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68th Legislature 2023 Drafter: Rebecca Power, LC PD 0010

1	**** BILL NO. ****
2	INTRODUCED BY ****
3	BY REQUEST OF THE ****
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5	A BILL FOR AN ACT ENTITLED: "AN ACT EXTENDING AND INCREASING THE SUPPLEMENTAL
6	EMPLOYER CONTRIBUTION RATE FOR THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM; AMENDING
7	SECTIONS 19-3-315 AND 19-3-316, MCA; AND PROVIDING AN EFFECTIVE DATE."
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9	BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
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11	Section 1. Section 19-3-315, MCA, is amended to read:
12	"19-3-315. Member's contribution to be deducted. (1) (a) Except as provided in subsection (2),
13	each member's contribution is 7.9% of the member's compensation.
14	(b) The board shall annually review the required contributions and recommend future adjustments
15	to the legislature as needed to maintain the amortization schedule set by the board for the payment of the
16	system's unfunded liability.
17	(2) Each member's contribution must be reduced to 6.9% on January 1 July 1 following the
18	system's annual actuarial valuation if the valuation determines that reducing the employee contribution pursuant
19	to this subsection and reducing the employer contribution pursuant to 19-3-316(4) would not cause the system's
20	amortization period to exceed 25 years.
21	(3) Payment of salaries or wages less the contribution is full and complete discharge and
22	acquittance of all claims and demands for the service rendered by members during the period covered by the
23	payment, except their claims to the benefits to which they may be entitled under the provisions of this chapter.
24	(4) Each employer, pursuant to section 414(h)(2) of the federal Internal Revenue Code, 26 U.S.C.
25	414(h)(2), shall pick up and pay the contributions that would be payable by the member under subsection (1) or
26	(2) for service rendered after June 30, 1985.
27	(5) (a) The member's contributions picked up by the employer must be designated for all purposes
28	of the retirement system as the member's contributions, except for the determination of a tax upon a distribution

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1 from the retirement system.

- (b) In the case of a member of the defined benefit plan, these contributions must become part of the member's accumulated contributions but must be accounted for separately from those previously accumulated.
- (c) In the case of a member of the defined contribution plan, these contributions must be allocated as provided in 19-3-2117.
- (6) The member's contributions picked up by the employer must be payable from the same source as is used to pay compensation to the member and must be included in the member's wages, as defined in 19-1-102, and compensation. The employer shall deduct from the member's compensation an amount equal to the amount of the member's contributions picked up by the employer and remit the total of the contributions to the board."

- Section 2. Section 19-3-316, MCA, is amended to read:
- "19-3-316. Employer contribution rates. (1) Each employer shall contribute to the system. Except as provided in subsection (2), the employer shall pay as employer contributions 6.9% of the compensation paid to all of the employer's employees plus any additional contribution under subsection (3), except for those employees properly excluded from membership. Of employer contributions made under this subsection for both defined benefit plan and defined contribution plan members, a portion must be allocated for educational programs as provided in 19-3-112. Employer contributions for members under the defined contribution plan must be allocated as provided in 19-3-2117.
- (2) Local government and school district employer contributions must be the total employer contribution rate provided in subsection (1) minus the state contribution rates under 19-3-319.
- (3) (a) Subject to subsection (4), each employer shall contribute to the system an additional employer contribution equal to the percentage specified in subsection (3)(b) of the compensation paid to all of the employer's employees, except for those employees properly excluded from membership.
- (b) The percentage of compensation to be contributed under subsection (3)(a) is 1.27% for fiscal year 2014 and increases by 0.1% each fiscal year through fiscal year 2024 fiscal year 2035. For fiscal years beginning after June 30, 2024, June 30, 2035, the percentage of compensation to be contributed under

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subsection (3)(a) is 2.27% 3.27	7%
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- (4) (a) The board shall-annually review annually the additional employer contribution provided for under subsection (3) and recommend adjustments to the legislature as needed to maintain the amortization schedule set by the board for payment of the system's unfunded liabilities.
- (b) The employer contribution required under subsection (3) terminates on January 1 July 1 following the board's receipt of the system's actuarial valuation if the actuarial valuation determines that terminating the additional employer contribution pursuant to this subsection (4)(b) and reducing the employee contribution pursuant to 19-3-315(2) would not cause the amortization period to exceed 25 years."

10 NEW SECTION. Section 3. Effective date. [This act] is effective July 1, 2025.

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