

1 from the retirement system.

2 (b) In the case of a member of the defined benefit plan, these contributions must become part of
3 the member's accumulated contributions but must be accounted for separately from those previously
4 accumulated.

5 (c) In the case of a member of the defined contribution plan, these contributions must be allocated
6 as provided in 19-3-2117.

7 (6) The member's contributions picked up by the employer must be payable from the same source
8 as is used to pay compensation to the member and must be included in the member's wages, as defined in 19-
9 1-102, and compensation. The employer shall deduct from the member's compensation an amount equal to the
10 amount of the member's contributions picked up by the employer and remit the total of the contributions to the
11 board."

12

13 **Section 2.** Section 19-3-316, MCA, is amended to read:

14 **"19-3-316. Employer contribution rates.** (1) Each employer shall contribute to the system. Except
15 as provided in subsection (2), the employer shall pay as employer contributions 6.9% of the compensation paid
16 to all of the employer's employees plus any additional contribution under subsection (3), except for those
17 employees properly excluded from membership. Of employer contributions made under this subsection for both
18 defined benefit plan and defined contribution plan members, a portion must be allocated for educational
19 programs as provided in 19-3-112. Employer contributions for members under the defined contribution plan
20 must be allocated as provided in 19-3-2117.

21 (2) Local government and school district employer contributions must be the total employer
22 contribution rate provided in subsection (1) minus the state contribution rates under 19-3-319.

23 (3) (a) Subject to subsection (4), each employer shall contribute to the system an additional
24 employer contribution equal to the percentage specified in subsection (3)(b) of the compensation paid to all of
25 the employer's employees, except for those employees properly excluded from membership.

26 (b) The percentage of compensation to be contributed under subsection (3)(a) is 1.27% for fiscal
27 year 2014 and increases by 0.1% each fiscal year through ~~fiscal year 2024~~ fiscal year 2035. For fiscal years
28 beginning after ~~June 30, 2024~~, June 30, 2035, the percentage of compensation to be contributed under

1 subsection (3)(a) is ~~2.27%~~ 3.27%.

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

5 (b) The employer contribution required under subsection (3) terminates on ~~January 1~~ July 1
6 following the board's receipt of the system's actuarial valuation if the actuarial valuation determines that
7 terminating the additional employer contribution pursuant to this subsection (4)(b) and reducing the employee
8 contribution pursuant to 19-3-315(2) would not cause the amortization period to exceed 25 years."

9

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

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