

SENATE BILL NO. 56

INTRODUCED BY M. CUFFE

BY REQUEST OF THE STATE ADMINISTRATION AND VETERANS' AFFAIRS INTERIM COMMITTEE

A BILL FOR AN ACT ENTITLED: "AN ACT REVISING SUPPLEMENTAL EMPLOYER CONTRIBUTIONS TO RETIREMENT SYSTEMS; ~~EXTENDING AND INCREASING THE SUPPLEMENTAL EMPLOYER CONTRIBUTION RATE FOR THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM;~~ ADDING SUPPLEMENTAL EMPLOYER CONTRIBUTION RATES FOR THE HIGHWAY PATROL OFFICERS' RETIREMENT SYSTEM, THE SHERIFFS' RETIREMENT SYSTEM, AND THE GAME WARDENS' AND PEACE OFFICERS' RETIREMENT SYSTEM; AMENDING SECTIONS ~~19-3-316~~, 19-6-404, 19-7-404, AND 19-8-504, MCA; AND PROVIDING AN EFFECTIVE DATE."

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

**Section 1.** 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, 2025 JUNE 30, 2035, the percentage of compensation to be contributed under subsection (3)(a) is 2.27% 3.27%.~~

~~(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."~~

**Section 1.** Section 19-6-404, MCA, is amended to read:

**"19-6-404. State employer contribution -- definitions.** (1) (a) From July 1, 2023, through June 30, 2024, the state shall pay as employer contributions 38.33% of compensation paid to all of the employer's employees, except those properly excluded from membership.

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

(2) (a) Beginning July 1, 2024, the state shall pay as employer contributions an actuarially determined employer contribution that is determined annually by the public employees' retirement board's actuary in accordance with the provisions of this section and part of the plan's annual actuarial valuation. This actuarially determined employer contribution is effective July 1 following the annual actuarial valuation completed in the prior calendar year with a maximum annual increase of no more than 0.5% in any year.

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

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

(ii) the contribution rate determined under subsection (2)(d) to pay for the contemporary unfunded