



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Pension Fund Fiscal Note 2023 Biennium

Bill # HB0421

Title: Provide pension benefits for volunteer emergency care providers

Primary Sponsor: Hinkle, Jedediah

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	\$47,868,436 ↗	\$47,868,436 ↗	\$0
Present Value of Actuarial Assets	\$41,716,780 ↗	\$41,716,780 ↗	\$0
Unfunded Actuarial Accrued Liability (UAAL)	\$6,151,656 ↗	\$6,151,656 ↗	\$0
Amortization Period (years) of UAAL	4.00	4.00	0.00
Change in normal costs	0.00% ↗	\$0	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	0.00%	0.00%	0.00%	0.00%	0.00%
Employer Contribution Rate	0.00%	0.00%	0.00%	0.00%	0.00%
State Contribution Rate	0.00%	0.00%	0.00%	0.00%	0.00%
TOTAL Contribution Rate	0.00%	0.00%	0.00%	0.00%	0.00%

FISCAL SUMMARY

	<u>FY 2022</u> <u>Difference</u>	<u>FY 2023</u> <u>Difference</u>	<u>FY 2024</u> <u>Difference</u>	<u>FY 2025</u> <u>Difference</u>
Expenditures:				
General Fund	Unknown	Unknown	Unknown	Unknown
Other	Unknown	Unknown	Unknown	Unknown
Revenue:				
General Fund	Unknown	Unknown	Unknown	Unknown
Other	Unknown	Unknown	Unknown	Unknown
Net Impact-General Fund Balance:	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>

Description of fiscal impact: HB 421 proposes to add volunteer emergency care providers to the Volunteer Firefighters Compensation Act pension fund. The fiscal impact is unknown.

FISCAL ANALYSIS

Assumptions:

1. The actuary could not produce a fiscal impact due to the fact of several unknowns, including:
 - a. The actuary would need to know the number of people and number of emergency care providers that could participate. Currently, these numbers are unknown.
 - b. Currently, some volunteer emergency personnel are paid employees of a city or county, some are paid employees of a hospital, and some are non-paid volunteers. Without knowing the specific allocation of employees to each example an impact on the pension system cannot be determined.
 - c. Local and tribal governments would be allowed, at their discretion, to deposit a portion of their current 911 distributions into a pension fund for volunteer emergency workers. Because the deposit is discretionary, a fiscal impact cannot be reasonably determined.
2. Per 19-17-110, MCA this bill increases the allowable payments to volunteer firefighters and volunteer emergency care providers by \$2,000 per calendar year making a cap of \$5,000.
3. To participate in the pension for volunteer emergency care providers, the governing body of a local or tribal government entity shall annually deposit to the pension trust fund \$10,000 from the funds distributed to the local government or tribal government entity as allowed in 10-4-305, MCA.

Technical Notes:

1. MPERA would need to request a ruling by the Internal Revenue Service to determine if the changes in the bill would allow for continued tax qualification under applicable provisions pursuant to section 457(e)(11)(b). If the ruling is not favorable, Sections 2-19 are void.
2. Diverting 911 funds in the manner identified in this bill may jeopardize eligibility of the State of Montana and Montana counties in terms of Federal Communication Commission (FCC) grants and funds.

NOT SIGNED BY SPONSOR

_____ 2/22/21 KA 2/22/21
 Sponsor's Initials Date Budget Director's Initials Date

