOR THE SUSPENSION OF SUSPECT BENEFIT
13 PAYMENTS; PROVIDING FOR RECOVERY OF OVERPAYMENTS; CLARIFYING WHEN RETIREMENT
14 BENEFITS ARE SUBJECT TO ATTACHMENT; ASSESSING ACTUARIAL COSTS TO TERMINATING
15 EMPLOYERS; ~~EXCLUDING INDEPENDENT CONTRACTORS FROM WORKING RETIREE LIMITATIONS;~~
16 REVISING THE AGE LIMIT FOR CERTAIN DISABILITY PAYMENTS; REVISING THE WORKERS'
17 COMPENSATION SERVICE PURCHASE IN THE SHERIFFS' RETIREMENT SYSTEM; CLARIFYING RETURN
18 TO SERVICE PROVISIONS FOR RETIRED VOLUNTEER FIREFIGHTERS; AMENDING SECTIONS 19-2-602,
19 19-2-603, 19-2-704, 19-2-902, 19-2-903, 19-2-904, 19-2-907, 19-2-1004, 19-3-108, 19-3-201, 19-3-403,
20 19-3-413, 19-3-1105, 19-3-1106, 19-3-2141, 19-5-502, 19-6-101, 19-6-1005, 19-7-101, 19-7-410, 19-7-1101,
21 19-8-101, 19-8-1003, 19-9-1204, 19-9-1207, 19-9-1301, 19-13-104, 19-13-212, 19-13-302, 19-13-1101,
22 19-17-112, 19-17-407, 19-17-412, 19-17-502, AND 19-17-503, MCA; REPEALING SECTIONS 19-8-1104 AND
23 19-17-506, MCA; AND PROVIDING AN EFFECTIVE DATE."

24

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

26

27 **Section 1.** Section 19-2-602, MCA, is amended to read:

28 **"19-2-602. Refund of member's contributions on termination of service.** (1) Except as provided in
29 this section, any member who has terminated service, other than by death or retirement, must be paid the
30 member's accumulated contributions upon the filing of a written application by the member and board approval.



1 Prior to termination of service, a member may not receive a refund of any portion of the member's accumulated
2 contributions.

3 (2) A nonvested member who has terminated service with accumulated contributions of less than \$200
4 must be paid the accumulated contributions in a lump sum as soon as administratively feasible without a written
5 application being filed by the member.

6 (3) A nonvested member who has terminated service with accumulated contributions of \$200 to \$1,000
7 must be paid the accumulated contributions in a lump sum as soon as administratively feasible unless a written
8 application is filed within 90 days of terminating service pursuant to subsection (4).

9 (4) Upon the filing of a written application by an alternate payee eligible to receive a single distribution
10 of \$200 or more under 19-2-907 or 19-2-909 or by a member who is terminating service and is eligible to receive
11 a refund of \$200 or more of accumulated contributions, the board shall make a direct rollover distribution of any
12 eligible rollover distribution allowed under section 401(a)(31) of the Internal Revenue Code, 26 U.S.C. 401(a)(31).
13 The direct rollover distribution must be paid directly to an eligible retirement plan allowed under applicable federal
14 law. As of January 1, 2008, an eligible retirement plan includes a Roth IRA, provided for under 26 U.S.C. 408A.
15 The applicant is responsible for designating an eligible retirement plan on forms provided by the board. The
16 portion of the account that is not an eligible rollover distribution must be paid directly to the recipient."
17

18 **Section 2.** Section 19-2-603, MCA, is amended to read:

19 **"19-2-603. Reinstatement after withdrawal of contributions.** Except as otherwise provided in chapter
20 3, part 21, of this title and this section, a person who again becomes a an active member of a defined benefit plan
21 subsequent to the refund of the person's accumulated contributions after a termination of previous membership
22 is considered a new member without previous membership service or service credit. The person, while either an
23 active or inactive VESTED member, may reinstate that membership service or service credit by redepositing the
24 sum of the accumulated contributions that were refunded to the person at the last termination of the person's
25 membership plus the interest that would have been credited to the person's accumulated contributions had the
26 refund not taken place. If the person makes this redeposit, the membership service and service credit previously
27 canceled must be reinstated."
28

29 **Section 3.** Section 19-2-704, MCA, is amended to read:

30 **"19-2-704. Purchasing service credits allowed -- payroll deduction.** (1) Subject to the rules

1 promulgated by the board, an eligible member may elect to make additional contributions to purchase service
2 credits as provided by the statutes governing the retirement system.

3 (2) Subject to any statutory provision establishing stricter limitations, only active or vested inactive
4 members are eligible to purchase or transfer service credit, membership service, or contributions or to redeposit
5 amounts withdrawn under 19-2-602.

6 (3) ~~A~~ An eligible member who wishes to redeposit amounts withdrawn under 19-2-602 or who is eligible
7 to purchase service credit as provided by the statutes governing the retirement system to which the member
8 belongs may elect to make a lump-sum payment by personal check or rollover of funds from another eligible plan,
9 to make installment payments, or to make a combination of a lump-sum payment and installment payments.

10 (4) Installment payments must be made by personal check paid directly to the board unless the member
11 elects to make payments by irrevocable payroll deduction. The minimum installment period for payments is 3
12 months, and the maximum installment period is 5 years.

13 (5) To elect installment payments by irrevocable payroll deduction, the member shall file with the board
14 and the member's employer an irrevocable, written application and authorization for payroll deductions. The
15 application and authorization:

16 (a) must be signed by the member and the member's employer;

17 (b) must specify the dollar amount of each deduction and the number of deductions to be made, subject
18 to any maximum amounts or duration established by state or federal law;

19 (c) may not give the member the option of receiving the deduction amounts directly instead of having
20 them paid by the employer to the board; and

21 (d) must specify that the additional contributions being picked up, although designated as employee
22 contributions, are being paid by the employer directly to the board in lieu of contributions paid directly by the
23 employee.

24 (6) If the board notifies the employer that a proper written application and authorization has been filed
25 with the board, the employer shall initiate the payroll deduction as follows:

26 (a) An employer shall pick up the member's elective additional contributions made pursuant to a payroll
27 deduction authorization. The contributions picked up by the employer must be paid from the same source as is
28 used to pay compensation to the member and must be included as part of the member's earned compensation
29 before the deduction is made.

30 (b) Employee contributions, even though designated as employee contributions for state law purposes,

1 are paid by the member's employer in lieu of contributions paid directly by the member to the board.

2 (c) The member may not choose to receive the contributed amounts directly instead of having them paid
3 by the employer to the board.

4 (d) The effective date of the employer pickup and payment pursuant to this section is the date on which
5 the employee's additional contribution is first deducted from the employee's compensation. However, the effective
6 date may not be prior to the date that the member properly completes the written application and authorization
7 for payroll deductions and files it with the board. The pickup may not apply to any additional contributions made
8 before the effective date or to any contributions related to compensation earned for services rendered before the
9 effective date.

10 (e) Installment payments initiated by contract prior to July 1, 1999, may be paid by payroll deduction only
11 if the member files a written application and authorization for payroll deductions pursuant to this section. If the
12 member does not file a written application and authorization for payroll deductions pursuant to this section, the
13 installment contract payments agreed to by the member must be paid by the member directly to the board.

14 (f) A member may file more than one irrevocable payroll deduction agreement and authorization as long
15 as a subsequent deduction authorization does not amend a previous irrevocable authorization. A member may
16 not prepay an amount under an irrevocable payroll deduction agreement without terminating employment, except
17 when a member becomes a member of another retirement system by an authorized election and the service
18 purchase is in accordance with 19-2-715.

19 (7) If a member terminates employment or dies before completing all payments required by a payroll
20 deduction authorization filed pursuant to this section, the deduction authorization expires and the board shall
21 prorate the service credit based on the amount paid unless further payment is made as provided in this
22 subsection. In the case of a termination from employment, the member may make a lump-sum payment for up
23 to the balance of the service credit remaining to be purchased, subject to the limitations of section 415 of the
24 Internal Revenue Code. In the case of death of the member, the payment may be made from the member's estate
25 subject to the limitations of section 415 of the Internal Revenue Code."
26

26

27 **Section 4.** Section 19-2-902, MCA, is amended to read:

28 **"19-2-902. Payment of benefits.** (1) A retirement benefit or survivorship benefit granted under a
29 retirement system subject to this chapter, other than a benefit under the defined contribution plan, must be
30 payable in monthly installments, except as provided in this part.

1 (2) (a) If a member or beneficiary who is a natural person elects, the board shall pay the ~~present value~~
2 ~~of the benefit member's accumulated contributions~~ to the member or beneficiary in a single lump sum.

3 (b) The lump sum must be paid at the time the initial monthly benefit would otherwise be payable.

4 (c) An election to receive a single lump sum must be made at least 30 days prior to the first payment
5 date.

6 ~~(3) A beneficiary that is a charitable organization, the estate of the payment recipient, or a trust is eligible~~
7 ~~only for a single lump sum.~~

8 ~~(3)~~(4) If a benefit recipient dies before the last day of the month, a pro rata amount otherwise payable
9 to the payment recipient must be paid to the designated beneficiary, statutory beneficiary, or contingent annuitant
10 or to the benefit recipient's estate, as appropriate."
11

12 **Section 5.** Section 19-2-903, MCA, is amended to read:

13 **"19-2-903. Correction of errors in and suspension of payments.** (1) If the amount of a contribution
14 payment is incorrect, the board may reject the payment or accept the payment and approve any of the following
15 methods to collect the correct amount:

- 16 (a) adjustment of subsequent payments from a member or an employer;
17 (b) installment payments or a lump-sum payment from an employer; or
18 (c) a lump-sum payment or a rollover from a member.

19 (2) If a purchase of service credit made pursuant to 19-2-704 is determined to be incorrect, the board
20 may approve correcting the error by any of the following methods:

- 21 (a) adjusting the subsequent lump-sum or installment payments from the member or the member's
22 employer;
23 (b) accepting a lump-sum payment or rollover from the member for the amount underpaid; or
24 (c) granting the member service credit proportional to the amount actually paid.

25 (3) If fraud or error results in a member, survivor, or beneficiary receiving more or less than entitled to,
26 then upon the discovery of the error, the board shall correct the error.

27 (4) If the board suspects that a payment is not being delivered to its intended recipient, the board shall
28 suspend the payment. The suspension will continue until the board makes direct contact with the intended
29 recipient and is able to confirm the intended recipient's correct address or direct deposit information. Upon
30 confirmation, payments will resume and any payments suspended must be made to the intended recipient as

1 soon as administratively possible.

2 ~~(4)~~(5) (a) Except as provided in subsection ~~(5)~~ (6), if a benefit or payment is overpaid or paid to a person
3 not entitled to receive the benefit or payment, the board may recover the full amount of the improper distribution,
4 plus interest set at the assumed rate of return on the system's investments. The interest must be compounded
5 annually and be applied monthly and must accrue from the date the recipient of the improper distribution received
6 a final determination notice of the improper distribution until the total amount owed to the retirement system
7 pursuant to this subsection ~~(4)~~ (5) is paid in full.

8 (b) To recover an amount owed pursuant to this subsection ~~(4)~~ (5), the board may adjust future benefit
9 payments or arrange for another method of payment. For collection of amounts due, the board may pursue all
10 remedies available by law to it, including but not limited to initiating a lawsuit, requesting an electronic funds
11 transfer or automated clearinghouse reversal transaction from the recipient's banking institution, or assigning or
12 referring the debt to an attorney or collection agency.

13 (c) The board is entitled to recover its reasonable costs for pursuing collection, including but not limited
14 to attorney fees or charges assessed by a collection agency. These costs may be added to the principal amount
15 due under this subsection ~~(4)~~ (5) and accrue interest as provided in subsection ~~(4)~~(a) (5)(a).

16 (d) The recipient of an improperly paid benefit or payment is liable for repayment of the total amount
17 owed pursuant to this subsection ~~(4)~~ (5).

18 (e) The board may, for good cause, waive some or all of the interest charges or collection costs that may
19 be assessed under this subsection ~~(4)~~ (5).

20 ~~(5)~~(6) (a) If overpaid benefits or unpaid contributions resulted solely from an error made by the retirement
21 system:

22 (i) the retirement system may recover the amount owed only with respect to the timeframe beginning 24
23 months prior to the date on which the retirement system issues an initial notice of the amount owed and ending
24 when the amount owed is paid in full; and

25 (ii) interest may not be charged if the amount owed is paid within 30 days after issuance of the final staff
26 determination.

27 (b) If the amount owed is not paid in full within 30 days after issuance of the final staff determination, the
28 amount owed accrues interest at the retirement system's actuarially assumed annual rate of return, compounded
29 monthly, beginning on the 31st day after issuance of the final staff determination. Interest continues to accrue until
30 the amount owed to the retirement system is fully paid."

1

2 **Section 6.** Section 19-2-904, MCA, is amended to read:

3 **"19-2-904. Withholding of group insurance premium from retirement benefit.** (1) A retiree who is
4 a participant in an employee group insurance plan that permits participation in the group plan following retirement
5 may elect to have the monthly premium for group insurance withheld by the retirement system and paid directly
6 by the system to the ~~insurance carrier~~ sponsoring employer. In order to qualify for this withholding, a retiree must
7 be a participant in a group insurance plan available to the employees of the former employer. Withholding may
8 not be made for any retiree covered by an individual insurance policy.

9 (2) Following the death of a retiree who elected withholding of premiums under subsection (1), the
10 retiree's contingent annuitant may elect to have the contingent annuitant's monthly premium for group insurance
11 withheld by the retirement system and paid directly by the system to the ~~insurance carrier~~ sponsoring employer.
12 In order to qualify for this withholding, the contingent annuitant must be covered by the same group insurance
13 plan that covered the retiree in accordance with subsection (1)."

14

15 **Section 7.** Section 19-2-907, MCA, is amended to read:

16 **"19-2-907. Alternate payees -- family law orders -- rulemaking.** (1) A participant in a retirement
17 system may have the participant's rights modified or recognized by a family law order.

18 (2) For purposes of this section:

19 (a) "family law order" means a judgment, decree, or order of a court of competent jurisdiction under Title
20 40 concerning child support, parental support, spousal maintenance, or marital property rights that includes a
21 transfer of all or a portion of a participant's payment rights in a retirement system to an alternate payee in
22 compliance with this section and with section 414(p) of the Internal Revenue Code, 26 U.S.C. 414(p); and

23 (b) "participant" means an identified person who is a member or an actual or potential beneficiary,
24 survivor, or contingent annuitant of a retirement system or plan designated pursuant to Title 19, chapter 3, 5, 6,
25 7, 8, 9, 13, or 17.

26 (3) A family law order must identify a participant and an alternate payee by full name, current address,
27 date of birth, and social security number. An alternate payee's rights and interests granted in compliance with this
28 section are not subject to assignment, execution, garnishment, attachment, or other process. An alternate payee's
29 rights or interests may be modified only by a family law order amending the family law order that established the
30 right or interest.

1 (4) Except as provided in subsection (6)(a), a family law order may not require:

2 (a) a type or form of benefit, option, or payment not available to the affected participant under the
3 appropriate retirement system or plan; or

4 (b) an amount or duration of payment greater than that available to a participant under the appropriate
5 retirement system or plan.

6 (5) With respect to a defined benefit plan, a family law order may provide for payment to an alternate
7 payee only as follows:

8 (a) Retirement benefit payments or refunds may be apportioned by directing payment of either a
9 percentage of the amount payable or a fixed amount of no more than the amount payable to the participant.
10 Payments to an alternate payee may be limited to a specific amount each month if the number of payments is
11 specified.

12 (b) The maximum amount of disability or survivorship benefits that may be paid to alternate payees is
13 the monthly benefit amount that would have been payable on the date of termination of service if the member had
14 retired without disability or death. The maximum amount paid may be zero, depending on the member's age and
15 service credit at the time of disability or death. Conversion of a disability retirement to a service retirement
16 pursuant to 19-2-406(5), 19-3-1015(2), 19-6-612(2), or 19-8-712(2) does not increase the maximum monthly
17 amount that may be paid to an alternate payee.

18 (c) Retirement benefit adjustments for which a participant is eligible after retirement may be paid as a
19 percentage only if existing benefit payments are paid as a percentage. The adjustments must be paid as a
20 percentage in the same ratio as existing benefit payments unless the family law order specifies that the alternate
21 payee is not entitled to benefit adjustments.

22 (d) The participant may be required to choose a specified form of benefit payment or designate a
23 beneficiary or contingent annuitant if the retirement system or plan allows for that option.

24 (6) With respect to a defined contribution plan, a family law order may provide for payment to an alternate
25 payee only as follows:

26 (a) The vested account of the participant may be apportioned by directing payment of either a percentage
27 or a fixed amount. The total amount paid may not exceed the amount in the participant's vested account. The
28 alternate payee may receive the payment only as a direct payment, rollover, or transfer. The alternate payee's
29 portion must be totally disbursed to the alternate payee as soon as administratively feasible upon the board's
30 approval of the family law order.

1 (b) If the participant is receiving periodic payments or an annuity provided under the plan, those
 2 payments may be apportioned as a percentage of the amount payable to the participant. Payments to the
 3 alternate payee may be limited to a specific amount each month if the number of payments is specified. Payments
 4 may not total more than the amount payable to the payee.

5 (7) The duration of monthly payments paid from a defined benefit or defined contribution plan participant
 6 to an alternate payee may not exceed the lifetime of the appropriate participant. The duration of the monthly
 7 payments may be further limited only to a specified maximum time, the life of the alternate payee, or the life of
 8 another specified participant. The alternate payee's rights and interests survive the alternate payee's death and
 9 may be transferred by inheritance.

10 (8) The board may assess a participant or an alternate payee for all costs of reviewing and administering
 11 a family law order, including reasonable attorney fees. The board may adopt rules to implement this section.

12 (9) Each family law order establishing a final obligation concerning payments by the retirement system
 13 must contain a statement that the order is subject to review and approval by the board.

14 (10) The board shall adopt rules to provide for the administration of family law orders."
 15

16 **Section 8.** Section 19-2-1004, MCA, is amended to read:

17 "**19-2-1004. Exemption from taxes and legal process.** (1) Except as provided in 19-2-907, ~~and~~
 18 19-2-909, and subsection (2) of this section, the right of a person to any benefit or payment from a retirement
 19 system or plan and the money in the system or plan's pension trust fund is not:

20 ~~(1)(a)~~ subject to execution, garnishment, attachment, or any other process;

21 ~~(2)(b)~~ subject to state, county, or municipal taxes except for:

22 ~~(a)(i)~~ a benefit or annuity received in excess of the amount determined pursuant to 15-30-2110(2)(c);

23 or

24 ~~(b)(ii)~~ a refund of a member's regular contributions picked up by an employer after June 30, 1985, as
 25 provided in 19-3-315, 19-5-402, 19-6-402, 19-7-403, 19-8-502, 19-9-710, or 19-13-601; or

26 ~~(3)(c)~~ assignable except as specifically provided in this chapter.

27 (2) The right of a person to any benefit or payment from a retirement system or plan and the money in
 28 the system's or plan's pension trust fund associated with that benefit or payment is subject, once the person is
 29 entitled to distribution of the benefit or payment, to:

30 (a) a United States tax lien or levy for past-due taxes; and

1 (b) execution, garnishment, attachment, levy, or other process related to the collection of criminal fines
2 and orders of restitution imposed under federal law as provided for in 18 U.S.C. 3613."

3

4 **Section 9.** Section 19-3-108, MCA, is amended to read:

5 **"19-3-108. Definitions.** Unless the context requires otherwise, as used in this chapter, the following
6 definitions apply:

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

11 (b) Compensation does not include:

12 (i) the contributions made pursuant to 19-3-403(4)(a) for members of a bargaining unit;

13 (ii) in-kind goods provided by the employer, such as uniforms, housing, transportation, or meals;

14 (iii) in-kind services, such as the retraining allowance paid pursuant to 2-18-622, or employment-related
15 services;

16 (iv) contributions to group insurance, such as that provided under 2-18-701 through 2-18-704;

17 (v) lump-sum payments for compensatory leave, sick leave, banked holiday time, or annual leave paid
18 without termination of employment; or

19 (vi) bonuses provided after July 1, 2013, that are one-time, temporary payments in addition to and not
20 considered part of base pay.

21 (2) "Contracting employer" means any political subdivision or governmental entity that has contracted
22 to come into the system under this chapter.

23 (3) "Defined benefit plan" means the plan within the public employees' retirement system established
24 in 19-3-103 that is not the defined contribution plan.

25 (4) "Employer" means the state of Montana, its university system or any of the colleges, schools,
26 components, or units of the university system for the purposes of this chapter, or any contracting employer.

27 (5) "Employer contributions" means payments to a pension trust fund pursuant to 19-3-316 from
28 appropriations of the state of Montana and from contracting employers.

29 (6) (a) "Highest average compensation" means:

30 (i) for a member hired prior to July 1, 2011, the highest average monthly compensation during any 36

1 consecutive months of membership service;

2 (ii) for a member hired on or after July 1, 2011, the highest average monthly compensation during any
3 60 consecutive months of membership service; or

4 (iii) in the event a member has not served the minimum specified period of service, the total
5 compensation earned divided by the months of membership service.

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

11 (c) Excess earnings limits must be applied to the calculation of the highest average compensation
12 pursuant to 19-2-1005(2).

13 (7) "System" or "retirement system" means the public employees' retirement system established in
14 19-3-103."

15

16 **Section 10.** Section 19-3-201, MCA, is amended to read:

17 **"19-3-201. Contracts with political subdivisions.** (1) Any municipal corporation, county, or public
18 agency in the state may become a contracting employer through a contract entered into between the board and
19 the legislative body of the contracting employer. The contract must provide that all employees eligible under this
20 chapter must become members. Contracts executed prior to July 1, 2009, that limit membership to a specific
21 group or groups of employees remain valid. The contract may include any provisions that are consistent with
22 chapter 2 and this chapter and necessary in the administration of the retirement system as it affects the
23 contracting employer and its employees.

24 (2) The approval of the contract is subject to the following provisions, in addition to the other provisions
25 of chapter 2 and this chapter:

26 (a) The legislative body of the contracting employer shall adopt a resolution of intention to approve the
27 contract and containing a summary of the major provisions of the retirement system. The contract may not be
28 approved unless the employees proposed to be included in the retirement system adopt the proposal by a
29 majority affirmative vote in a secret ballot. The ballot at the election must include the summary of the retirement
30 system as set forth in the resolution. The election must be conducted as prescribed by the legislative body of the

1 contracting employer. Approval of the contract must be by the affirmative vote of two-thirds of the members of
2 the legislative body within 40 days after the adoption of the resolution.

3 (b) The contract must specify that the provisions of the retirement system apply to all employees on the
4 effective date of the contract and to all employees hired after the effective date of the contract. An employee's
5 membership in either the defined benefit plan or the defined contribution plan is determined on an individual basis
6 as provided in this chapter.

7 (c) The contract may be amended in the manner prescribed in this section for the original approval of
8 contracts. The contract must be approved by the board. The board may disapprove of a contract if, in the board's
9 sole discretion, the contract adversely affects the interests of the retirement system. Any amendments to the
10 retirement system made pursuant to Montana laws immediately apply to and become a part of the contract.

11 (3) The termination of the contract is subject to the following provisions, in addition to the other provisions
12 of this chapter:

13 (a) The legislative body of a contracting employer shall adopt a resolution giving notice to its employees
14 that it intends to terminate retirement system coverage.

15 (b) All employees covered under the retirement system must be given notice of the termination resolution
16 and be permitted to vote for or against the resolution by secret ballot.

17 (c) If a majority of covered employees votes for termination, the legislative body, within 20 days after the
18 approval of the resolution by the employees, may adopt by a two-thirds majority a resolution terminating coverage
19 under the system effective the last day of that month and forward the resolution and a certified copy of the
20 election results to the board.

21 (d) Upon receipt of the termination resolution, the board may request an actuarial valuation of the
22 liabilities of the terminating agency to the retirement system, and the board may withhold approval of the
23 termination of contract until satisfactory arrangements are made to provide funding for:

24 (i) the cost of the actuarial valuation to determine the terminating agency's liabilities to the retirement
25 system; and

26 (ii) any excess accrued liabilities not previously funded by the terminating agency.

27 ~~(4) The schedule for payment of the employer's liability, plus interest, under subsection (3) may not~~
28 ~~exceed a period of 3 years unless the board determines in its sole discretion that exigent circumstances allow~~
29 ~~for a greater period of time. Interest under this section must accrue at the actuarially assumed rate of return in~~
30 ~~effect at the time of termination."~~

1

2 **Section 11.** Section 19-3-403, MCA, is amended to read:

3 **"19-3-403. Exclusions from membership.** The following persons may not become members of the
4 retirement system and, except as provided in subsection (7), may not later purchase previous service under
5 19-3-505:

6 (1) inmates or residents of state institutions or correctional institutions;

7 (2) persons in state institutions principally for the purpose of training but who receive compensation;

8 (3) independent contractors;

9 (4) persons who are members of any other retirement or pension system supported wholly or in part by
10 funds of the United States government, any state government, or political subdivision of the state and who are
11 receiving credit in the other system for employment. It is the purpose of this subsection to prevent a person from
12 receiving credit for the same employment in two retirement systems supported wholly or in part by public funds,
13 except when the service qualifies and is applied for and the service credit is purchased pursuant to 19-3-503. A
14 member of the retirement system who, because of employment by the state, is required to become a member
15 of any other system described in this subsection is considered, with regard to that employment, an inactive
16 member of the retirement system, except that the member is not eligible for retirement or a refund of the
17 member's accumulated contributions. Exclusion under this subsection is subject to the following exceptions:

18 (a) The employees of an employer who has entered into a collective bargaining agreement involving a
19 multiemployer pension plan qualified by the internal revenue service and that requires contributions by the
20 employer for the members of the bargaining unit remain eligible, if otherwise qualified, for membership in the
21 retirement system.

22 (b) For the purpose of this subsection (4), persons receiving pensions, retirement benefits, or other
23 payments from any source on account of employment other than as an employee are not considered, because
24 of receipt, members of any other retirement or pension system.

25 (5) substitute teachers or part-time teacher's aides who may elect to join the teachers' retirement system
26 in accordance with 19-20-302(4);

27 (6) court commissioners, elected officials, or appointive members of any board or commission who serve
28 the state or any contracting employer intermittently and who are paid on a per diem basis;

29 (7) full-time students employed at and attending the same public elementary school, high school,
30 community college, or unit of the state university system, except that a person excluded from membership as a

1 student of a public community college or a unit of the state university system who later becomes an active
 2 member by otherwise becoming an employee may affirmatively exercise the option of purchasing the service
 3 credit excluded by this subsection by applying to the board in writing after becoming an active member and
 4 become eligible to receive service credit for the excluded service under the provisions of 19-3-505;
 5 (8) county school superintendents who are required by 19-20-302(1)(g) and (2) to be members of the
 6 teachers' retirement system provided for in Title 19, chapter 20.

7

8 **Section 12.** Section 19-3-413, MCA, is amended to read:

9 **"19-3-413. Optional membership -- elected officials.** (1) (a) Except as provided in 5-2-304,
 10 19-20-302(1)(g) and (2), and subsection (2) of this section, a person who is elected or appointed to an elected
 11 office and paid a salary or wage by an employer shall elect either to become an active member of the retirement
 12 system or to decline this optional membership by filing an irrevocable, written application with the board in the
 13 manner prescribed in subsection (3).

14 (b) If the elected official is a retired member, the elected official may make an election under this section
 15 to become an active member or to decline membership and remain a retired member with no limitation on the
 16 number of hours worked or wages earned in the elected office.

17 (2) An elected official who works more than 960 hours in a fiscal year in that elected office and who was
 18 an active or inactive member before becoming an elected official is not eligible to make an election under
 19 subsection (1). An active member remains an active member for all covered employment, and an inactive
 20 member shall become an active member.

21 (3) (a) The board shall prescribe the form of the written application required pursuant to this section and
 22 provide the form to each employer.

23 (b) An election form must be completed and returned to the board within 90 days after the elected official
 24 assumes office. Failure to file the written application form within 90 days is considered an election to decline
 25 membership.

26 (c) The employer shall retain a copy of the elected official's written application.

27 (4) Except as provided in subsection (5), an elected official who declines optional membership may not
 28 receive membership service or service credit for any employment in the position for which membership was
 29 declined.

30 (5) An elected official who declined optional membership under this section but who later becomes a

1 member may purchase service credit for the period of time the person was employed in the optional position and
 2 declined membership. Purchase of service credit pursuant to this subsection must comply with 19-3-505.

3 (6) An elected official who has made an election under this section and who is reelected or reappointed
 4 to the same office is not eligible to make a new election.

5 (7) For purposes of this section, "elected official" means all persons covered by subsection (1)(a)."
 6

7 **Section 13.** Section 19-3-1105, MCA, is amended to read:

8 **"19-3-1105. ~~Benefit upon second retirement~~ Refunds and benefits for reemployed retired**
 9 **members.** (1) A member with an initial retirement date before January 1, 2016, who returns to active service and
 10 accrues:

11 (a) less than 2 years of service credit before again terminating service:

12 (i) must, upon termination of service and pursuant to 19-2-602, receive a refund, paid in the manner
 13 provided in 19-2-602, of the member's regular contributions after the member's return to active service, plus
 14 regular interest on those contributions;

15 (ii) may not be awarded service credit for the period of reemployment; and

16 (iii) starting the first month following termination, must receive the same retirement benefit amount paid
 17 to the member in the month immediately prior to returning to active service-;

18 (b) at least 2 years of service credit before again terminating service must receive a recalculated
 19 retirement benefit based on provisions enacted after the member's initial retirement, but only with respect to the
 20 service credit earned after reemployment.

21 (2) A member with an initial retirement date on or after January 1, 2016, who returns to active service
 22 and accrues:

23 (a) less than 5 years of service credit before again terminating service:

24 (i) must, upon termination of service and pursuant to 19-2-602, receive a refund, paid in the manner
 25 provided in 19-2-602, of the member's regular contributions after the member's return to active service, plus
 26 regular interest on those contributions;

27 (ii) may not be awarded service credit for the period of reemployment; and

28 (iii) starting the first month following termination, must receive the same retirement benefit amount paid
 29 to the member in the month immediately prior to returning to active service;

30 (b) at least 5 years of service credit before again terminating service must, starting the first month

1 following termination:

2 (i) receive the same retirement benefit amount paid to the member in the month immediately prior to
3 returning to active service; and

4 (ii) receive a second retirement benefit calculated for the period of reemployment under ~~19-3-902 or~~
5 19-3-904 or 19-3-906, as applicable, and based on the laws in effect as of the member's rehire date.

6 (3) Members who return to active service following retirement may not accrue postretirement benefit
7 adjustments under Title 19, chapter 3, part 16, during the member's term of reemployment.

8 (4) Postretirement benefit adjustments will start to accrue on the benefits under:

9 (a) subsections (1)(a)(iii) and (2)(a)(iii) in January immediately following the member's second retirement;

10 (b) subsections (1)(b) and (2)(b) in January after the member has received the recalculated benefit for
11 at least 12 months.

12 (5) Upon retirement subsequent to a cancellation of a disability benefit under 19-3-1104, a member must
13 receive a recalculated benefit as provided in 19-3-904 or 19-3-906, as applicable. The recalculated benefit is
14 based on service credit accumulated at the time of the member's previous retirement plus any service credit
15 accumulated subsequent to reemployment."

16

17 **Section 14.** Section 19-3-1106, MCA, is amended to read:

18 **"19-3-1106. Limited reemployment -- reduction of service retirement benefit upon exceeding limits**

19 **-- reporting obligations -- liability -- exceptions.** (1) A retired member under 65 years of age who was hired
20 prior to July 1, 2011, who has been terminated from employment for at least 90 days, and who is receiving a
21 service retirement benefit or early retirement benefit may return to employment covered by the retirement system
22 for a period not to exceed 960 hours in any calendar year without returning to active service and without any
23 effect to the retiree's retirement benefit. The retirement benefit for any retiree exceeding this 960-hour limitation
24 in any calendar year after retirement must be temporarily reduced \$1 for each \$1 earned after working 960 hours
25 in that calendar year.

26 (2) A retired member who is 65 years of age or older but less than 70 1/2 years of age, who has been
27 terminated from employment for at least 90 days, and who returns to employment covered by the retirement
28 system is either subject to the 960-hour limitation of subsection (1) or may earn in any calendar year an amount
29 that, when added to the retiree's current annual retirement benefit, will not exceed the member's annualized
30 highest average compensation, adjusted for inflation as of January 1 of the current calendar year, whichever

1 limitation provides the higher limit on earned compensation to the retiree. Upon reaching the applicable limitation,
 2 the retiree's benefits must be temporarily reduced \$1 for each \$1 of compensation earned in service beyond the
 3 applicable limitation during that calendar year.

4 (3) (a) The employer of a retiree returning to employment covered by the retirement system shall certify
 5 to the board the number of hours worked by the retiree and the gross compensation paid to the retiree in that
 6 employment during any pay period after retirement. The certification of hours and compensation may be
 7 submitted electronically pursuant to rules adopted by the board.

8 (b) An employer that fails to timely or accurately report the employment of, time worked by, or
 9 compensation paid to a retired member as required under subsection (3)(a) is jointly and severally liable with the
 10 retired member for repayment to the retirement system of retirement benefits paid to which the member was not
 11 entitled, plus interest.

12 (4) Except as provided in 19-3-412 and 19-3-413, a retiree returning to employment covered by the
 13 retirement system may elect to return to active service at any time during this period of ~~covered~~ employment
 14 covered by the retirement system.

15 (5) The following members who return to employment covered by the retirement system are not subject
 16 to the hour or earnings limitations in subsections (1) and (2) but are subject to the reporting requirements in
 17 subsection (3):

18 (a) a retired member who is 70 1/2 years of age or older; or

19 (b) an elected official in a covered position who, as a retired member, declines optional membership as
 20 provided in 19-3-413.

21 (6) If a retired member is employed by an employer in a position that is reportable to the retirement
 22 system and the retired member is concurrently working for the employer in another position that is not reportable
 23 to the system, the position that is not reportable is considered to be part of the position that is reportable to the
 24 retirement system. All earnings of the retired member that are generated by these positions are reportable to the
 25 retirement system.

26 (7) (a) For the purposes of this section, "employment covered by the retirement system" includes:

27 ~~(a)~~(i) work performed by a retiree through a professional employer arrangement, an employee leasing
 28 arrangement, or a temporary service contractor as those terms are defined in 39-8-102; and

29 ~~(b)~~(ii) services performed by a retiree as ~~an independent a~~ contractor for an employer participating in
 30 the system. A person with an independent contractor certification from the Montana department of labor and

1 ~~industry pursuant to 39-71-417 is not subject to this subsection (7)(a)(ii).~~

2 (b) For purposes of this section, compensation for a retiree covered by subsection (7)(a) is limited to
 3 compensation for the work performed by the retiree and does not include any additional payment for overhead
 4 costs or costs not directly related to the work performed."

5

6 **Section 15.** Section 19-3-2141, MCA, is amended to read:

7 **"19-3-2141. Long-term disability plan -- benefit amount -- eligibility -- administration and**
 8 **rulemaking.** (1) For members hired prior to July 1, 2011:

9 (a) except as provided in subsection (1)(b), a disabled member eligible under the provisions of this
 10 section is entitled to a disability benefit equal to one fifty-sixth of the member's highest average compensation,
 11 as defined in 19-3-108, multiplied by the member's years of service credit, including any service credit purchased
 12 under 19-3-513;

13 (b) an eligible member with at least 25 years of membership service is entitled to a disability benefit equal
 14 to 2% of the member's highest average compensation, as defined in 19-3-108, multiplied by the member's years
 15 of service credit, including any service credit purchased under 19-3-513.

16 (2) For members hired on or after July 1, 2011, the monthly disability benefit payable to a disabled
 17 member eligible under the provisions of this section who has:

18 (a) more than 5 but less than 10 years of membership service is equal to 1.5% of the member's highest
 19 average compensation multiplied by the member's years of service credit, including any additional service credit
 20 purchased under 19-3-513;

21 (b) 10 or more but less than 30 years of membership service is equal to one fifty-sixth of the member's
 22 highest average compensation multiplied by the member's years of service credit, including any additional service
 23 credit purchased under 19-3-513; or

24 (c) 30 or more years of membership service is equal to 2% of the member's highest average
 25 compensation multiplied by the member's years of service credit, including any additional service credit
 26 purchased under 19-3-513.

27 (3) Payment of the disability benefit provided in this section is subject to the following:

28 (a) the member must be vested in the plan as provided in 19-3-2116;

29 (b) for members hired prior to July 1, 2011:

30 (i) if the member's disability occurred when the member was 60 years of age or less, the benefit may

1 be paid only until the member reaches 65 years of age; and

2 (ii) if the member's disability occurred after the member reached 60 years of age, the benefit may be paid
3 for no more than 5 years;

4 (c) for members hired on or after July 1, 2011:

5 (i) if the member's disability occurred when the member was less than 65 years of age, the benefit may
6 be paid only until the member reaches ~~65~~ 70 years of age; and

7 (ii) if the member's disability occurred after the member reached 65 years of age, the benefit may be paid
8 for no more than 5 years; and

9 (d) the member shall satisfy the other applicable requirements of this section and the board's rules
10 adopted to implement this section.

11 (4) Application for a disability benefit must be made in accordance with 19-2-406.

12 (5) The board shall make determinations on disability claims and conduct medical reviews in a manner
13 consistent with the provisions of 19-2-406 and 19-3-1015. A member may seek review of a board determination
14 as provided in rules adopted by the board.

15 (6) If a member receiving a disability benefit under this section dies, the disability benefit payments cease
16 and the member's beneficiary is entitled to death benefits only as provided for in 19-3-2125. Any disability benefits
17 paid in error after the member's death may be recovered by the board pursuant to 19-2-903.

18 (7) The board shall establish a long-term disability plan trust fund from which disability benefit costs
19 pursuant to this section must be paid. The trust fund must be entirely separate and distinct from the defined
20 benefit plan trust fund.

21 (8) The board shall perform the duties, exercise the powers, and adopt reasonable rules to implement
22 the provisions of this section."
23

24 **Section 16.** Section 19-5-502, MCA, is amended to read:

25 **"19-5-502. Service retirement benefit.** After termination from service and upon application for service
26 retirement, the service retirement benefit must be as follows:

27 (1) for members not covered under 19-5-901 or 19-5-902, 3 1/3% a year of the member's current salary
28 for the first 15 years of service credit and 1.785% a year for each year of service credit after 15 years; or

29 (2) for members covered under 19-5-901 or 19-5-902, the benefit provided under subsection (1) except
30 that the benefit must be calculated using highest average compensation."

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30

Section 17. Section 19-6-101, MCA, is amended to read:

"19-6-101. 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 in payment 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:

(i) maintenance, allowances, and expenses; or

(ii) bonuses provided after July 1, 2013, that are one-time, temporary payments in addition to and not considered part of base pay.

(2) "Dependent child" means an unmarried child of a deceased retired member, who is:

(a) under 18 years of age; or

(b) under 24 years of age and attending an accredited postsecondary educational institution as a full-time student in anticipation of receiving a certificate or degree.

(3) (a) "Highest average compensation" means a member's highest average monthly compensation during any 36 consecutive months of membership service or, in the event a member has not served at least 36 months, the total compensation earned divided by the number of months of service.

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

(c) Excess earnings limits must be applied to the calculation of the highest average compensation pursuant to 19-2-1005(2).

(4) "Surviving spouse" means the spouse married to a retired member at the time of the retired member's death.

(5) "Survivor" means a surviving spouse or dependent child of a member."

1 **Section 18.** Section 19-6-1005, MCA, is amended to read:

2 **"19-6-1005. (Temporary) Retirement system contributions -- benefit payments to individual DROP**
3 **accounts -- investment returns.** (1) (a) During a participant's DROP period, state contributions under 19-6-410
4 and employer contributions under 19-6-404 must continue to be made to the retirement system.

5 (b) Member contributions under 19-6-402 must be made to the member's DROP account.

6 (2) Each month during the DROP period, in addition to the contributions credited under subsection (1)(b),
7 a participant's DROP account must be credited with:

8 ~~_____ (a) the monthly benefit that would have been payable to the participant had the participant terminated~~
9 ~~employment and retired at the commencement of the DROP period, excluding any postretirement benefit~~
10 ~~adjustments that would have been applied to the benefit under part 7 of this chapter; and,~~

11 ~~(b) interest every fiscal yearend at~~

12 (3) Each fiscal yearend a participant's DROP account must be credited with the interest earned that year
13 based on the actuarially assumed rate of return. Proportionate interest must be credited for distributions taking
14 place at other than a fiscal yearend. (Void on occurrence of contingency--sec. 10, Ch. 258, L. 2015--see part
15 compiler's comment.)"

16
17 NEW SECTION. **Section 19. Reemployment of retired members -- contributions required.** (1) A
18 retired member who returns to employment covered by the retirement system for 480 hours or more in a calendar
19 year must become an active member of the system. Upon reinstatement as an active member, benefit payments
20 must cease until subsequent retirement.

21 (2) A retired member who returns to employment covered by the retirement system for less than 480
22 hours in a calendar year may not become an active member. The retirement benefit of the retired member in
23 covered employment must be reduced by \$1 for each \$3 earned in excess of \$5,000 in a calendar year.

24 (3) Retired members who return to active service pursuant to subsection (1) are subject to the employee
25 and employer contributions set forth in 19-6-402 and 19-6-404.

26 (4) The employer of a retired member who returns to covered employment pursuant to subsection (2)
27 shall contribute the amounts specified in 19-6-404.

28
29 NEW SECTION. **Section 20. Refunds and benefits for reemployed retired members.** (1) A retired
30 member who returns to active service pursuant to [section 19(1)] and accrues less than 5 years of service credit

1 before again terminating service:

2 (a) may not be awarded service credit for the period of reemployment;

3 (b) must, upon termination of service and pursuant to 19-2-602, receive a refund of the member's
4 accumulated contributions associated with the service credit accrued upon return to active service; and

5 (c) starting the first month following termination of service, must receive the same retirement benefit
6 amount paid to the member in the month immediately prior to returning to active service.

7 (2) A retired member who returns to active service pursuant to [section 19(1)] and accrues at least 5
8 years of service credit before again terminating service must receive, starting the first month following termination
9 of service:

10 (a) the same retirement benefit amount paid to the member in the month immediately prior to returning
11 to active service; and

12 (b) a second retirement benefit calculated for the period of reemployment under 19-6-502 and the laws
13 in effect as of the member's rehire date.

14 (3) Postretirement benefit adjustments will start to accrue as follows:

15 (a) for benefits under subsections (1)(c) and (2)(a), an eligible member is entitled to:

16 (i) a minimum monthly benefit increase pursuant to 19-6-707 when, immediately following the member's
17 termination of service or retirement, a minimum monthly benefit increase is granted to all eligible covered retirees;
18 or

19 (ii) a guaranteed annual benefit adjustment in January pursuant to 19-6-710, 19-6-711, or 19-6-712;

20 (b) for benefits under subsection (2)(b), an eligible member is entitled to a guaranteed annual benefit
21 adjustment under 19-6-712 in January after the member has received the second retirement benefit for at least
22 12 months.

23 (4) A retired member who returns to active service pursuant to [section 19(1)]:

24 (a) is not eligible for a disability retirement; and

25 (b) may not accrue the postretirement benefit adjustments provided for in part 7 of this chapter during
26 the member's term of reemployment.

27

28 **Section 21.** Section 19-7-101, MCA, is amended to read:

29 **"19-7-101. Definitions.** Unless the context requires otherwise, the following definitions apply in this
30 chapter:

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

5 (b) Compensation does not include:

6 (i) maintenance, allowances, and expenses; or

7 (ii) bonuses provided after July 1, 2013, that are one-time, temporary payments in addition to and not
8 considered part of base pay.

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

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

14 (i) for members hired prior to July 1, 2011, the member's highest average monthly compensation during
15 any 36 consecutive months of membership service;

16 (ii) for members hired on or after July 1, 2011, the highest average compensation during any 60
17 consecutive months of membership service; or

18 (iii) if a member has not served the minimum specified period of membership service as applicable in
19 subsection (3)(a)(i) or (3)(a)(ii), the total compensation earned divided by the number of months of service.

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

25 (c) Excess earnings limits must be applied to the calculation of the highest average compensation
26 pursuant to 19-2-1005(2).

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

29 (5) "Sheriff" means any elected or appointed county sheriff or undersheriff or any appointed, lawfully
30 trained, appropriately salaried, and regularly acting deputy sheriff with the requisite professional certification and

1 licensing."

2

3 **Section 22.** Section 19-7-410, MCA, is amended to read:

4 **"19-7-410. Contributions based on total compensation when member receives disability**
 5 **compensation.** When a member receives compensation from ~~both~~ either the member's employer ~~and or~~ the
 6 workers' compensation program, or both, the member's compensation reported by the employer ~~is the same as~~
 7 ~~if the member was in active service~~ must be the total compensation received from either or both sources, and
 8 the member and employer contributions required by this chapter must be calculated and paid on that total
 9 compensation."

10

11 **Section 23.** Section 19-7-1101, MCA, is amended to read:

12 **"19-7-1101. Reemployment of retired member members -- contributions required.** (1) A retired
 13 member who returns to service covered employment for 480 hours or more in a calendar year must become an
 14 active member of the system. Upon reinstatement as an active member, benefit payments must cease until
 15 subsequent retirement.

16 (2) A retired member who returns to service covered employment for less than 480 hours in a calendar
 17 year may not become an active member. The retirement benefit of a retired member ~~employed in~~ service covered
 18 employment must be reduced by \$1 for each \$3 earned in excess of \$5,000 in a calendar year.

19 (3) Retired members who return to active service pursuant to subsection (1) are subject to the employee
 20 and employer contributions set forth in 19-7-403 and 19-7-404.

21 (4) The employer of a retired member who is returning to ~~work~~ covered employment pursuant to
 22 subsection (2) shall contribute the amounts specified in 19-7-404."

23

24 **NEW SECTION. Section 24. Refunds and benefits for reemployed retired members.** (1) A retired
 25 member who returns to active service pursuant to 19-7-1101(1) and accrues less than 5 years of service credit
 26 before again terminating service:

27 (a) may not be awarded service credit for the period of reemployment;

28 (b) must, upon termination of service and pursuant to 19-2-602, receive a refund of the member's
 29 accumulated contributions associated with the service credit accrued upon returning to active service; and

30 (c) starting the first month following termination of service, must receive the same retirement benefit

1 amount paid to the member in the month immediately prior to returning to active service.

2 (2) A retired member who returns to active service pursuant to 19-7-1101(1) and accrues at least 5 years
3 of service credit before again terminating service must receive, starting the first month following termination of
4 service:

5 (a) the same retirement benefit amount paid to the member in the month immediately prior to returning
6 to active service; and

7 (b) a second retirement benefit calculated for the period of reemployment under 19-7-503 and the laws
8 in effect as of the member's rehire date.

9 (3) Postretirement benefit adjustments will start to accrue as follows:

10 (a) for benefits under subsections (1)(c) and (2)(a), an eligible member is entitled to a guaranteed annual
11 benefit adjustment pursuant to 19-7-711 in January immediately following the member's termination of service
12 or retirement, whichever is applicable;

13 (b) for benefits under subsection (2)(b), an eligible member is entitled to a guaranteed annual benefit
14 adjustment pursuant to 19-7-711 in January after the member has received the second retirement benefit for at
15 least 12 months.

16 (4) A retired member who returns to active service pursuant to 19-7-1101(1):

17 (a) is not eligible for a disability retirement; and

18 (b) may not accrue the postretirement benefit adjustments provided in part 7 of this chapter during the
19 member's term of reemployment.

20

21 **Section 25.** Section 19-8-101, MCA, is amended to read:

22 **"19-8-101. Definitions.** Unless the context requires otherwise, the following definitions apply in this
23 chapter:

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

28 (b) Compensation does not include:

29 (i) maintenance, allowances, and expenses; or

30 (ii) bonuses provided after July 1, 2013, that are one-time, temporary payments in addition to and not

1 considered part of base pay.

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

3 (i) for members hired prior to July 1, 2011, the highest average monthly compensation during any 36
4 consecutive months of membership service;

5 (ii) for members hired on or after July 1, 2011, the highest average monthly compensation during any 60
6 consecutive months of membership service; or

7 (iii) in the event a member has not served the minimum specified period of membership service, the total
8 compensation earned divided by the number of months of service.

9 (b) Lump-sum payments ~~for severance pay, including payment~~ for compensatory leave, sick leave,
10 annual leave, and banked holiday time; paid to the member upon termination of employment may be used in the
11 calculation of a retirement benefit only to the extent that they are used to replace, on a month-for-month basis,
12 the normal compensation for a month or months included in the calculation of the highest average compensation.
13 A lump-sum payment may not be added to a single month's compensation.

14 (c) Excess earnings limits must be applied to the calculation of the highest average compensation
15 pursuant to 19-2-1005(2).

16 (3) "Game warden" means a state fish and game warden hired by the department of fish, wildlife, and
17 parks and includes all warden supervisory personnel whose salaries or compensation is paid out of the
18 department of fish, wildlife, and parks money.

19 (4) "Motor carrier officer" means an employee of the department of transportation designated or
20 appointed as a peace officer pursuant to 61-10-154 or 61-12-201.

21 (5) "Peace officer" or "state peace officer" means a person who by virtue of the person's employment
22 with the state is vested by law with a duty to maintain public order or make arrests for offenses while acting within
23 the scope of the person's authority or who is charged with specific law enforcement responsibilities on behalf of
24 the state."

25

26 **Section 26.** Section 19-8-1003, MCA, is amended to read:

27 "**19-8-1003. Nonduty-related death of active member.** If a vested member dies before reaching normal
28 retirement age, the member's designated beneficiary may choose either a lump-sum refund of the member's
29 accumulated contributions or the actuarial equivalent of the service retirement benefit provided for in ~~19-8-604~~
30 19-8-603."

1
2 **NEW SECTION. Section 27. Reemployment of retired members -- contributions required.** (1) A
3 retired member who returns to employment covered by the retirement system for 480 hours or more in a calendar
4 year must become an active member of the system. Upon reinstatement as an active member, benefit payments
5 must cease until subsequent retirement.

6 (2) A retired member who returns to employment covered by the retirement system for less than 480
7 hours in a calendar year may not become an active member. The retirement benefit of a retired member in
8 covered employment must be reduced by \$1 for each \$3 earned in excess of \$5,000 in a calendar year.

9 (3) Retired members who return to active service pursuant to subsection (1) are subject to the employee
10 and employer contributions set forth in 19-8-502 and 19-8-504.

11 (4) The employer of a retired member who is returning to covered employment pursuant to subsection
12 (2) shall contribute the amounts specified in 19-8-504.

13
14 **NEW SECTION. Section 28. Refunds and benefits for reemployed retired members.** (1) A retired
15 member who returns to active service pursuant to [section 27(1)] and accrues less than 5 years of service credit
16 before again terminating service:

17 (a) may not be awarded service credit for the period of reemployment;

18 (b) must, upon termination of service and pursuant to 19-2-602, receive a refund of the member's
19 accumulated contributions associated with the service credit accrued upon return to active service; and

20 (c) starting the first month following termination of service, must receive the same retirement benefit
21 amount paid to the member in the month immediately prior to returning to active service.

22 (2) A retired member who returns to active service pursuant to [section 27(1)] and accrues at least 5
23 years of service credit before again terminating service must receive, starting the first month following termination
24 of service:

25 (a) the same retirement benefit amount paid to the member in the month immediately prior to returning
26 to active service; and

27 (b) a second retirement benefit calculated for the period of reemployment under 19-8-603 and the laws
28 in effect as of the member's rehire date.

29 (3) Postretirement benefit adjustments will start to accrue as follows:

30 (a) for benefits under subsections (1)(c) and (2)(a), an eligible member is entitled to a guaranteed annual

1 benefit adjustment pursuant to 19-8-1105 in January immediately following the member's termination of service
2 or retirement, whichever is applicable;

3 (b) for benefits under subsection (2)(b), an eligible member is entitled to a guaranteed annual benefit
4 adjustment pursuant to 19-8-1105 in January after the member has received the second retirement benefit for
5 at least 12 months.

6 (4) A retired member who returns to active service pursuant to [section 27(1)] following retirement:

7 (a) is not eligible for a disability retirement; and

8 (b) may not accrue the postretirement benefit adjustments provided in part 11 of this chapter during the
9 member's term of reemployment.

10
11 **NEW SECTION. Section 29. Termination of participation in retirement system or reduction of**

12 **employer contributions.** (1) If an employer voluntarily terminates its participation in or contributions to the
13 retirement system or significantly reduces the number of full-paid members it employs to a degree that, in the
14 board's opinion, inadequately funds the accrued or accruing benefits of retirement system members, the board
15 shall request an actuarial valuation of the liabilities of the employer to the retirement system.

16 (2) Based on the actuarial valuation, the board may hold the employer liable for:

17 (a) the cost of the actuarial valuation to determine the employer's liabilities to the retirement system; and

18 (b) any excess accrued liabilities not previously funded by the employer.

19 ~~(3) The schedule for payment of the employer's liability, plus interest, under subsection (2) may not~~
20 ~~exceed a period of 3 years unless the board determines in its sole discretion that exigent circumstances allow~~
21 ~~for a greater period of time. Interest under this section must accrue at the actuarially assumed rate of return in~~
22 ~~effect at the time the valuation in subsection (1) is completed.~~

23
24 **Section 30.** Section 19-9-1204, MCA, is amended to read:

25 **"19-9-1204. Eligibility -- participation criteria -- membership status -- service interruptions.** (1) Any
26 member eligible to retire under 19-9-801(1)(a) is eligible and may elect to participate in the DROP by filing a
27 one-time irrevocable election with the board on a form prescribed by the board.

28 (2) A member electing to participate in the DROP shall participate for a minimum of 1 month and may
29 not participate for more than 5 years.

30 (3) A member may participate in the DROP only once.

1 (4) A participant remains a member of the retirement system, but may not receive membership service
2 or service credit in the system for the duration of the member's DROP period.

3 (5) If participation is interrupted by military service or other temporary absence from work and the
4 participant has not received any distribution from the DROP, then the duration of the absence may not be
5 included in calculating the DROP period.

6 (6) Subject to the provisions of this section, a member who was eligible to retire under 19-9-801(1) on
7 or after July 1, 2002, but before July 1, 2003, and who elects to participate in the DROP on or before October 1,
8 2003, may include within the member's DROP period any time during the period beginning July 1, 2002, and
9 ending June 30, 2003."

10

11 **Section 31.** Section 19-9-1207, MCA, is amended to read:

12 **"19-9-1207. Employment and benefits after DROP period.** ~~(1) Except as otherwise provided in this~~
13 ~~section, if a member continues employment in a covered position after the DROP period ends, the board shall~~
14 ~~consider the member newly hired as of the date the DROP period ended.~~

15 ~~——(2)(1)~~ When a member, after the end of the DROP period, continues employment in a covered position,
16 state contributions under 19-9-702, employer contributions under 19-9-703, and member contributions under
17 19-9-710 must continue to be made to the retirement system.

18 ~~(3)(2)~~ A member who, after the end of the DROP period, continues employment in a covered position:

19 (a) is immediately vested for benefits accrued subsequent to the end of the DROP period; and

20 (b) is, upon terminating service, entitled to:

21 (i) the member's service retirement benefit earned prior to the DROP period, including any postretirement
22 benefit adjustment for which the member is eligible under this chapter;

23 (ii) a service retirement benefit based on the member's service credit and final average compensation
24 during membership subsequent to the end of the DROP period, including any postretirement benefit adjustment
25 for which the member is eligible under this chapter; and

26 (iii) the member's DROP benefit."

27

28 **Section 32.** Section 19-9-1301, MCA, is amended to read:

29 **"19-9-1301. Reemployment of members.** (1) If a retired member with less than 20 years of service in
30 the retirement system who is at least 50 years of age returns to employment covered by the retirement system

1 before [the effective date of this act], on reemployment:

2 (a) the member's retirement benefit payments must cease;

3 (b) the member becomes a vested active member;

4 (c) the member shall repay the retirement system the amount of any retirement benefit received, plus
5 interest at the actuarially assumed rate of return on the system's investments; and

6 (d) on subsequent retirement, the member's retirement benefit must be calculated based on the
7 member's total service under the system.

8 (2) If a retired member with 20 or more years of service returns to employment covered by the retirement
9 system before [the effective date of this act], on reemployment:

10 (a) the member's retirement benefit payments must cease;

11 (b) the member becomes a vested active member;

12 (c) on subsequent retirement, the member's retirement benefit payable prior to the reemployment must
13 resume; and

14 (d) the member is entitled to an additional new retirement benefit that is calculated based on the
15 member's new service credit earned and final average compensation after the reemployment.

16 (3) If a member who is not a retired member returns to employment covered by the retirement system,
17 on reemployment, the member becomes an active member and continues to accrue membership service or
18 service credit as if there had been no break in service."
19

20 **NEW SECTION. Section 33. Reemployment of retired members -- contributions required.** (1) A
21 retired member who is receiving a service retirement benefit or early retirement benefit may return to employment
22 covered by the retirement system on or after [the effective date of this act] for a period not to exceed 480 hours
23 in any calendar year without returning to active service. The retirement benefit of a retired member in covered
24 employment must be reduced by \$1 for each \$3 earned in excess of \$5,000 in a calendar year.

25 (2) If a retired member returns to employment covered by the retirement system on or after [the effective
26 date of this act] for more than 480 hours in a calendar year, the member returns to active service and the
27 member's retirement benefit payments must cease until the member again terminates employment and retires.

28 (3) For each retired member who returns to covered employment pursuant to subsection (1), the
29 employer shall contribute the amount specified in 19-9-703 and the state shall contribute the amount specified
30 in 19-9-702.

1 (4) The earned compensation of retired members who return to active service pursuant to subsection
 2 (2) is subject to the state, employer, and employee contributions set forth in 19-9-702, 19-9-703, and 19-9-710.

3
 4 **NEW SECTION. Section 34. Refunds and benefits for reemployed retired members.** (1) A retired
 5 member who returns to active service pursuant to [section 33(2)] and accrues less than 5 years of service credit
 6 before again terminating service:

7 (a) may not be awarded service credit for the period of reemployment;

8 (b) must, upon termination of service and pursuant to 19-2-602, receive a refund of the member's
 9 accumulated contributions associated with the service credit accrued upon returning to active service; and

10 (c) starting the first month following termination of service, must receive the same retirement benefit
 11 amount paid to the member in the month immediately prior to returning to active service.

12 (2) A retired member who returns to active service pursuant to [section 33(2)] and accrues at least 5
 13 years of service credit before again terminating service must receive, starting the first month following termination
 14 of service:

15 (a) the same retirement benefit amount paid to the member in the month immediately prior to returning
 16 to active service; and

17 (b) a second retirement benefit calculated for the period of reemployment under 19-9-801 and the laws
 18 in effect as of the member's rehire date.

19 (3) Postretirement benefit adjustments will start to accrue as follows:

20 (a) for benefits under subsections (1)(c) and (2)(a), an eligible member is entitled to:

21 (i) a minimum monthly adjustment pursuant to 19-9-1007 when, immediately following the member's
 22 termination of service or retirement, whichever is applicable, a minimum monthly adjustment is granted to all
 23 eligible covered retirees; or

24 (ii) a guaranteed annual benefit adjustment pursuant to 19-9-1009, 19-9-1010, or 19-9-1013 in January
 25 immediately following the member's termination of service or retirement, whichever is applicable;

26 (b) for benefits under subsection (2)(b), an eligible member is entitled to a guaranteed annual benefit
 27 adjustment pursuant to 19-9-1013 in January after the member has received the second retirement benefit for
 28 at least 12 months.

29 (4) A retired member who returns to active service pursuant to [section 33(2)] following retirement:

30 (a) is not eligible for a disability retirement; and

1 (b) may not accrue the postretirement benefit adjustments provided for in part 10 of this chapter during
2 the member's term of reemployment.

3

4 **Section 35.** Section 19-13-104, MCA, is amended to read:

5 **"19-13-104. Definitions.** Unless the context requires otherwise, the following definitions apply in this
6 chapter:

7 (1) Any reference to "city" or "town" includes those jurisdictions that, before the effective date of a
8 county-municipal consolidation, were incorporated municipalities, subsequent districts created for urban
9 firefighting services, or the entire county included in the county-municipal consolidation.

10 (2) "Compensation" means:

11 (a) for a full-paid firefighter, the remuneration paid from funds controlled by an employer in payment for
12 the member's services before any pretax deductions allowed by state and federal law are made;

13 (b) for a part-paid firefighter employed by a city of the second class:

14 (i) 15% of the regular remuneration, excluding overtime, holiday payments, shift differential payments,
15 compensatory time payments, and payments in lieu of sick leave, paid on July 1 of each year to a newly
16 confirmed, full-paid firefighter of the city that employs the part-paid firefighter; or

17 (ii) if that city does not employ a full-paid firefighter, 15% of the average regular remuneration, excluding
18 overtime, holiday payments, shift differential payments, compensatory time payments, and payments in lieu of
19 sick leave, paid on July 1 of each year to all newly confirmed, full-paid firefighters employed by cities of the
20 second class.

21 (c) Compensation for full-paid and part-paid firefighters does not include:

22 (i) overtime, holiday payments, shift differential payments, compensatory time payments, and payments
23 in lieu of sick leave;

24 (ii) maintenance, allowances, and expenses; or

25 (iii) bonuses provided after July 1, 2013, that are one-time, temporary payments in addition to and not
26 considered part of base pay.

27 (3) "Dependent child" means a child of a deceased member who is:

28 (a) unmarried and under 18 years of age; or

29 (b) unmarried, under 24 years of age, and attending an accredited postsecondary educational institution
30 as a full-time student in anticipation of receiving a certificate or degree.

- 1 (4) "Employer" means:
- 2 (a) any city that is of the first or second class or that elects to join this retirement system under
- 3 19-13-211;
- 4 (b) a city or a rural fire district referred to in 19-13-210(3);
- 5 (c) with respect to firefighters covered in the retirement system pursuant to 19-13-210(2), the department
- 6 of military affairs established in 2-15-1201; and
- 7 (d) any other statutorily allowed entity that elects to join this retirement system pursuant to 19-13-210.
- 8 (5) "Firefighter" means a person employed as a full-paid or part-paid firefighter by an employer.
- 9 (6) "Full-paid firefighter" means a person appointed pursuant to 7-33-4106 by an employer as a firefighter
- 10 meeting the standards provided in 7-33-4107.
- 11 (7) (a) "Highest average compensation" means the monthly compensation of a member averaged over
- 12 the highest consecutive 36 months of the member's active service or, in the event a member has not served at
- 13 least 36 consecutive months, the total compensation earned divided by the number of months of service.
- 14 (b) Lump-sum payments for annual leave paid to the member upon termination of employment may be
- 15 used to replace, on a month-for-month basis, the regular compensation for a month or months included in the
- 16 calculation of highest average compensation.
- 17 (c) Excess earnings limits must be applied to the calculation of the highest average compensation
- 18 pursuant to 19-2-1005(2).
- 19 (8) "Minimum retirement date" means the first day of the month coinciding with or immediately following,
- 20 if none coincides, the date on which a member both reaches 50 years of age or older and completes 5 or more
- 21 years of membership service.
- 22 (9) "Newly confirmed firefighter" means a new member of a fire department appointed pursuant to
- 23 7-33-4106 and meeting the standards of 7-33-4107.
- 24 (10) "Part-paid firefighter" means a person other than a full-paid firefighter employed by a second-class
- 25 city who receives compensation in excess of \$300 ~~a~~ in a fiscal year for service as a firefighter and who is
- 26 appointed by an employer as a firefighter under the standards provided in 7-33-4106 and 7-33-4107.
- 27 (11) "Prior plan" means the fire department relief association plan of a city that elects to join the
- 28 retirement system under 19-13-211 or the fire department relief association plan of a city of the first or second
- 29 class.
- 30 (12) "Retirement date" means the date on which the first payment of benefits is payable.

1 (13) "Retirement system" means the firefighters' unified retirement system provided for in this chapter.

2 (14) "Surviving spouse" means the spouse married to a member at the time of the member's death."

3

4 **Section 36.** Section 19-13-212, MCA, is amended to read:

5 **"19-13-212. Termination of participation in retirement system or reduction of employer**
 6 **contributions.** (1) If an employer voluntarily terminates its ~~contributions~~ participation in or contributions to the
 7 retirement system or significantly reduces the number of full-paid firefighters it employs to a degree that, in the
 8 board's opinion, inadequately funds the accrued or accruing benefits of retirement system members, the board
 9 shall request ~~as part of the required actuarial valuation an actuarial investigation of the funding status of the~~
 10 ~~employer~~ an actuarial valuation of the liabilities of the employer to the retirement system.

11 (2) Based on the actuarial ~~investigation~~ valuation, the board may ~~request and the employer shall pay~~
 12 ~~annually the amount determined to be necessary to provide adequate funding for the liabilities of the employer.~~
 13 ~~This amount must be in addition to any other contributions required by the retirement act~~ hold the employer liable
 14 for:

15 ~~—— (a) the cost of the actuarial valuation to determine the employer's liabilities to the retirement system; and~~

16 ~~—— (b) any excess accrued liabilities not previously funded by the employer~~ REQUEST AND THE EMPLOYER

17 SHALL PAY ANNUALLY THE AMOUNT DETERMINED TO BE NECESSARY TO PROVIDE ADEQUATE FUNDING FOR THE LIABILITIES

18 OF THE EMPLOYER AND TO COVER THE COST OF THE ACTUARIAL VALUATION TO DETERMINE THOSE LIABILITIES. THIS

19 AMOUNT MUST BE IN ADDITION TO ANY OTHER CONTRIBUTIONS REQUIRED BY THE RETIREMENT ACT.

20 (3) ~~Six years after the actuarial investigation is conducted, an employer making payments as provided~~

21 ~~in subsection (2) may request the board to review the employer's funding status relative to the annual payments.~~

22 ~~As a result of the review, the board may adjust the payments: The schedule for payment of the employer's liability,~~

23 ~~plus interest, under subsection (2) may not exceed a period of 3 years unless the board determines in its sole~~

24 ~~discretion that exigent circumstances allow for a greater period of time. Interest under this section must accrue~~

25 ~~at the actuarially assumed rate of return in effect at the time the valuation in subsection (1) is completed SIX YEARS~~

26 AFTER THE ACTUARIAL INVESTIGATION IS CONDUCTED, AN EMPLOYER MAKING PAYMENTS AS PROVIDED IN SUBSECTION

27 (2) MAY REQUEST THE BOARD TO REVIEW THE EMPLOYER'S FUNDING STATUS RELATIVE TO THE ANNUAL PAYMENTS. AS

28 A RESULT OF THE REVIEW, THE BOARD MAY ADJUST THE PAYMENTS."

29

30 **Section 37.** Section 19-13-302, MCA, is amended to read:

1 **"19-13-302. Ineligibility for other retirement plans.** An Except as provided by 19-2-403(4), an active
 2 member is not eligible to be covered under any other mandatory retirement plan to which an employer is required
 3 to contribute on the member's behalf while the member is eligible to be covered by this retirement system."
 4

5 **Section 38.** Section 19-13-1101, MCA, is amended to read:

6 **"19-13-1101. Reemployment of retired member members -- contributions required.** (1) A retired
 7 member who is receiving a service retirement benefit or early retirement benefit may return to employment
 8 covered by the retirement system for a period not to exceed 480 hours in any calendar year without returning to
 9 active service ~~and without any effect to the retiree's retirement benefit.~~ The retirement benefit of a retired member
 10 in covered employment must be reduced by \$1 for each \$3 earned in excess of \$5,000 in a calendar year.

11 (2) If a retired member returns to ~~work in a covered position~~ employment covered by the retirement
 12 system for more than 480 hours in a calendar year, the member returns to active service and the member's
 13 retirement ~~benefits~~ benefit payments must cease until the member again terminates employment and retires.

14 (3) For each retired member who returns to work pursuant to subsection (1), the employer shall
 15 contribute the amount specified in 19-13-605 and the state shall contribute the amount specified in 19-13-604.

16 (4) The earned compensation of retired members who return to active service pursuant to subsection
 17 (2) is subject to the employee, state, and employer contributions set forth in 19-13-601, 19-13-604, and
 18 19-13-605."
 19

20 NEW SECTION. **Section 39. Refunds and benefits for reemployed retired members.** (1) A retired
 21 member who returns to active service pursuant to 19-13-1101(2) and accrues less than 5 years of service credit
 22 before again terminating service:

23 (a) may not be awarded service credit for the period of reemployment;

24 (b) must, upon termination of service and pursuant to 19-2-602, receive a refund of the member's
 25 accumulated contributions associated with the service credit accrued upon returning to active service; and

26 (c) starting the first month following termination of service, must receive the same retirement benefit
 27 amount paid to the member in the month immediately prior to returning to active service.

28 (2) A retired member who returns to active service pursuant to 19-13-1101(2) and accrues at least 5
 29 years of service credit before again terminating service must receive, starting the first month following termination
 30 of service:

1 (a) the same retirement benefit amount paid to the member in the month immediately prior to returning
2 to active service; and

3 (b) a second retirement benefit calculated for the period of reemployment under 19-13-704 and the laws
4 in effect as of the member's rehire date.

5 (3) Postretirement benefit adjustments will start to accrue as follows:

6 (a) for benefits under subsections (1)(c) and (2)(a), an eligible member is entitled to:

7 (i) a minimum benefit adjustment pursuant to 19-13-1007 when, immediately following the member's
8 termination of service or retirement, whichever is applicable, a minimum benefit adjustment is granted to all
9 eligible covered retirees; or

10 (ii) a guaranteed annual benefit adjustment pursuant to 19-13-1010 or 19-13-1011 in January immediately
11 following the member's termination of service or retirement, whichever is applicable;

12 (b) for benefits under subsection (2)(b), an eligible member is entitled to a guaranteed annual benefit
13 adjustment pursuant to 19-13-1010 or 19-13-1011 in January after the member has received the second
14 retirement benefit for at least 12 months.

15 (4) A retired member who returns to active service pursuant to 19-13-1101(2) following retirement:

16 (a) is not eligible for a disability retirement; and

17 (b) may not accrue the postretirement benefit adjustments provided for in part 10 of this chapter during
18 the member's term of reemployment.

19

20 **Section 40.** Section 19-17-112, MCA, is amended to read:

21 **"19-17-112. Filing required reports -- limitations.** (1) The chief or designated official of each fire
22 company that claims eligibility under this chapter shall, on or before September 1 of each year, file with the board
23 an annual certificate, the current year's roster, and a membership card for each new member.

24 (2) (a) The annual certificate is a form reporting a fire company's membership eligibility for the previous
25 fiscal year.

26 (b) The annual certificate must be completed on a form prescribed by the board and contain the date
27 of organization of the fire company and the full name, ~~social security number~~, and date of birth of each member
28 of the fire company who was a member for the entire fiscal year and who successfully completed 30 hours of
29 training during the preceding fiscal year, as required by 19-17-108.

30 (c) The chief or designated official shall subscribe and verify that the fire company and members qualified

1 under 19-17-108 and 19-17-109.

2 (d) The board shall maintain the certificate for the purpose of establishing service for members and
3 eligibility for benefits.

4 (3) The roster must be signed by the fire chief or designated official, filed with the board, and contain
5 information in writing that provides the names of the fire company, its date of organization, officers, and roll of
6 active and inactive members for the current fiscal year. A roster may be updated to report new members but may
7 not be retroactive.

8 (4) A membership form must be completed and filed with the board for each member who was a member
9 on or before July 1, 2011, and for each new member who joins after July 1, 2011.

10 (5) The current fire chief shall file any late or amended annual certificates and the associated certified
11 training records within 3 years of the original annual certificate due date. An annual certificate may be amended
12 only once. The board shall consider and may approve late filings. Information provided to the board by the fire
13 chief must be in accordance with the board's rules.

14 (6) The current fire chief may request to appear before the board for consideration of the request to file
15 a late or amended annual certificate."
16

17 **Section 41.** Section 19-17-407, MCA, is amended to read:

18 "**19-17-407. Exemption from taxation and legal process.** (1) The amount determined pursuant to
19 15-30-2110(2)(c) of benefits received under this part is exempt from state, county, and municipal taxation.

20 (2) Benefits Except as provided in 19-2-907, 19-2-909, and subsection (3) of this section, benefits
21 received under this part are not subject to execution, garnishment, attachment, or any other process.

22 (3) The right of a person to any benefit or payment and the money in the plan's pension trust fund
23 associated with that benefit or payment is subject, once the person is entitled to distribution of the benefit or
24 payment, to:

25 (a) a United States tax lien or levy for past-due taxes; and

26 (b) execution, garnishment, attachment, levy, or other process related to the collection of criminal fines
27 and orders of restitution imposed under federal law as provided for in 18 U.S.C. 3613."
28

29 **Section 42.** Section 19-17-412, MCA, is amended to read:

30 "**19-17-412. Return to service.** (1) A retired member may return to service with a fire company without

1 loss of benefits.

2 (2) A retired member returning to service under this section is not considered an active member ~~earning~~
3 of the fire company and may not earn any additional credit for service.

4 (3) The fire chief shall prescribe the duties of any retired member returning to service."
5

6 **Section 43.** Section 19-17-502, MCA, is amended to read:

7 **"19-17-502. Medical expenses.** (1) A member who claims medical expenses under this section shall
8 submit a report of injury and medical claim on a form provided by the board in accordance with the board's rules
9 and a copy of the bill from the medical provider or a receipt for payment of medical expenses. The claim must
10 be verified by the member and by competent medical authority. The claim must be submitted within 12 months
11 from the date of incurring the injury or illness.

12 (2) The claim must contain:

13 (a) the name, social security number, and address of the member;

14 (b) the date, place, and manner of incurring the injury or illness;

15 (c) the name and address of the attending physician, surgeon, or nurse, if any;

16 (d) the dates of hospitalization, if hospitalized;

17 (e) an affidavit from the attending physician, surgeon, or nurse that describes the nature of the injury or
18 illness, the number and dates of visits, and the expenses;

19 (f) if hospitalized, an affidavit from competent authority stating the nature of the injury or illness, the dates
20 of hospitalization, and the expenses; and

21 (g) an affidavit from the chief or designated official of the fire company stating that the member was, at
22 the time of the injury or illness, a member of the fire company and that the injury or illness was incurred in the line
23 of duty as described in 19-17-105.

24 (3) The board shall authorize payment of some or all medical expenses resulting from an injury or illness
25 that was incurred in the line of duty as described in 19-17-105 and that required the services of a physician,
26 surgeon, or nurse, whether or not the member was hospitalized. The payments must equal the member's
27 necessary and reasonable out-of-pocket medical expenses that resulted directly from the injury or illness and that
28 were billed within 36 months following the date of the injury or illness.

29 (4) A total claim filed pursuant to subsection (1) may not exceed \$25,000.

30 (5) If an injury incurred in the line of duty results in the loss by amputation of an arm, hand, leg, or foot,

1 the enucleation of an eye, or the loss of any natural teeth, the board shall authorize either a payment for the cost
2 of a prosthesis or a payment of \$1,500 to help defray the cost of a prosthesis, whichever is less.

3 (6) The prosthesis may be replaced when necessary, but not more often than every 60 months. The
4 board shall authorize payment of not more than \$1,500 of the replacement costs."

5

6 **Section 44.** Section 19-17-503, MCA, is amended to read:

7 **"19-17-503. Funeral expenses.** (1) A person claiming the funeral expenses under this section shall
8 submit a claim form, the death certificate, and either a copy of the bill from the funeral director or a receipt for
9 payment of the funeral expenses. The claim must be submitted on a form provided by the board, in accordance
10 with the board's rules, and must be verified by the claimant. The claim must be filed with the board within 12
11 months from the member's date of death.

12 (2) The claim must contain:

13 (a) the name, social security number, and address of the member; and

14 (b) an affidavit from the chief or designated official of the fire company stating that the member was, at
15 the time of death, a member of the fire company and that the death occurred in the line of duty as described in
16 19-17-105.

17 (3) ~~The board shall authorize~~ When a claim under this section is received and approved by the board,
18 payment of reasonable expenses or \$1,500, whichever is less, to help defray the funeral expense of the member
19 whose death occurred in the line of duty, as described in 19-17-105, must be made directly to the appropriate
20 provider of the funeral services or, if a receipt is provided for the full payment of funeral expenses, to the
21 claimant."

22

23 **NEW SECTION. Section 45. Repealer.** The following sections of the Montana Code Annotated are
24 repealed:

25 19-8-1104. Minimum monthly benefit.

26 19-17-506. Payment of medical and funeral expenses.

27

28 **NEW SECTION. Section 46. Codification instruction.** (1) [Sections 19 and 20] are intended to be
29 codified as an integral part of Title 19, chapter 6, and the provisions of Title 19, chapter 6, apply to [sections 19
30 and 20].

1 (2) [Section 24] is intended to be codified as an integral part of Title 19, chapter 7, part 11, and the
2 provisions of Title 19, chapter 7, part 11, apply to [section 24].

3 (3) [Sections 27 and 28] are intended to be codified as an integral part of Title 19, chapter 8, and the
4 provisions of Title 19, chapter 8, apply to [sections 27 and 28].

5 (4) [Section 29] is intended to be codified as an integral part of Title 19, chapter 9, part 1, and the
6 provisions of Title 19, chapter 9, part 1, apply to [section 29].

7 (5) [Sections 33 and 34] are intended to be codified as an integral part of Title 19, chapter 9, part 13, and
8 the provisions of Title 19, chapter 9, part 13, apply to [sections 33 and 34].

9 (6) [Section 39] is intended to be codified as an integral part of Title 19, chapter 13, part 11, and the
10 provisions of Title 19, chapter 13, part 11, apply to [section 39].

11

12 NEW SECTION. **Section 47. Effective date.** [This act] is effective July 1, 2017.

13

- END -