

## HOUSE BILL NO. 642

INTRODUCED BY J. HAMILTON

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4 A BILL FOR AN ACT ENTITLED: "AN ACT REVISING THE INTEREST PENALTY IMPOSED ON  
5 PARTICIPATING PUBLIC EMPLOYERS FOR DELINQUENT CONTRIBUTIONS TO THE PUBLIC  
6 EMPLOYEES', SHERIFFS', MUNICIPAL POLICE OFFICERS', GAME WARDENS' AND PEACE OFFICERS',  
7 FIREFIGHTERS' UNIFIED, HIGHWAY PATROL OFFICERS', AND JUDGES' RETIREMENT SYSTEMS;  
8 AMENDING SECTION 19-2-506, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND AN  
9 APPLICABILITY DATE."

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

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13 **Section 1.** Section 19-2-506, MCA, is amended to read:  
14 **"19-2-506. Payment of contributions by employers -- accompanying reports -- penalty -- liability.**

15 (1) The board shall prescribe by rule the procedure for payment of retirement contributions for the retirement  
16 systems administered by the board. Each employer shall pick up the employee contributions and remit the  
17 employer and employee contributions required by the member's retirement system. Payments must be  
18 considered delinquent until both the required contributions and the valid payroll report are received by the board.

19 (2) (a) The board may collect payments delinquent under subsection (1) with an interest penalty at the  
20 prime rate of 9% a year or \$10 a day, whichever is greater plus 10%.

21 (b) For the purposes of this section, "prime rate" means the prime rate as published by the federal  
22 reserve system in its statistical release H.15 Selected Interest Rates for bank prime loans. For contributions owed  
23 on July 1 through December 31, the prime rate charged must be the rate in effect on the preceding June 1. For  
24 contributions owed on January 1 through June 30, the prime rate charged must be the rate in effect on the  
25 preceding December 1.

26 (c) The interest penalty must be charged on all amounts owed and continue to accrue until all amounts  
27 owed have been paid.

28 (d) The board may, in its discretion, waive the penalty. The collection may be made by either:

29 ~~(a)~~(i) an action in a court of competent jurisdiction against the employer; or

30 ~~(b)~~(ii) deductions, at the request of the board, from any other money payable to the employer by any

1 agency or fund of the state.

2 (3) (a) The board shall prescribe by rule the procedure for submitting employer reports. The reports must  
3 include data about member and nonmember employees who work for the employer.

4 (b) The rules must specify the employee categories to be reported, the data required, the method of  
5 reporting, the reporting period, and the frequency of reports needed to meet the demands of the relevant  
6 retirement system or plan.

7 (c) The board may establish by rule the penalty fees for noncompliance in reporting any of the required  
8 information and the procedure for collection of the fees.

9 (4) Each employer shall furnish additional information concerning members that the board may request  
10 in connection with claims by members for benefits or service under a retirement system.

11 (5) The board is not responsible or liable for any incorrect reporting or erroneous payment of  
12 contributions by an employer.

13 (6) The board, from time to time, may send materials to an employer for redistribution to employees. To  
14 facilitate distribution, each employer shall provide the board with a point of contact responsible for distributing the  
15 materials."

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17 **NEW SECTION. Section 2. Effective date.** [This act] is effective on passage and approval.

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19 **NEW SECTION. Section 3. Applicability.** [This act] applies to contributions that become delinquent  
20 on or after July 1, 2019.

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