

**Amendment - 1st Reading/2nd House-blue - Requested by: Janet Ellis - (S) Finance and Claims**

- 2023  
68th Legislature 2023

Drafter: Rebecca Power,

HB0569.002.003

1 HOUSE BILL NO. 569  
2 INTRODUCED BY T. MOORE  
3  
4 A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING PENSION LAWS; PROVIDING  
5 SUPPLEMENTAL FUNDING FOR THE HIGHWAY PATROL OFFICERS' RETIREMENT SYSTEM, THE  
6 SHERIFFS' RETIREMENT SYSTEM, AND THE GAME WARDENS' AND PEACE OFFICERS' RETIREMENT  
7 SYSTEM TO AMORTIZE THE SYSTEMS IN 25 YEARS; PROVIDING APPROPRIATIONS; REVISING  
8 CONTRIBUTIONS IN THE JUDGES' RETIREMENT SYSTEM, THE HIGHWAY PATROL OFFICERS'  
9 RETIREMENT SYSTEM, THE SHERIFFS' RETIREMENT SYSTEM, AND THE GAME WARDENS' AND  
10 PEACE OFFICERS' RETIREMENT SYSTEM TO PROVIDE FOR AN ACTUARIALLY DETERMINED  
11 CONTRIBUTION; ~~REVISING RETIREMENT CRITERIA FOR NEW MEMBERS IN THE SHERIFFS'~~  
12 ~~RETIREMENT SYSTEM AND THE HIGHWAY PATROL OFFICERS' RETIREMENT SYSTEM;~~ AMENDING  
13 SECTIONS 15-10-420, 17-7-502, 19-2-405, 19-2-409, 19-5-404, 19-6-404, ~~19-6-501,~~ 19-7-403, 19-7-404, ~~19-7-~~  
14 ~~501,~~ AND 19-8-504, MCA; AND PROVIDING AN EFFECTIVE DATE."  
15

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

17  
18 NEW SECTION. SECTION 1. HIGHWAY PATROL OFFICERS' RETIREMENT SYSTEM APPROPRIATION. THERE IS  
19 APPROPRIATED \$27.6 MILLION FROM THE GENERAL FUND TO THE MONTANA PUBLIC EMPLOYEES' RETIREMENT BOARD  
20 FOR THE FISCAL YEAR BEGINNING JULY 1, 2023, TO AMORTIZE THE HIGHWAY PATROL OFFICERS' RETIREMENT SYSTEM IN  
21 25 YEARS.  
22

23 NEW SECTION. SECTION 2. SHERIFFS' RETIREMENT SYSTEM APPROPRIATION. THERE IS APPROPRIATED  
24 \$26.8 MILLION FROM THE GENERAL FUND TO THE MONTANA PUBLIC EMPLOYEES' RETIREMENT BOARD FOR THE FISCAL  
25 YEAR BEGINNING JULY 1, 2023, TO AMORTIZE THE SHERIFFS' RETIREMENT SYSTEM IN 25 YEARS.  
26

27 NEW SECTION. SECTION 3. GAME WARDENS' AND PEACE OFFICERS' RETIREMENT SYSTEM. THERE IS

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1 APPROPRIATED \$41.2 MILLION FROM THE GENERAL FUND TO THE MONTANA PUBLIC EMPLOYEES' RETIREMENT BOARD  
2 FOR THE FISCAL YEAR BEGINNING JULY 1, 2023, TO AMORTIZE THE GAME WARDENS' AND PEACE OFFICERS' RETIREMENT  
3 SYSTEM IN 25 YEARS.

4

5 **Section 4.** Section 15-10-420, MCA, is amended to read:

6 **"15-10-420. Procedure for calculating levy.** (1) (a) Subject to the provisions of this section, a  
7 governmental entity that is authorized to impose mills may impose a mill levy sufficient to generate the amount  
8 of property taxes actually assessed in the prior year plus one-half of the average rate of inflation for the prior 3  
9 years. The maximum number of mills that a governmental entity may impose is established by calculating the  
10 number of mills required to generate the amount of property tax actually assessed in the governmental unit in  
11 the prior year based on the current year taxable value, less the current year's newly taxable value, plus one-half  
12 of the average rate of inflation for the prior 3 years.

13 (b) A governmental entity that does not impose the maximum number of mills authorized under  
14 subsection (1)(a) may carry forward the authority to impose the number of mills equal to the difference between  
15 the actual number of mills imposed and the maximum number of mills authorized to be imposed. The mill  
16 authority carried forward may be imposed in a subsequent tax year.

17 (c) For the purposes of subsection (1)(a), the department shall calculate one-half of the average  
18 rate of inflation for the prior 3 years by using the consumer price index, U.S. city average, all urban consumers,  
19 using the 1982-84 base of 100, as published by the bureau of labor statistics of the United States department of  
20 labor.

21 (2) A governmental entity may apply the levy calculated pursuant to subsection (1)(a) plus any  
22 additional levies authorized by the voters, as provided in 15-10-425, to all property in the governmental unit,  
23 including newly taxable property.

24 (3) (a) For purposes of this section, newly taxable property includes:

25 (i) annexation of real property and improvements into a taxing unit;

26 (ii) construction, expansion, or remodeling of improvements;

27 (iii) transfer of property into a taxing unit;

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- 1 (iv) subdivision of real property; and
- 2 (v) transfer of property from tax-exempt to taxable status.
- 3 (b) Newly taxable property does not include an increase in value:
- 4 (i) that arises because of an increase in the incremental value within a tax increment financing
- 5 district; or
- 6 (ii) caused by the termination of an exemption that occurs due to the American Rescue Plan Act,
- 7 Public Law 117-2, and section 14, Chapter 506, Laws of 2021.
- 8 (4) (a) For the purposes of subsection (1), the taxable value of newly taxable property includes the
- 9 release of taxable value from the incremental taxable value of a tax increment financing district because of:
- 10 (i) a change in the boundary of a tax increment financing district;
- 11 (ii) an increase in the base value of the tax increment financing district pursuant to 7-15-4287; or
- 12 (iii) the termination of a tax increment financing district.
- 13 (b) If a tax increment financing district terminates prior to the certification of taxable values as
- 14 required in 15-10-202, the increment value is reported as newly taxable property in the year in which the tax
- 15 increment financing district terminates. If a tax increment financing district terminates after the certification of
- 16 taxable values as required in 15-10-202, the increment value is reported as newly taxable property in the
- 17 following tax year.
- 18 (c) For the purpose of subsection (3)(a)(ii), the value of newly taxable class four property that was
- 19 constructed, expanded, or remodeled property since the completion of the last reappraisal cycle is the current
- 20 year market value of that property less the previous year market value of that property.
- 21 (d) For the purpose of subsection (3)(a)(iv), the subdivision of real property includes the first sale
- 22 of real property that results in the property being taxable as class four property under 15-6-134 or as
- 23 nonqualified agricultural land as described in 15-6-133(1)(c).
- 24 (5) Subject to subsection (8), subsection (1)(a) does not apply to:
- 25 (a) school district levies established in Title 20; or
- 26 (b) a mill levy imposed for a newly created regional resource authority.
- 27 (6) For purposes of subsection (1)(a), taxes imposed do not include net or gross proceeds taxes

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1 received under 15-6-131 and 15-6-132.

2 (7) In determining the maximum number of mills in subsection (1)(a), the governmental entity:

3 (a) may increase the number of mills to account for a decrease in reimbursements; and

4 (b) may not increase the number of mills to account for a loss of tax base because of legislative  
5 action that is reimbursed under the provisions of 15-1-121(7).

6 (8) The department shall calculate, on a statewide basis, the number of mills to be imposed for  
7 purposes of 15-10-109, 20-9-331, 20-9-333, 20-9-360, and 20-25-439. However, the number of mills calculated  
8 by the department may not exceed the mill levy limits established in those sections. The mill calculation must  
9 be established in tenths of mills. If the mill levy calculation does not result in an even tenth of a mill, then the  
10 calculation must be rounded up to the nearest tenth of a mill.

11 (9) (a) The provisions of subsection (1) do not prevent or restrict:

12 (i) a judgment levy under 2-9-316, 7-6-4015, or 7-7-2202;

13 (ii) a levy to repay taxes paid under protest as provided in 15-1-402;

14 (iii) an emergency levy authorized under 10-3-405, 20-9-168, or 20-15-326;

15 (iv) a levy for the support of a study commission under 7-3-184;

16 (v) a levy for the support of a newly established regional resource authority;

17 (vi) the portion that is the amount in excess of the base contribution of a governmental entity's  
18 property tax levy for contributions for group benefits excluded under 2-9-212 or 2-18-703;

19 (vii) a levy for reimbursing a county for costs incurred in transferring property records to an  
20 adjoining county under 7-2-2807 upon relocation of a county boundary;

21 (viii) a levy used to fund the sheriffs' retirement system under ~~19-7-404(2)(b)~~ 19-7-404(3)(b); or

22 (ix) a governmental entity from levying mills for the support of an airport authority in existence prior  
23 to May 7, 2019, regardless of the amount of the levy imposed for the support of the airport authority in the past.  
24 The levy under this subsection (9)(a)(ix) is limited to the amount in the resolution creating the authority.

25 (b) A levy authorized under subsection (9)(a) may not be included in the amount of property taxes  
26 actually assessed in a subsequent year.

27 (10) A governmental entity may levy mills for the support of airports as authorized in 67-10-402, 67-

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1 11-301, or 67-11-302 even though the governmental entity has not imposed a levy for the airport or the airport  
2 authority in either of the previous 2 years and the airport or airport authority has not been appropriated  
3 operating funds by a county or municipality during that time.

4 (11) The department may adopt rules to implement this section. The rules may include a method for  
5 calculating the percentage of change in valuation for purposes of determining the elimination of property, new  
6 improvements, or newly taxable value in a governmental unit. (Subsection (3)(b)(ii) terminates December 31,  
7 2025--sec. 13(5), Ch. 506, L. 2021.)"

8

9 **Section 5.** Section 17-7-502, MCA, is amended to read:

10 **"17-7-502. Statutory appropriations -- definition -- requisites for validity.** (1) A statutory  
11 appropriation is an appropriation made by permanent law that authorizes spending by a state agency without  
12 the need for a biennial legislative appropriation or budget amendment.

13 (2) Except as provided in subsection (4), to be effective, a statutory appropriation must comply with  
14 both of the following provisions:

15 (a) The law containing the statutory authority must be listed in subsection (3).

16 (b) The law or portion of the law making a statutory appropriation must specifically state that a  
17 statutory appropriation is made as provided in this section.

18 (3) The following laws are the only laws containing statutory appropriations: 2-17-105; 5-11-120; 5-  
19 11-407; 5-13-403; 5-13-404; 7-4-2502; 7-4-2924; 7-32-236; 10-1-108; 10-1-1202; 10-1-1303; 10-2-603; 10-2-  
20 807; 10-3-203; 10-3-310; 10-3-312; 10-3-314; 10-3-802; 10-3-1304; 10-4-304; 10-4-310; 15-1-121; 15-1-218;  
21 15-31-165; 15-31-1004; 15-31-1005; 15-35-108; 15-36-332; 15-37-117; 15-39-110; 15-65-121; 15-70-101; 15-  
22 70-130; 15-70-433; 16-11-119; 16-11-509; 17-3-106; 17-3-212; 17-3-222; 17-3-241; 17-6-101; 17-7-215; 18-11-  
23 112; 19-3-319; 19-3-320; ~~19-6-404~~; 19-6-410; 19-9-702; 19-13-604; 19-17-301; 19-18-512; 19-19-305; 19-19-  
24 506; 19-20-604; 19-20-607; 19-21-203; 20-8-107; 20-9-534; 20-9-622; [ 20-15-328]; 20-26-617; 20-26-1503;  
25 22-1-327; 22-3-116; 22-3-117; [ 22-3-1004]; 23-4-105; 23-5-306; 23-5-409; 23-5-612; 23-7-301; 23-7-402; 30-  
26 10-1004; 37-43-204; 37-50-209; 37-54-113; 39-71-503; 41-5-2011; 42-2-105; 44-4-1101; 44-12-213; 44-13-  
27 102; 46-32-108; 50-1-115; 53-1-109; 53-6-148; 53-9-113; 53-24-108; 53-24-206; 60-5-530; 60-11-115; 61-3-

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1 321; 61-3-415; 67-1-309; 69-3-870; 69-4-527; 75-1-1101; 75-5-1108; 75-6-214; 75-11-313; 75-26-308; 76-13-  
2 150; 76-13-151; 76-13-417; 76-17-103; 77-1-108; 77-2-362; 80-2-222; 80-4-416; 80-11-518; 80-11-1006; 81-1-  
3 112; 81-1-113; 81-7-106; 81-7-123; 81-10-103; 82-11-161; 85-2-526; 85-20-1504; 85-20-1505; [ 85-25-102];  
4 87-1-603; 87-5-909; 90-1-115; 90-1-205; 90-1-504; 90-6-331; and 90-9-306.

5 (4) There is a statutory appropriation to pay the principal, interest, premiums, and costs of issuing,  
6 paying, and securing all bonds, notes, or other obligations, as due, that have been authorized and issued  
7 pursuant to the laws of Montana. Agencies that have entered into agreements authorized by the laws of  
8 Montana to pay the state treasurer, for deposit in accordance with 17-2-101 through 17-2-107, as determined  
9 by the state treasurer, an amount sufficient to pay the principal and interest as due on the bonds or notes have  
10 statutory appropriation authority for the payments. (In subsection (3): pursuant to sec. 10, Ch. 360, L. 1999, the  
11 inclusion of 19-20-604 terminates contingently when the amortization period for the teachers' retirement  
12 system's unfunded liability is 10 years or less; pursuant to sec. 73, Ch. 44, L. 2007, the inclusion of 19-6-410  
13 terminates contingently upon the death of the last recipient eligible under 19-6-709(2) for the supplemental  
14 benefit provided by 19-6-709; pursuant to sec. 5, Ch. 383, L. 2015, the inclusion of 85-25-102 is effective on  
15 occurrence of contingency; pursuant to sec. 6, Ch. 423, L. 2015, the inclusion of 22-3-116 and 22-3-117  
16 terminates June 30, 2025; pursuant to sec. 12, Ch. 55, L. 2017, the inclusion of 37-54-113 terminates June 30,  
17 2023; pursuant to sec. 4, Ch. 122, L. 2017, the inclusion of 10-3-1304 terminates September 30, 2025;  
18 pursuant to sec. 1, Ch. 213, L. 2017, the inclusion of 90-6-331 terminates June 30, 2027; pursuant to secs. 5, 8,  
19 Ch. 284, L. 2017, the inclusion of 81-1-112, 81-1-113, and 81-7-106 terminates June 30, 2023; pursuant to sec.  
20 1, Ch. 340, L. 2017, the inclusion of 22-1-327 terminates July 1, 2023; pursuant to sec. 10, Ch. 374, L. 2017,  
21 the inclusion of 76-17-103 terminates June 30, 2027; pursuant to sec. 5, Ch. 50, L. 2019, the inclusion of 37-50-  
22 209 terminates September 30, 2023; pursuant to sec. 1, Ch. 408, L. 2019, the inclusion of 17-7-215 terminates  
23 June 30, 2029; pursuant to secs. 11, 12, and 14, Ch. 343, L. 2019, the inclusion of 15-35-108 terminates June  
24 30, 2027; pursuant to sec. 7, Ch. 465, L. 2019, the inclusion of 85-2-526 terminates July 1, 2023; pursuant to  
25 sec. 5, Ch. 477, L. 2019, the inclusion of 10-3-802 terminates June 30, 2023; pursuant to secs. 1, 2, 3, Ch. 139,  
26 L. 2021, the inclusion of 53-9-113 terminates June 30, 2027; pursuant to sec. 8, Ch. 200, L. 2021, the inclusion  
27 of 10-4-310 terminates July 1, 2031; pursuant to secs. 3, 4, Ch. 404, L. 2021, the inclusion of 30-10-1004

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1 terminates June 30, 2027; pursuant to sec. 5, Ch. 548, L. 2021, the inclusion of 50-1-115 terminates June 30,  
2 2025; pursuant to secs. 5 and 12, Ch. 563, L. 2021, the inclusion of 22-3-1004 is effective July 1, 2027; and  
3 pursuant to sec. 15, Ch. 574, L. 2021, the inclusion of 46-32-108 terminates June 30, 2023.)"

4

5 **Section 6.** Section 19-2-405, MCA, is amended to read:

6 **"19-2-405. Employment of actuary -- annual investigation and valuation.** (1) The board shall  
7 retain a competent actuary who is an enrolled member of the American academy of actuaries and who is  
8 familiar with public systems of pensions. The actuary is the technical adviser of the board on matters regarding  
9 the operation of the retirement systems.

10 (2) The board shall require the actuary to make and report on an annual actuarial investigation into  
11 the suitability of the actuarial tables used by the retirement systems and an actuarial valuation of the assets and  
12 liabilities of each defined benefit plan that is a part of the retirement systems.

13 (3) The normal cost contribution rate, which is funded by required employee contributions and a  
14 portion of the required employer contributions to each defined benefit retirement plan, must be calculated as the  
15 level percentage of members' salaries that will actuarially fund benefits payable under a retirement plan as  
16 those benefits accrue in the future.

17 (4) ~~(a)~~ The unfunded liability contribution rate, which is entirely funded by a portion of the required  
18 employer contributions to the retirement plan, must be calculated as the level percentage of current and future  
19 defined benefit plan members' salaries that will amortize the unfunded actuarial liabilities of the retirement plan  
20 over a reasonable period of time, not to exceed 30 years, as determined by the board, except as provided in  
21 19-5-404, 19-6-404, 19-7-404, and 19-8-504.

22 ~~(b)~~ ~~In determining the amortization period under subsection (4)(a) for the public employees' retirement~~  
23 ~~system's defined benefit plan, the actuary shall take into account the plan choice rate contributions to be made~~  
24 ~~to the defined benefit plan pursuant to 19-3-2117 and 19-21-214.~~

25 (5) The board shall require the actuary to conduct and report on a periodic actuarial investigation  
26 into the actuarial experience of the retirement systems and plans.

27 (6) The board may require the actuary to conduct any valuation necessary to administer the

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1 retirement systems and the plans subject to this chapter.

2 (7) The board shall provide copies of the reports required pursuant to subsections (2) and (5) to  
3 the state administration and veterans' affairs interim committee and to the legislature pursuant to 5-11-210.

4 (8) The board shall require the actuary to prepare for each employer participating in a retirement  
5 system the disclosures or the information required to be included in the disclosures as required by law and by  
6 the governmental accounting standards board or its generally recognized successor."  
7

8 **Section 7.** Section 19-2-409, MCA, is amended to read:

9 **"19-2-409. Plans to be funded on actuarially sound basis -- definition.** (1) As required by Article  
10 VIII, section 15, of the Montana constitution, each system must be funded on an actuarially sound basis. For  
11 the purposes of this section, "actuarially sound basis" means that contributions to each retirement plan must be  
12 sufficient to pay the full actuarial cost of the plan.

13 (2) (a) For a defined benefit plan, the full actuarial cost includes both the normal cost of providing  
14 benefits as they accrue in the future and the cost of amortizing unfunded liabilities over a scheduled period of  
15 no more than 30 years, except that with respect to the judges' retirement system, the highway patrol officers'  
16 retirement system, the sheriffs' retirement system, and the game wardens' and peace officers' retirement  
17 system, the unfunded liabilities must be paid over the periods provided for in 19-5-404, 19-6-404, 19-7-404, and  
18 19-8-504, respectively.

19 (b) For the defined contribution plan, the full actuarial cost is the contribution defined by law that is  
20 payable to an account on behalf of the member."  
21

22 **Section 8.** Section 19-5-404, MCA, is amended to read:

23 **"19-5-404. State employer contribution -- definitions.** (1) (a) Beginning July 1, 2023, ~~and except as~~  
24 ~~provided in subsections (2) and (3), the state shall pay as employer contributions 14.0% of the compensation~~  
25 ~~paid to all of the employer's employees, except those properly excluded from membership~~ an actuarially  
26 determined employer contribution that is determined annually by the public employees' retirement board's  
27 actuary in accordance with the provisions of this section and part of the plan's annual actuarial valuation. This



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1 actuarially determined employer contribution is effective July 1 following the annual actuarial valuation  
2 completed in the prior calendar year.

3 (b) The actuarially determined employer contribution must be the sum of the following contribution  
4 rates minus the employee contribution provided for in 19-5-402:

5 (i) the contribution rate determined under subsection (1)(c) to pay for the contemporary unfunded  
6 liability; and

7 (ii) the contribution rate determined under subsection (1)(d) to pay for the normal cost of benefits  
8 as they accrue.

9 (c) The contribution rate under subsection (1)(b)(i) for the contemporary unfunded liability must be  
10 the amount required on a level percentage basis to pay the annual contemporary unfunded liabilities  
11 attributable to the employer's employees over a layered amortization schedule so that each fiscal year's  
12 contemporary unfunded liability is amortized over a closed 10-year period, starting with the contemporary  
13 unfunded liability for the fiscal year ending June 30, 2024.

14 (d) The contribution rate under subsection (1)(b)(ii) for the normal cost of benefits as they accrue  
15 must be the amount required on a level percentage basis to pay the normal cost of benefits as determined in  
16 the annual actuarial valuation as the benefits accrue for each of the employer's employees.

17 ~~(2) Beginning From July 1, 2023, and except as provided in subsection (3), through June 30, 2024,~~  
18 ~~the state shall contribute monthly from the natural resources operations state special revenue account,~~  
19 ~~established in 15-38-301, to the judges' pension trust fund an amount equal to 14.0% of the compensation paid~~  
20 ~~to the chief water court judge. The judiciary shall include in its budget and shall request for legislative~~  
21 ~~appropriation an amount necessary to defray the state's portion of the costs of this section.~~

22 (3)(2) (a) Beginning July 1, 2024, the state shall contribute monthly from the natural resources  
23 operations special state revenue account, established in 15-38-301, to the judges' pension trust fund an  
24 actuarially determined employer contribution that is determined annually by the public employees' retirement  
25 board's actuary in accordance with the provisions of this section and part of the plan's annual actuarial  
26 valuation for the chief water court judge. This actuarially determined employer contribution is effective July 1  
27 following the annual actuarial valuation completed in the prior calendar year.

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1           **(b) The actuarially determined employer contribution must be the sum of the following contribution**  
2 **rates minus the employee contribution provided in 19-5-402:**

3           **(i) the contribution rate determined under subsection ~~(3)(e)~~ (2)(C) to pay for the contemporary**  
4 **unfunded liability; and**

5           **(ii) the contribution rate determined under subsection ~~(3)(d)~~ (2)(D) to pay for the normal cost of**  
6 **benefits as they accrue.**

7           **(c) The contribution rate under subsection ~~(3)(b)(i)~~ (2)(B)(I) for the contemporary unfunded liability**  
8 **must be the amount required on a level percentage basis to pay the annual contemporary unfunded liabilities**  
9 **attributable to the employer's employees over a layered amortization schedule so that each fiscal year's**  
10 **contemporary unfunded liability is amortized over a closed 10-year period, starting with the contemporary**  
11 **unfunded liability for the fiscal year ending June 30, 2024.**

12           **(d) The contribution rate under subsection ~~(3)(b)(ii)~~ (2)(B)(II) for the normal cost of benefits as they**  
13 **accrue must be the amount required on a level percentage basis to pay the normal cost of benefits as**  
14 **determined in the annual actuarial valuation as the benefits accrue for each of the employer's employees.**

15           ~~(3) If, based on the most recently available actuarial study for the judges' retirement system, the~~  
16 ~~funded ratio of the plan drops below 120% funded, the employer contribution rates in subsections (1) and (2)~~  
17 ~~must be increased to 25.81%.~~

18           ~~(4)(3)~~ For the first full pay period of July 2021 through the last full pay period ending June 2023, and  
19 except as provided in subsection ~~(5) (4)~~, the state shall pay as employer contributions 0% of the compensation  
20 paid to all of the employer's employees, except those properly excluded from membership.

21           ~~(5)(4)~~ For the first full pay period of July 2021 through the last full pay period ending June 2023, the  
22 state shall contribute monthly from the natural resources operations state special revenue account, established  
23 in 15-38-301, to the judges' pension trust fund an amount equal to 0% of the compensation paid to the chief  
24 water court judge. The judiciary shall include in its budget and shall request for legislative appropriation an  
25 amount necessary to defray the state's portion of the costs of this section.

26           ~~(6)(5)~~ For the purposes of this section, the following definitions apply:

27           **(a) "Contemporary unfunded liability" means the plan's annual fiscal year actuarial gains and**

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1 losses smoothed over 5 years starting with the fiscal year ending June 30, 2019.

2 (b) "Legacy unfunded liability" means the unfunded liability of the plan as of June 30, 2023.

3 (Subsections (4) and (5) (3) AND (4) terminate June 30, 2023--sec. 3, Ch. 272, L. 2021.)"

4

5 **Section 9.** Section 19-6-404, MCA, is amended to read:

6 **"19-6-404. State employer contribution -- ~~statutory appropriation definitions.~~** (1) (a) The From

7 July 1, 2023, through June 30, 2024, the state shall pay as employer contributions ~~38.33%~~ ~~43.48%~~ 38.33% of

8 compensation paid to all of the employer's employees, except those properly excluded from membership, from

9 the following sources:

10 (1) ~~an amount equal to 28.15% of the total compensation of the members, which is payable, as~~  
11 ~~appropriated by the legislature, from the same source that is used to pay compensation to the members; and~~

12 (2) ~~an amount equal to 10.18% of the total compensation of the members, which is statutorily~~  
13 ~~appropriated, as provided in 17-7-502, from the general fund to the pension trust fund.~~

14 (b) Beginning July 1, 2023, and each fiscal year thereafter, the state treasurer shall transfer  
15 \$500,000 from the state special revenue fund provided for in 17-2-102 to the highway patrol officers' retirement  
16 pension trust fund by August 15. This transfer must terminate when the public employees' retirement board's  
17 actuary determines that the funded ratio for the highway patrol officers' pension system is 100% funded.

18 (2) (a) Beginning July 1, 2024, the state shall pay as employer contributions an actuarially  
19 determined employer contribution that is determined annually by the public employees' retirement board's  
20 actuary in accordance with the provisions of this section and part of the plan's annual actuarial valuation. This  
21 actuarially determined employer contribution is effective July 1 following the annual actuarial valuation  
22 completed in the prior calendar year.

23 (b) The actuarially determined employer contribution must be the sum of the following contribution  
24 rates minus the employee contribution provided for in 19-6-402:

25 (i) the contribution rate determined under subsection (2)(c) to pay off the legacy unfunded liability;

26 (ii) the contribution rate determined under subsection (2)(d) to pay for the contemporary unfunded  
27 liability; and

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1            (iii) the contribution rate determined under subsection (2)(e) to pay for the normal cost of benefits  
2 as they accrue.

3            (c) (i) Except as provided in subsection (2)(c)(ii), the contribution rate under subsection (2)(b)(i) for  
4 the legacy unfunded liability must be the amount required on a level percent basis to amortize the legacy  
5 unfunded liability attributable to the employer's employees over a closed 25-year amortization period beginning  
6 July 1, 2023.

7            (ii) If the June 30, 2023, actuarial valuation determines the system's amortization period is less  
8 than 25 years, then the closed amortization period used for the purposes of subsection (2)(c)(i) must be that  
9 amortization period.

10           (d) The contribution rate under subsection (2)(b)(ii) for the contemporary unfunded liability must be  
11 the amount required on a level percent basis to pay the annual contemporary unfunded liabilities attributable to  
12 the employer's employees over a layered amortization schedule so that each fiscal year's contemporary  
13 unfunded liability is amortized over a closed 10-year period, starting with the contemporary unfunded liability for  
14 the fiscal year ending June 30, 2024.

15           (e) The contribution rate under subsection (2)(b)(iii) for the normal cost of benefits as they accrue  
16 must be the amount required on a level percent basis to pay the normal cost of benefits as determined in the  
17 annual actuarial valuation as the benefits accrue for each of the employer's employees.

18           (3) For the purposes of this section, the following definitions apply:

19           (a) "Contemporary unfunded liability" means the plan's annual fiscal year actuarial gains and  
20 losses smoothed over 5 years starting with the fiscal year ending June 30, 2019.

21           (b) "Legacy unfunded liability" means the unfunded liability of the plan as of June 30, 2023."

22

23           **SECTION 10. SECTION 19-6-501, MCA, IS AMENDED TO READ:**

24           **"19-6-501.—Eligibility for service retirement benefit. (1) (a) Subject to a member's right to a refund**  
25 **of the member's accumulated contributions under Title 19, chapter 2, part 6, a member hired on or before June**  
26 **30, 2023, is eligible to receive a nonforfeitable service retirement benefit under 19-6-502 after completing 20**  
27 **years or more of membership service and terminating service.**

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1 ~~(b) Subject to a member's right to a refund of the member's accumulated contributions under Title~~  
2 ~~19, chapter 2, part 6, a member hired on or after July 1, 2023, is eligible to receive a nonforfeitable service~~  
3 ~~retirement benefit under 19-6-502 after completing 20 years or more of membership service, reaching the age~~  
4 ~~of 50, and terminating service.~~

5 ~~(2) For purposes of compliance with section 411 of the Internal Revenue Code, 26 U.S.C. 411, a~~  
6 ~~vested member who has attained the later of age 50 or the completion of 20 years of membership service has~~  
7 ~~is treated as having attained normal retirement age and has a nonforfeitable right to the member's service~~  
8 ~~retirement."~~

9  
10 **Section 10.** Section 19-7-403, MCA, is amended to read:

11 **"19-7-403. Member's contributions deducted.** (1) (a) Subject to subsection (1)(b), each member's  
12 contribution is 10.495% of the member's compensation.

13 (b) The member's contribution required under this subsection (1) must be reduced to 9.245% on  
14 July 1 following the board's receipt of the system's actuarial valuation if: the report shows that the funded ratio  
15 for the sheriffs' retirement system is at least 100%.

16 ~~(i) the actuarial valuation determines that the period required to amortize the system's unfunded~~  
17 ~~liabilities, including adjustments that become effective after the valuation, is less than 25 years; and~~

18 ~~(ii) reducing the member contributions and terminating the additional employer contributions pursuant~~  
19 ~~to 19-7-404(4)(b) would not cause the system's amortization period as of the most recent actuarial valuation to~~  
20 ~~exceed 25 years.~~

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

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

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1 (4) The member's contributions picked up by the employer must be payable from the same source  
2 as is used to pay compensation to the member and must be included in the member's wages, as defined in 19-  
3 1-102, and salary as used to define the member's highest average compensation in 19-7-101. The employer  
4 shall deduct from the member's compensation an amount equal to the amount of the member's contributions  
5 picked up by the employer and remit the total of the contributions to the board."  
6

7 **Section 11.** Section 19-7-404, MCA, is amended to read:

8 **"19-7-404. Employer contributions -- definitions.** (1) ~~Each From July 1, 2023, through June 30,~~  
9 ~~2024, each~~ employer shall pay ~~9.535%~~ ~~13.385%~~ 13.115% of the compensation paid to all of the employer's  
10 employees ~~plus any additional contribution under subsection (3), except for those employees properly excluded~~  
11 ~~from membership.~~

12 (2) (a) Beginning July 1, 2024, each employer shall pay as employer contributions an actuarially  
13 determined employer contribution that is determined annually by the public employees' retirement board's  
14 actuary in accordance with the provisions of this section and part of the plan's annual actuarial valuation. This  
15 actuarially determined employer contribution is effective July 1 following the annual actuarial valuation  
16 completed in the prior calendar year.

17 (b) The actuarially determined employer contribution must be the sum of the following contribution  
18 rates minus the employee contribution provided for in 19-7-403:

19 (i) the contribution rate determined under subsection (2)(c) to pay off the legacy unfunded liability;

20 (ii) the contribution rate determined under subsection (2)(d) to pay for the contemporary unfunded  
21 liability; and

22 (iii) the contribution rate determined under subsection (2)(e) to pay for the normal cost of benefits  
23 as they accrue.

24 (c) (i) Except as provided in subsection (2)(c)(ii), the contribution rate under subsection (2)(b)(i) for  
25 the legacy unfunded liability must be the amount required on a level percent basis to amortize the legacy  
26 unfunded liability attributable to the employer's employees over a closed 25-year amortization period beginning  
27 July 1, 2023.

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1 (ii) If the June 30, 2023, actuarial valuation determines the system's amortization period is less  
2 than 25 years, then the closed amortization period used for the purposes of subsection (2)(c)(i) must be that  
3 amortization period.

4 (d) The contribution rate under subsection (2)(b)(ii) for the contemporary unfunded liability must be  
5 the amount required on a level percent basis to pay the annual contemporary unfunded liabilities attributable to  
6 the employer's employees over a layered amortization schedule so that each fiscal year's contemporary  
7 unfunded liability is amortized over a closed 10-year period, starting with the contemporary unfunded liability for  
8 the fiscal year ending June 30, 2024.

9 (e) The contribution rate under subsection (2)(b)(iii) for the normal cost of benefits as they accrue  
10 must be the amount required on a level percent basis to pay the normal cost of benefits as determined in the  
11 annual actuarial valuation as the benefits accrue for each of the employer's employees.

12 ~~(2)(3)~~ (a) If the required contributions under subsections (1) and (3)(a) subsections (1) and (2) exceed  
13 the funds available to a county from general revenue sources, a county may, subject to 15-10-420, budget,  
14 levy, and collect annually a tax on the taxable value of all taxable property within the county that is sufficient to  
15 raise the amount of revenue needed to meet the county's obligation.

16 (b) (i) A county may impose a mill levy to fund the employer contribution required under subsection  
17 ~~(3)(b)~~ subsections (1) and (2). The mill levy is not subject to 15-10-420(1) or to approval at an election under  
18 15-10-425.

19 (ii) Each year prior to implementing a levy under subsection ~~(2)(b)(i)~~ ~~(3)(b)(i)~~, after notice of the  
20 hearing given under 7-1-2121, a public hearing must be held regarding any proposed increase.

21 (iii) If a levy pursuant to this subsection ~~(2)(b)~~ ~~(3)(b)~~ is decreased or ceases to be levied, the  
22 revenue may not be combined with the revenue determined in 15-10-420(1)(a).

23 (4) For the purposes of this section, the following definitions apply:

24 (a) "Contemporary unfunded liability" means the plan's annual fiscal year actuarial gains and  
25 losses smoothed over 5 years starting with the fiscal year ending June 30, 2019.

26 (b) "Legacy unfunded liability" means the unfunded liability of the plan as of June 30, 2023.

27 ~~(3) Subject to subsection (4), each employer shall contribute to the system additional employer~~

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1 ~~contributions equal to:~~

2 ~~(a) 0.58% of the compensation paid to all of the employer's employees, except for those employees~~  
3 ~~properly excluded from membership; and~~

4 ~~(b) 3% of the compensation paid to all of the employer's employees, except for those employees~~  
5 ~~properly excluded from membership.~~

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

9 ~~(b) The employer contributions required under subsection (3) terminate on July 1 following the board's~~  
10 ~~receipt of the system's actuarial valuation if:~~

11 ~~(i) the actuarial valuation determines that the period required to amortize the system's unfunded~~  
12 ~~liabilities, including adjustments made for any benefit enhancements that become effective after the valuation,~~  
13 ~~is less than 25 years; and~~

14 ~~(ii) terminating the additional employer contributions and reducing the member contributions pursuant~~  
15 ~~to 19-7-403(1)(b) would not cause the amortization period to exceed 25 years."~~

16

17 **Section 13. SECTION 19-7-501, MCA, IS AMENDED TO READ:**

18 **"19-7-501. Eligibility for service retirement. (1) (a) Subject to a member's right to a refund of the**  
19 **member's accumulated contributions under Title 19, chapter 2, part 6, a member hired on or before June 30,**  
20 **2023, who has completed at least 20 years of membership service is eligible for a nonforfeitable service**  
21 **retirement benefit under 19-7-503.**

22 **(b) Subject to a member's right to a refund of the member's accumulated contributions under Title**  
23 **19, chapter 2, part 6, a member hired on or after July 1, 2023, who has completed at least 20 years of**  
24 **membership service and reached 50 years of age is eligible for a nonforfeitable service retirement benefit under**  
25 **19-7-503.**

26 **(2) For purposes of compliance with section 411 of the Internal Revenue Code, 26 U.S.C. 411, a**  
27 **vested member who has attained the later of age 50 or the completion of 20 years of membership service has**



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1 ~~attained normal retirement age and described in subsection (1)(a) or (1)(b) is treated as having attained normal~~  
2 ~~retirement age and has a nonforfeitable right to the member's service retirement."~~

3

4 **Section 12.** Section 19-8-504, MCA, is amended to read:

5 **"19-8-504. Employer's contribution -- definitions.** (1) ~~The~~ From July 1, 2023, through June 30,  
6 2024, the employer shall pay as employer contributions 9% ~~13.65%~~ 10.56% of the compensation paid to all of  
7 the employer's employees, except those properly excluded from membership. ~~The department of fish, wildlife,~~  
8 ~~and parks shall include in its budget and shall request for legislative appropriation an amount necessary to~~  
9 ~~defray the state's portion of the costs of this section.~~

10 (2) (a) Beginning July 1, 2024, each employer shall pay as employer contributions an actuarially  
11 determined employer contribution that is determined annually by the public employees' retirement board's  
12 actuary in accordance with the provisions of this section and part of the plan's annual actuarial valuation. This  
13 actuarially determined employer contribution is effective July 1 following the annual actuarial valuation  
14 completed in the prior calendar year.

15 (b) The actuarially determined employer contribution must be the sum of the following contribution  
16 rates minus the employee contribution provided in 19-8-502:

17 (i) the contribution rate determined under subsection (2)(c) to pay off the legacy unfunded liability;

18 (ii) the contribution rate determined under subsection (2)(d) to pay for the contemporary unfunded  
19 liability; and

20 (iii) the contribution rate determined under subsection (2)(e) to pay for the normal cost of benefits  
21 as they accrue.

22 (c) (i) Except as provided in subsection (2)(c)(ii), the contribution rate under subsection (2)(b)(i) for  
23 the legacy unfunded liability must be the amount required on a level percent basis to amortize the legacy  
24 unfunded liability attributable to the employer's employees over a closed 25-year amortization period beginning  
25 July 1, 2023.

26 (ii) If the June 30, 2023, actuarial valuation determines the system's amortization period is less  
27 than 25 years, then the closed amortization period used for the purposes of subsection (2)(c)(i) must be that

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1 amortization period.

2 (d) The contribution rate under subsection (2)(b)(ii) for the contemporary unfunded liability must be  
3 the amount required on a level percent basis to pay the annual contemporary unfunded liabilities attributable to  
4 the employer's employees over a layered amortization schedule so that each fiscal year's contemporary  
5 unfunded liability is amortized over a closed 10-year period, starting with the contemporary unfunded liability for  
6 the fiscal year ending June 30, 2024.

7 (e) The contribution rate under subsection (2)(b)(iii) for the normal cost of benefits as they accrue  
8 must be the amount required on a level percent basis to pay the normal cost of benefits as determined in the  
9 annual actuarial valuation as the benefits accrue for each of the employer's employees.

10 (3) For the purposes of this section, the following definitions apply:

11 (a) "Contemporary unfunded liability" means the plan's annual fiscal year actuarial gains and  
12 losses smoothed over 5 years starting with the fiscal year ending June 30, 2019.

13 (b) "Legacy unfunded liability" means the unfunded liability of the plan as of June 30, 2023."

14  
15 NEW SECTION. SECTION 13. SEVERABILITY. IF A PART OF [THIS ACT] IS INVALID, ALL VALID PARTS THAT ARE  
16 SEVERABLE FROM THE INVALID PART REMAIN IN EFFECT. IF A PART OF [THIS ACT] IS INVALID IN ONE OR MORE OF ITS  
17 APPLICATIONS, THE PART REMAINS IN EFFECT IN ALL VALID APPLICATIONS THAT ARE SEVERABLE FROM THE INVALID  
18 APPLICATIONS.

19  
20 NEW SECTION. Section 14. Effective date. [This act] is effective July 1, 2023.

21 - END -