

SENATE BILL NO. 287

INTRODUCED BY W. MCKAMEY, D. BEDEY, S. FITZPATRICK, B. LER

A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING STATE FINANCE LAWS; REVISING FUNDING ALLOCATIONS; PROVIDING FOR TRANSFERS; PROVIDING FOR INVESTMENT INCOME TO BE TRANSFERRED IN EQUAL AMOUNTS TO THE GENERAL FUND AND THE DEBT AND LIABILITY FREE ACCOUNT; PLACING A CAP ON THE DEBT AND LIABILITY FREE ACCOUNT; REVISING REPORTING REQUIREMENTS ON THE DEBT AND LIABILITY FREE ACCOUNT; PROVIDING FOR TRANSFERS FROM THE DEBT AND LIABILITY FREE ACCOUNT; PROVIDING FOR TRANSFERS FROM THE PENSION STATE SPECIAL REVENUE ACCOUNT TO THE TEACHERS' RETIREMENT SYSTEM OR THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM ON CERTIFICATION OF THE RETIREMENT SYSTEM BOARD; PROVIDING FOR AN INCREASE TO THE EMPLOYER SUPPLEMENTAL CONTRIBUTION RATE; PROVIDING FOR A FUND TRANSFER; AMENDING SECTIONS 17-6-202, 17-6-214, 17-7-134, 19-3-316, AND 19-20-609, MCA; AMENDING SECTION 5, CHAPTER 48, LAWS OF 2023; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

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

Section 1. Section 17-6-202, MCA, is amended to read:

"17-6-202. Investment funds -- general provisions. (1) For each treasury fund account into which state funds are segregated by the department of administration pursuant to 17-2-106, individual transactions and totals of all investments ~~shall~~ must be separately recorded to the extent directed by the department.

(2) However, the securities purchased and cash on hand for all treasury fund accounts not otherwise specifically designated by law or by the provisions of a gift, donation, grant, legacy, bequest, or devise from which the fund account originates to be invested ~~shall~~ must be pooled in an account to be designated "treasury cash account" and placed in one of the investment funds designated in 17-6-203. Except for the fiscal year beginning July 1, 2022, through the fiscal year ending June 30, 2025, the share of the income

Amendment - 1st Reading/2nd House-blue - Requested by: Marta Bertoglio - (H) State Administration

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1 (9) (a) On certification by the public employees' retirement board, the state treasurer shall transfer
2 no more than 25% of the balance of this account to the public employees' retirement system to ensure that the
3 system meets its long-term rate of return assumption if the inception-to-date market rate of return as of June 30
4 in the previous two consecutive fiscal years is less than the current actuarially assumed rate of return set by the
5 public employees' retirement board.

6 (b) The amount of a transfer authorized in subsection (9)(a) is limited to the amount necessary to
7 bring the inception-to-date market rate of return as of June 30 in the previous fiscal year up to the actuarially
8 assumed rate of return set by the public employees' retirement board.

9 (c) When applicable, the public employees' retirement board shall determine and shall certify to
10 the state treasurer the amount of the transfer required under this section. The state treasurer shall transfer the
11 certified amount to the pension trust fund within 30 days following receipt of certification from the public
12 employees' retirement board."

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14 **Section 4.** Section 19-3-316, MCA, is amended to read:

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

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

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

27 (b) ~~The percentage of compensation to be contributed under subsection (3)(a) is 1.27% for fiscal~~

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year 2014 and increases by 0.1% each fiscal year through fiscal year 2024. For fiscal years beginning after June 30, 2024 ~~2025~~ 2024, the percentage of compensation to be contributed under subsection (3)(a) is 2.27%. For fiscal years beginning after June 30, 2027, there is a ~~0.2%~~ 0.1% increase each fiscal year through the fiscal year ending June 30, ~~2037~~ 2047. For fiscal years beginning after June 30, ~~2037~~ 2047, the percentage of compensation to be contributed under subsection (3)(a) is 4.27%.

(4) (a) The board shall annually review 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 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."

Section 5. Section 19-20-609, MCA, is amended to read:

"19-20-609. Employer's supplemental contribution -- actuarially determined adjustments. (1) (a)

Subject to subsections (1)(b) through (1)(d), each employer shall contribute to the retirement system a supplemental amount equal to the percentage specified in subsection (1)(b) of total earned compensation of each member employed during the whole or part of the preceding payroll period.

(b) ~~The percentage of compensation to be contributed under subsection (1)(a) is 1% for fiscal year 2014 and increases by 0.1% each fiscal year through fiscal year 2024. For fiscal years beginning after June 30, 2024~~ July 1, 2025, through July 1, 2027 after June 30, 2024, the percentage of compensation to be contributed under subsection (1)(a) is 2%. For fiscal years beginning after June 30, 2027, there is a ~~0.2%~~ 0.1% increase each fiscal year through the fiscal year ending June 30, ~~2037~~ 2047. For fiscal years beginning after June 30, ~~2037~~ 2047, the percentage of compensation to be contributed under subsection (1)(a) is 4%.

(c) The board may decrease the employer's supplemental contribution if:

(i) the average funded ratio of the system based on the last three actuarial valuations is equal to or greater than 90%;

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(ii) the period necessary to amortize all liabilities of the system based on the most recent annual actuarial valuation is less than 15 years; and

(iii) the guaranteed annual benefit adjustment has been increased to the maximum allowed under 19-20-719.

(d) Following one or more decreases in the supplemental contribution rate pursuant to subsection (1)(c), the board may increase the supplemental contribution to a rate not to exceed 1% if:

(i) the average funded ratio of the system based on the last three annual actuarial valuations is equal to or less than 80%; and

(ii) the period necessary to amortize all liabilities of the system based on the most recent annual actuarial valuation is greater than 20 years.

(2) After the board has actuarially determined the need to impose, increase, or decrease a supplemental contribution rate under this section, the imposition, increase, or decrease is effective on the first day of July following the board's determination."

NEW SECTION. Section 6. Transfer of funds. By June 30, 2025, the state treasurer shall transfer \$300 million from the general fund to the account provided for in 17-7-134.

Section 7. Section 5, Chapter 48, Laws of 2023, is amended to read:

"Section 5. Transfer of funds. (1) By June 30, 2023, the state treasurer shall transfer \$125 million from the general fund to the account provided for in [section 1].

(2) By June 30, 2023, the state treasurer shall transfer \$18.6 million from the general fund to the statewide public safety communications system account provided for in 44-4-1607.

~~(3) By June 30, 2027, the state treasurer shall transfer any unobligated funds in the account established in [section 1] as follows:~~

~~(a) 50% to the capital developments long-range building program account established in 17-7-209;~~
and

~~(b) 50% to the general fund."~~

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COORDINATION SECTION. **Section 8. Coordination instruction.** (1) If either Senate Bill No. 56 or House Bill No. 924, or both, and [this act] are passed and approved, and if either or both and [this act] contain a section that amends 19-3-316, then the sections amending 19-3-316 in Senate Bill No. 56 and House Bill No. 924 are void.

(2) If House Bill No. 924 and [this act] are passed and approved, and if both contain a section that amends 19-20-609, then the section amending 19-20-609 in House Bill No. 924 is void.

NEW SECTION. **Section 9. Effective date.** [This act] is effective on passage and approval.

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