

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, 19-3-315, 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 for this account ~~shall~~must be credited to the general fund. For the fiscal year beginning July 1, 2022, through

1 public employees' retirement board.

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

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

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10 **Section 4.** Section 19-3-315, MCA, is amended to read:

11 **"19-3-315. Member's contribution to be deducted.** (1) (a) (i) Except as provided in subsection (2),
12 for members hired on or before June 30, 2025, each member's contribution is 7.9% of the member's
13 compensation.

14 (ii) Except as provided in subsection (2), for members hired on or after July 1, 2025, each
15 member's contribution is 8.9% of the member's compensation.

16 (b) The board shall annually review the required contributions and recommend future adjustments
17 to the legislature as needed to maintain the amortization schedule set by the board for the payment of the
18 system's unfunded liability.

19 (2) (a) Each For members hired on or before June 30, 2025, each member's contribution must be
20 reduced to 6.9% on January 1 following the system's annual actuarial valuation if the valuation determines that
21 reducing the employee contribution pursuant to this subsection (2)(a) and reducing the employer contribution
22 pursuant to 19-3-316(4) would not cause the system's amortization period to exceed 25 years.

23 (b) For members hired on or after July 1, 2025, each member's contribution must be reduced to
24 7.4% on January 1 following the system's annual actuarial valuation if the valuation determines that reducing
25 the employee contribution pursuant to this subsection (2)(b) and reducing the employer contribution pursuant to
26 19-3-316(4) and would not cause the system's amortization period to exceed 25 years.

27 (3) Payment of salaries or wages less the contribution is full and complete discharge and
28 acquittance of all claims and demands for the service rendered by members during the period covered by the

payment, except their claims to the benefits to which they may be entitled under the provisions of this chapter.

(4) Each employer, pursuant to section 414(h)(2) of the federal Internal Revenue Code, 26 U.S.C. 414(h)(2), shall pick up and pay the contributions that would be payable by the member under subsection (1) or (2) for service rendered after June 30, 1985.

(5) (a) The member's contributions picked up by the employer must be designated for all purposes of the retirement system as the member's contributions, except for the determination of a tax upon a distribution 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 5. 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.