



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Pension Fund Fiscal Note 2023 Biennium

Bill #	HB0072	Title:	Revise funding for highway patrol retirement system HPORS
Primary Sponsor:	Garner, Frank	Status:	As Introduced

Retirement Systems Affected: ☐ Teachers ☐ Public Employees ☒ Highway Patrol ☐ Police
☐ Sheriffs ☐ Firefighters ☐ Volunteer Firefighters ☐ Game Wardens ☐ Judges

Check the box if "Yes".

- ☒ Has this legislation been reviewed by the legislative interim committee?
☒ Has the cost of this legislation been calculated by the system's actuary?
☐ Does this legislation include full funding for any benefit revisions?

	July 1, 2020 Current System	July 1, 2020 With Changes	Increase/ (Decrease)
Present Value of Actuarial Accrued Liability	\$245,915,150	\$245,915,150	\$0
Present Value of Actuarial Assets	\$158,658,054	\$158,658,054	\$0
Unfunded Actuarial Accrued Liability (UAAL)	\$87,257,096	\$87,257,096	\$0
Amortization Period (years) of UAAL	39.00	30.00	0.00
Change in normal costs	23.38%	23.38%	0.00%

	FY 2021 July 1, 2020	FY 2022 July 1, 2021	FY 2023 July 1, 2022	FY 2024 July 1, 2023	FY 2025 July 1, 2024
Employee Contribution Rate	13.05%	13.05%	13.05%	13.05%	13.05%
Employer Contribution Rate	28.15%	28.15%	28.15%	28.15%	28.15%
State Contribution Rate	10.18%	10.18%	10.18%	10.18%	10.18%
TOTAL Contribution Rate	51.38%	51.38%	51.38%	51.38%	51.38%

FISCAL SUMMARY

	FY 2022 Difference	FY 2023 Difference	FY 2024 Difference	FY 2025 Difference
Expenditures:				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$860,000	\$910,000	\$960,000	\$960,000
Revenue:				
General Fund	(\$860,000)	(\$910,000)	(\$960,000)	(\$960,000)
State Special Revenue	\$860,000	\$910,000	\$960,000	\$960,000
Other-Pension	\$860,000	\$910,000	\$960,000	\$960,000
Net Impact-General Fund Balance:	<u>(\$860,000)</u>	<u>(\$910,000)</u>	<u>(\$960,000)</u>	<u>(\$960,000)</u>

Description of fiscal impact: HB 72 diverts a portion of Montana Lottery net revenue to the state special revenue fund for the purpose of funding the highway patrol officers' retirement system pension trust fund. The funding amounts are statutorily appropriated.

FISCAL ANALYSIS**Assumptions:**

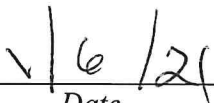
1. Montana Lottery net revenue transferred to the state special revenue fund for statutory appropriation to the HPORS will be \$860,000 in FY 2022, \$910,000 in FY 2023, and \$960,000 in FY 2024 and thereafter.
2. Under current law, any Lottery net revenue remaining after the allocation to the STEM scholarship fund is deposited in the general fund.
3. The additional allocation of Lottery net revenue to the HPORS will reduce general fund revenue each year by the amount of the HPORS transfer.
4. All actuarial assumptions will be realized, including the investment return assumption of 7.65%.
5. There have been no adjustments for actuarial gains or losses or for changes in membership or financial data since the last valuation as of June 30, 2020.
6. 17-1-508, MCA, requires analysis of the statutory appropriation relative to the guidance in 17-1-508(3), MCA, to be published in the fiscal note. In reviewing and establishing statutory appropriations, the legislature shall consider the following guidelines. Answer yes or no to each of the following guidelines regarding the statutory appropriation:

	<u>YES</u>	<u>NO</u>
a. The money is from a continuing, reliable, and estimable source.	X	
b. The use of the appropriation or the expenditure occurrence is predictable and reliable.	X	
c. The authority exists elsewhere.	X	
d. An alternative appropriation method is available, practical, or effective.	X	
e. It appropriates state general fund money for purposes other than paying for emergency services.	X	
f. The money is used for general purposes.		X
g. The legislature wishes to review expenditure and appropriation levels each biennium.	X	
h. An expenditure cap and sunset date are excluded.	X	

	<u>FY 2022 Difference</u>	<u>FY 2023 Difference</u>	<u>FY 2024 Difference</u>	<u>FY 2025 Difference</u>
<u>Fiscal Impact:</u>				
<u>Expenditures:</u>				
Benefits	\$860,000	\$910,000	\$960,000	\$960,000
TOTAL Expenditures	<u>\$860,000</u>	<u>\$910,000</u>	<u>\$960,000</u>	<u>\$960,000</u>
<u>Funding of Expenditures:</u>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$860,000	\$910,000	\$960,000	\$960,000
TOTAL Funding of Exp.	<u>\$860,000</u>	<u>\$910,000</u>	<u>\$960,000</u>	<u>\$960,000</u>
<u>Revenues:</u>				
General Fund (01)	(\$860,000)	(\$910,000)	(\$960,000)	(\$960,000)
State Special Revenue (02)	\$860,000	\$910,000	\$960,000	\$960,000
Other-Pension	\$860,000	\$910,000	\$960,000	\$960,000
TOTAL Revenues	<u>\$860,000</u>	<u>\$910,000</u>	<u>\$960,000</u>	<u>\$960,000</u>
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	(\$860,000)	(\$910,000)	(\$960,000)	(\$960,000)
State Special Revenue (02)	-	-	-	-
Other-Pension	860,000	910,000	960,000	960,000



 Sponsor's Initials



 Date



 Budget Director's Initials



 Date