

1 **** Bill No. ****
2 Introduced By *****
3 By Request of the *****
4

5 A Bill for an Act entitled: "An Act providing additional funding
6 and revising benefits for the teachers' retirement system;
7 creating two membership tiers within the system; increasing the
8 normal contribution rate for new members; enacting a supplemental
9 contribution rate for current members; authorizing the teachers'
10 retirement board to impose a supplemental contribution rate for
11 tier two members; authorizing the teachers' retirement board to
12 increase or decrease any supplemental contribution rate according
13 to certain actuarially-determined funding standards; revising how
14 average final compensation is calculated for new members;
15 revising eligibility for early and normal retirement and for
16 death and disability benefits; establishing an increased normal
17 retirement benefit for new members; decreasing the cap on school
18 district retirement fund operating reserves and providing that
19 any reserves in excess of the cap be paid to the teachers'
20 retirement system; statutorily appropriating money from the
21 public school fund guarantee account to the teachers' retirement
22 system; amending sections 19-20-101, 19-20-208, 19-20-409, 19-20-
23 427, 19-20-602, 19-20-716, 19-20-732, 19-20-801, 19-20-802, 19-
24 20-804, 19-20-805, 19-20-901, 19-20-1001, 19-21-203, 20-9-501,
25 and 20-9-622, MCA; and providing an effective date."

26
27 WHEREAS, Article VIII, Section 15 of the Montana

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As of: September 10, 2012 (10:52pm)

LCsa06

1 Constitution requires that "[p]ublic retirement systems shall be
2 funded on an actuarially sound basis;" and

3 WHEREAS, the unprecedented collapse of the financial markets
4 in 2008 through 2009 and the slow rate of economic recovery
5 subsequent to the collapse has resulted in little or no prospect
6 that current statutory contribution rates together with future
7 market returns will be sufficient to fund the Teachers'
8 Retirement System on an actuarially sound basis; and

9 WHEREAS, failure to return the system to a position of
10 actuarially sound funding places the benefits to be paid to
11 current system participants in jeopardy, and results in
12 collection of employee contributions for which future benefits
13 may not be guaranteed; and

14 WHEREAS, the current and increasing level of unfunded
15 liabilities has the potential to compromise the credit ratings of
16 the state of Montana and of local government entities, including
17 public school districts; and

18 WHEREAS, increasing employee contributions and/or reducing
19 benefits only for future participants (new hires) alone will not
20 be sufficient to return the system to a position of actuarially
21 sound funding, increased contributions and/or reduced benefits
22 for current participants are also necessary to return the system
23 to a position of actuarially sound funding; and

24 WHEREAS, over the past two legislative sessions and
25 legislative interims, the legislature, the appropriate
26 legislative interim committees, the system, and the Governor's
27 Office have analyzed options for returning the system to a

1 position of actuarially sound funding; and

2 WHEREAS, the Legislature of the State of Montana finds that
3 it is necessary and appropriate to change the benefits and
4 contribution rate for future participants, to require additional
5 contributions from current members, state land revenue, and
6 surplus reserves from school retirement funds, and to provide for
7 triggers to adjust future contribution rates as appropriate.

8
9 Be it enacted by the Legislature of the State of Montana:

10
11 **Section 1.** Section 19-20-101, MCA, is amended to read:

12 **"19-20-101. Definitions.** As used in this chapter, unless
13 the context clearly indicates otherwise, the following
14 definitions apply:

15 (1) "Accumulated contributions" means the sum of all the
16 amounts deducted from the compensation of a member or paid by a
17 member and credited to the member's individual account in the
18 annuity savings account, together with interest. Regular interest
19 must be computed and allowed to provide a benefit at the time of
20 retirement.

21 (2) "Actuarial equivalent" means a benefit of equal value
22 when computed upon the basis of the mortality table and interest
23 rate assumption set by the retirement board.

24 (3) "Average final compensation" means a member's highest
25 average earned compensation ~~in 3 consecutive years~~, determined
26 pursuant to 19-20-805, on which contributions have been made.

27 (4) "Beneficiary" means one or more persons formally

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As of: September 10, 2012 (10:52pm)

LCsa06

1 designated by a member or retiree to receive a retirement
2 allowance or payment upon the death of the member or retiree,
3 except for a joint annuitant.

4 (5) "Benefit recipient" means a retired member, a joint
5 annuitant, or a beneficiary who is receiving a retirement
6 allowance.

7 (6) "Creditable service" is that service defined by
8 19-20-401.

9 (7) (a) "Earned compensation" means, except as limited by
10 subsections (7)(b) and (7)(c) or by 19-20-715, remuneration paid
11 for the service of a member out of funds controlled by an
12 employer before any pretax deductions allowed under the Internal
13 Revenue Code are deducted.

14 (b) Earned compensation does not include:

15 (i) direct employer premium payments on behalf of members
16 for medical, pharmaceutical, disability, life, vision, dental, or
17 any other insurance;

18 (ii) any direct employer payment or reimbursement for:

19 (A) professional membership dues;

20 (B) maintenance;

21 (C) housing;

22 (D) day care;

23 (E) automobile, travel, lodging, or entertaining expenses;

24 or

25 (F) any similar form of maintenance, allowance, or
26 expenses;

27 (iii) the imputed value of health, life, or disability

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As of: September 10, 2012 (10:52pm)

LCsa06

1 insurance or any other fringe benefits;

2 (iv) any noncash benefit provided by an employer to or on
3 behalf of a member;

4 (v) termination pay unless included pursuant to 19-20-716;

5 (vi) compensation paid to a member from a plan for the
6 deferral of compensation under section 457(f) of the Internal
7 Revenue Code, 26 U.S.C. 457(f);

8 (vii) payment for sick, annual, or other types of leave paid
9 to a member prior to termination from employment or accrued in
10 excess of that normally allowed;

11 (viii) incentive or bonus payments paid to a member that are
12 not part of a series of annual payments; or

13 (ix) any similar payment or reimbursement made to or on
14 behalf of a member by an employer.

15 (c) Adding a direct employer-paid or noncash benefit to an
16 employee's contract or subtracting the same or a similar amount
17 as a pretax deduction is considered a fringe benefit and not
18 earned compensation.

19 (8) "Employer" means:

20 (a) the state of Montana;

21 (b) a public school district, as provided in 20-6-101 and
22 20-6-701;

23 (c) the office of public instruction;

24 (d) the board of public education;

25 (e) an education cooperative;

26 (f) the Montana school for the deaf and blind, as described
27 in 20-8-101;

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As of: September 10, 2012 (10:52pm)

LCsa06

1 (g) the Montana youth challenge program, as defined in
2 10-1-101;

3 (h) a state youth correctional facility, as defined in
4 41-5-103;

5 (i) the Montana university system;

6 (j) a community college; or

7 (k) any other agency or subdivision of the state that
8 employs a person who is designated a member of the retirement
9 system pursuant to 19-20-302.

10 (9) "Full-time service" means service that is:

11 (a) at least 180 days in a fiscal year;

12 (b) at least 140 hours a month during at least 9 months in
13 a fiscal year; or

14 (c) at least 1,080 hours in a fiscal year under an
15 alternative school calendar adopted by a school board and
16 reported to the office of public instruction as required by
17 20-1-302. The standard for full-time service for a school
18 district operating under an alternative school calendar must be
19 applied uniformly to all employees of the school district
20 required to be reported to the retirement system.

21 (10) "Internal Revenue Code" has the meaning provided in
22 15-30-2101.

23 (11) "Joint annuitant" means the one person that a retired
24 member who has elected an optional allowance under 19-20-702 has
25 designated to receive a retirement allowance upon the death of
26 the retired member.

27 (12) "Member" means a person who has an individual account

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As of: September 10, 2012 (10:52pm)

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1 in the annuity savings account. Unless otherwise specified,
2 "member" refers to a tier one member or a tier two member. An
3 active member is a person included under the provisions of
4 19-20-302. An inactive member is a person included under the
5 provisions of 19-20-303.

6 (13) "Normal form" or "normal form benefit" means a monthly
7 retirement benefit payable during the lifetime of the retired
8 member.

9 (14) "Normal retirement age" means an age no earlier
10 than 55 years of age, with the right to receive immediate
11 retirement benefits without an actuarial reduction in the
12 benefits.

13 (15) "Part-time service" means service that is not full-time
14 service. Part-time service must be credited in the proportion
15 that the actual time worked compares to full-time service.

16 (16) "Regular interest" means interest at a rate set by the
17 retirement board in accordance with 19-20-501(2).

18 (17) "Retired", "retired member", or "retiree" means a
19 person who has terminated employment that qualifies the person
20 for membership and who has received at least one monthly
21 retirement benefit paid pursuant to this chapter.

22 (18) "Retirement allowance" or "retirement benefit" means a
23 monthly payment due to a retired member who has qualified for
24 service or disability retirement or due to a joint annuitant or
25 beneficiary.

26 (19) "Retirement board" or "board" means the retirement
27 system's governing board provided for in 2-15-1010.

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As of: September 10, 2012 (10:52pm)

LCsa06

1 (20) "Retirement system", "system", or "plan" means the
2 teachers' retirement system of the state of Montana provided for
3 in 19-20-102.

4 (21) "Service" means the performance of duties that would
5 entitle the person to active membership in the retirement system
6 under the provisions of 19-20-302.

7 (22) "Termination" or "terminate" means that the member has
8 severed the employment relationship with the member's employer
9 and that all, if any, payments due upon termination of
10 employment, including but not limited to accrued sick and annual
11 leave balances, have been paid to the member.

12 (23) (a) "Termination pay" means any form of bona fide
13 vacation leave, sick leave, severance pay, amounts provided under
14 a window or early retirement incentive plan, or other payments
15 contingent on the employee terminating employment.

16 (b) Termination pay does not include:

17 (i) amounts that are not wages under section 3121 of the
18 Internal Revenue Code, determined without regard to the wage base
19 limitation; and

20 (ii) amounts that are payable to a member from a plan for
21 the deferral of compensation under section 457(f) of the Internal
22 Revenue Code, 26 U.S.C. 457(f).

23 (24) "Tier one member" means a person who became a member
24 before July 1, 2013, and has not withdrawn the member's account
25 balance.

26 (25) "Tier two member" means a person who became a member on
27 or after July 1, 2013, or who, after withdrawing the member's

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As of: September 10, 2012 (10:52pm)

LCsa06

1 account balance, became a member again after July 1, 2013.

2 (26) "Vested" means that a member has been credited with at
3 least 5 full years of membership service upon which contributions
4 have been made and has a right to a future retirement benefit.

5 ~~(25)~~(27) "Written application" or "written election" means a
6 written instrument, required by statute or the rules of the
7 board, properly signed and filed with the board, that contains
8 all the required information, including documentation that the
9 board considers necessary."

10 {*Internal References to 19-20-101:*
11 *x19-20-602 x19-20-805* }

12

13 **Section 2.** Section 19-20-208, MCA, is amended to read:

14 **"19-20-208. Duties and liability of employer.** (1) Each
15 employer shall:

16 (a) pick up the contribution of each employed member at the
17 rate prescribed by pursuant to 19-20-602 and [section 6] and
18 transmit the contribution each month to the executive director of
19 the retirement board;

20 (b) transmit to the executive director of the retirement
21 board the employer's contribution prescribed by 19-20-605, at the
22 time that the employee contributions are transmitted;

23 (c) keep records and, as required by the retirement board,
24 furnish information to the board that is required in the
25 discharge of the board's duties;

26 (d) upon the employment of a person who is required to
27 become a member of the retirement system, inform the person of

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As of: September 10, 2012 (10:52pm)

LCsa06

1 the rights and obligations relating to the retirement system;

2 (e) each month, report the name, social security number,
3 time worked, and gross earnings of each retired member of the
4 system who has been employed in a position that is reportable to
5 the retirement system pursuant to 19-20-731;

6 (f) whenever applicable, inform an employee of the right to
7 elect to participate in the optional retirement program under
8 Title 19, chapter 21;

9 (g) at the request of the retirement board, certify the
10 names of all persons who are eligible for membership or who are
11 members of the retirement system;

12 (h) notify the retirement board of the employment of a
13 person eligible for membership and forward the person's
14 membership application to the board; and

15 (i) if the employer has converted to earned compensation
16 amounts excluded from earned compensation, for each retiring
17 member, certify to the board the amounts reported to the system
18 in each of the 5 years preceding the member's retirement.

19 (2) An employer that fails to timely or accurately report
20 the employment of, time worked by, or compensation paid to a
21 retired member as required under subsection (1)(e) is jointly and
22 severally liable with the retired member for repayment to the
23 retirement system of retirement benefits paid to which the member
24 was not entitled, plus interest."

25 {*Internal References to 19-20-208: None.*}

26

27 **Section 3.** Section 19-20-409, MCA, is amended to read:

1 **"19-20-409. Transfer of service credits and contributions**
2 **from public employees' retirement system.** (1) An active member
3 may at any time before retirement file a written application with
4 the retirement board to purchase all of the member's previous
5 creditable service in the public employees' retirement system.
6 The amount that must be paid to the retirement system to purchase
7 this service under this section is the sum of subsections (2) and
8 (3).

9 (2) The public employees' retirement system shall transfer
10 to the teachers' retirement system an amount equal to 72% of the
11 amount paid by the member.

12 (3) The member shall pay either directly or by transferring
13 contributions on account with the public employees' retirement
14 system an amount equal to the member's accumulated contributions
15 at the time that active membership was terminated, plus accrued
16 interest. Interest must be calculated from the date of
17 termination until a transfer is received by the retirement
18 system, based on the interest tables in use by the public
19 employees' retirement system.

20 (4) A member who purchases service from the public
21 employees' retirement system in the teachers' retirement system
22 must have completed 5 years of membership service in the
23 teachers' retirement system to receive credit or purchase
24 military service, out-of-state service, employment while on
25 leave, and private school employment.

26 (5) The retirement board shall determine the service
27 credits that may be transferred.

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As of: September 10, 2012 (10:52pm)

LCsa06

1 (6) If an active member who also has creditable service in
2 the public employees' retirement system before becoming a member
3 of the teachers' retirement system dies before purchasing this
4 service in the teachers' retirement system and if the member's
5 service credits from both systems, when combined, entitle the
6 member's beneficiary to a death benefit, the payment of the death
7 benefit is the liability of the teachers' retirement system.
8 Before payment of the death benefit, the public employees'
9 retirement board must transfer to the teachers' retirement system
10 the contributions necessary to purchase this service in the
11 teachers' retirement system as provided in subsections (2) and
12 (3).

13 (7) (a) If the teachers' retirement board determines that
14 an individual's membership was erroneously classified and
15 reported to the public employees' retirement system, the public
16 employees' retirement board shall transfer to the teachers'
17 retirement system the member's accumulated contributions and
18 service, together with employer contributions plus interest.

19 (b) For the period of time that the employer contributions
20 are held by the public employees' retirement system, interest
21 paid on employer contributions transferred under this subsection
22 (7) must be calculated at the short-term investment pool rate
23 earned by the board of investments in the fiscal year preceding
24 the transfer request.

25 (c) Any employee and employer contributions due as
26 calculated in 19-20-602, [section 6], and 19-20-605, plus
27 interest, are the liability of the employee and the employing

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As of: September 10, 2012 (10:52pm)

LCsa06

1 entity where the error occurred.

2 (8) A member who participated in the public employees'
3 retirement system defined contribution plan provided for in Title
4 19, chapter 3, part 21, may purchase creditable service for the
5 time spent as a participant in the defined contribution plan if:

6 (a) the member has 5 years of membership service and has
7 completed at least 1 full year in the teachers' retirement system
8 following the member's public employees' retirement system
9 service;

10 (b) for each full year or portion of a year to be purchased
11 pursuant to this subsection (8), the member contributes the
12 actuarial cost of the service based on the most recent valuation
13 of the system; and

14 (c) the member has withdrawn the member's money in the
15 member's public employees' retirement system defined contribution
16 plan account or has rolled over the amount required to purchase
17 service in accordance with this subsection (8).

18 (9) Creditable service purchased under subsection (8) must
19 be determined according to the laws and rules governing service
20 credit in the public employees' retirement system."

21 {*Internal References to 19-20-409:*
22 19-20-401 19-20-804 19-20-805 19-20-902 }

23

24 **Section 4.** Section 19-20-427, MCA, is amended to read:

25 **"19-20-427. Redeposit of contributions previously**
26 **withdrawn.** (1) In addition to the ~~normal~~ contributions required
27 under 19-20-602 and [section 6], subject to the approval of the

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As of: September 10, 2012 (10:52pm)

LCsa06

1 retirement board, and to the extent permitted by section
2 415(k)(3) of the Internal Revenue Code, a member may redeposit in
3 the annuity savings account, by a single payment or by an
4 increased rate of contribution, an amount equal to the
5 accumulated contributions that the member has previously
6 withdrawn, plus interest paid as follows:

7 (a) if a written application to purchase service is signed
8 prior to July 1, 2012, at the rate the contributions would have
9 earned had the contributions not been withdrawn; or

10 (b) if a written application to purchase service is signed
11 on or after July 1, 2012, at the actuarially assumed interest
12 rate in effect on the date the written application is signed.

13 (2) The redeposit must be made in accordance with
14 19-20-415."

15 {*Internal References to 19-20-427:*
16 *19-20-415* }

17

18 **Section 5.** Section 19-20-602, MCA, is amended to read:

19 **"19-20-602. Annuity savings account -- member's**

20 **contribution.** (1) The annuity savings account is an account in
21 which ~~the~~ contributions ~~for the members~~ to provide for ~~their~~
22 member retirement ~~allowance~~ allowances or benefits must be
23 accumulated ~~in individual accounts for each member.~~

24 (2)(a) The normal contribution rate of each tier one member
25 is 7.15% of the member's earned compensation.

26 (b) The normal contribution rate of each tier two member is
27 8.15% of the member's earned compensation.

Unofficial Draft Copy

As of: September 10, 2012 (10:52pm)

LCsa06

1 ~~(2)~~(3) Contributions under this section and [section 6] to
2 ~~and payments from~~ the annuity savings account must be made in the
3 following manner:

4 (a) Each employer, pursuant to section 414(h)(2) of the
5 Internal Revenue Code:

6 (i) shall pick up and pay the contributions that would be
7 payable by the member under this subsection ~~(2)~~(3) for service
8 rendered after June 30, 1985;

9 (ii) shall pick up and pay the contributions that would be
10 paid in the manner provided in 19-20-716; and

11 (iii) may pick up and pay the contributions that would be
12 payable by the member pursuant to 19-20-415.

13 (b) The member's contributions picked up by the employer
14 must be designated for all purposes of the retirement system as
15 the member's contributions, except for the determination of a tax
16 upon a distribution from the retirement system. These
17 contributions must become part of the member's accumulated
18 contributions but must be accounted for separately from those
19 previously accumulated.

20 (c) The member's contributions picked up by the employer
21 must be payable from the same source as is used to pay
22 compensation to the member and must be included in the member's
23 earned compensation as defined in 19-20-101. The employer shall
24 deduct from the member's compensation an amount equal to the
25 amount of the member's contributions picked up by the employer
26 and remit the total of the contributions to the retirement board.

27 (d) The deductions must be made notwithstanding that the

1 minimum compensation provided by law for a member may be reduced
 2 by the deductions. Each member is considered to consent to the
 3 deductions prescribed by this section, and payment of salary or
 4 compensation less the deductions is a complete discharge of all
 5 claims for the services rendered by the member during the period
 6 covered by the payment, except as to the benefits provided by the
 7 retirement system.

8 ~~(3)~~(4) The accumulated contributions of a member withdrawn
 9 by the member or paid to the member's estate or to the member's
 10 designated beneficiary in event of the member's death must be
 11 paid from the annuity savings account. Upon the retirement of a
 12 member, the member's accumulated contributions must be
 13 transferred from the annuity savings account to the pension
 14 accumulation account."

15 {Internal References to 19-20-602:
 16 a19-20-208 a19-20-409 a19-20-427 x19-20-706
 17 a19-20-716 a19-20-732 a19-21-203 }

18

19 NEW SECTION. **Section 6. Member supplemental contribution -**
 20 **- actuarially determined adjustments -- effective dates.** (1)(a)
 21 Subject to subsections (b) and (c) of this subsection (1), a tier
 22 one member shall contribute to the retirement system a
 23 supplemental amount equal to 1% of the member's earned
 24 compensation.

25 (b) The board may decrease the tier one member supplemental
 26 contribution if:

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

1 and

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

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

9 (i) the average funded ratio of the system based on the
10 last three annual actuarial valuations is equal to or less than
11 80%; and

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

15 (3)(a) Subject to subsection (b) of this subsection (3), on
16 or after January 1, 2023, the board may require a tier two member
17 to contribute to the retirement system a supplemental amount if:

18 (i) the average funded ratio of the system based on the
19 last three annual actuarial valuations is equal to or less than
20 80%;

21 (ii) the period necessary to amortize all liabilities of the
22 system based on the latest annual actuarial valuation is greater
23 than 20 years; and

24 (iii) a state or employer contribution rate increase or a
25 flat dollar contribution to the retirement system trust fund has
26 been enacted that is equivalent to or greater than the
27 supplemental contribution rate imposed by the board pursuant to

1 this subsection(3)(a).

2 (b) A tier two member supplemental contribution increase
3 under this subsection (3) may not:

4 (i) exceed 0.5% of earned compensation; and

5 (ii) result in an aggregate tier two member contribution
6 rate of more than 9.15% when added to the normal contribution
7 rate required under 19-20-602.

8 (c) Following imposition of a supplemental contribution
9 rate increase under this subsection (3), the board may decrease
10 the supplemental contribution rate if:

11 (i) the average funded ratio of the system based on the
12 previous three annual actuarial valuations is equal to or greater
13 than 90%; and

14 (ii) the period necessary to amortize all liabilities of the
15 system based on the latest annual actuarial valuation is less
16 than 15 years.

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

22

23 **Section 7.** Section 19-20-716, MCA, is amended to read:

24 **"19-20-716. Termination pay.** (1) If a member terminates and
25 receives termination pay at the time of retirement, the member
26 shall select, subject to subsections (5) and (6), by signing a
27 binding, irrevocable written election at least 90 days before the

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As of: September 10, 2012 (10:52pm)

LCsa06

1 member's termination date, one of the following options:

2 (a) Option 1--The member may use the total termination pay
3 in the calculation of the member's average final compensation.
4 The member and the employer shall pay contributions to the
5 retirement system as determined by the board to adequately
6 compensate the system for the additional retirement benefit. The
7 contributions must be made at the time of termination.

8 (b) Option 2--The member may use a yearly amount of the
9 total termination pay added to each of the 3 consecutive years'
10 salary used in the calculation of the member's average final
11 compensation. To determine the amount of termination pay used in
12 the calculation of average final compensation, termination pay
13 must be divided by the total number of years of creditable
14 service to determine a yearly amount. The member and the employer
15 shall pay contributions on the termination pay according to the
16 rates provided for in 19-20-602 and, 19-20-605(1), and [section
17 6]. For the purposes of this subsection (1)(b), the employer
18 shall also pay as a contribution an amount equal to the
19 termination pay multiplied by the rate established in 19-20-607
20 that would have been payable by the state as a supplemental
21 contribution. The contributions must be made at the time of
22 termination.

23 (c) Option 3--The member may exclude the termination pay
24 from the average final compensation. A contribution is not
25 required of either the member or the employer.

26 (2) A binding, irrevocable written election required by
27 this section must be signed by both the member and the employer

Unofficial Draft Copy

As of: September 10, 2012 (10:52pm)

LCsa06

1 at least 90 days prior to the member's termination date and must
2 contain statements with regard to the contributions required to
3 be made by the member under subsections (1)(a) and (1)(b) that:

4 (a) the contributions being picked up, although designated
5 as member contributions, are being paid by the employer directly
6 to the system in lieu of contributions by the member and that the
7 picked up contributions are paid from the same source as
8 compensation is paid;

9 (b) the member may not choose to directly receive the
10 amounts deducted from the member's termination pay instead of
11 having them paid by the employer to the system;

12 (c) the member may not prepay any portion of the
13 contributions; and

14 (d) the effective date of the pickup is the date that the
15 irrevocable written election is signed by both the member and
16 employer. The effective date must be at least 90 days prior to
17 the date of the member's termination. The pickup does not apply
18 to a contribution made before the effective date of the pickup.

19 (3) For the purpose of this section, the date of
20 termination is the last day the member is performing any services
21 covered under this chapter.

22 (4) Pursuant to subsection (2), contributions required
23 under subsection (1)(a) or (1)(b) must be:

24 (a) deducted from the portion of termination pay that:

25 (i) constitutes wages for the purposes of section 3121 of
26 the Internal Revenue Code, determined without regard to the wage
27 base limitation; and

1 (ii) can be included in the member's gross income for
2 federal tax purposes; and

3 (b) picked up by the employer, except as provided in
4 subsections (5) and (6).

5 (5) A member's contributions greater than the total amount
6 of the member's termination pay may not be picked up by the
7 employer and are subject to the limitations of section 415 of the
8 Internal Revenue Code.

9 (6) If a member and the member's employer fail to sign the
10 written election within the time period required in subsection
11 (1), the member may contribute for the purposes specified in
12 subsections (1)(a) and (1)(b) on all or any part of the
13 termination pay received. A contribution made pursuant to this
14 subsection may not be picked up by the employer and is subject to
15 the limitations of section 415 of the Internal Revenue Code."

16 {Internal References to 19-20-716:
17 19-20-101 19-20-602 19-20-715 19-20-805 }

18

19 **Section 8.** Section 19-20-732, MCA, is amended to read:

20 **"19-20-732. (Temporary) Reemployment of certain retired**
21 **teachers, specialists and administrators -- procedure --**
22 **definitions.** (1) Subject to the provisions of this section:

23 (a) a teacher, specialist, or administrator who has been
24 receiving a retirement allowance for no less than 2 months,
25 except a disability retirement allowance pursuant to part 9 of
26 this chapter, may be employed on a full-time basis by an employer
27 for a maximum of 3 years during the lifetime of the retired

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As of: September 10, 2012 (10:52pm)

LCsa06

1 member without the loss or interruption of any payments or
2 retirement benefits if:

3 (i) the retired member completed 30 or more years of
4 creditable service prior to retirement;

5 (ii) the retired member holds a valid certificate pursuant
6 to the provisions of 20-4-106; and

7 (iii) each year, prior to employing a retired member, the
8 employer certifies to the office of public instruction and to the
9 retirement board that after having advertised the position for
10 that year the employer has been unable to fill the position
11 because the employer either has received no qualified
12 applications or has not received an acceptance of an offer of
13 employment made to a nonretired teacher, specialist, or
14 administrator;

15 (b) the employer certification required by this section
16 must include the retired member's name and social security number
17 and a copy of the proposed contract of employment for the retired
18 member;

19 (c) upon receipt of the employer's certification and of the
20 proposed contract of employment, the retirement board shall
21 verify whether the retired member meets the requirements of
22 subsection (1)(a)(i) and shall notify the employer and the
23 retired member of its findings;

24 (d) a retired member reemployed under this section is
25 ineligible for active membership under 19-20-302 and is
26 ineligible to receive service credit under any retirement system
27 identified in Title 19; and

1 (e) the retirement board shall report to the appropriate
2 committee each legislative session regarding the implementation
3 of and results arising from this section.

4 (2) An employer employing a retired member pursuant to this
5 section shall contribute monthly to the retirement system an
6 amount equal to the sum of the contribution rates required by
7 19-20-602, 19-20-604, 19-20-605, ~~and~~ 19-20-607, [section 6].

8 (3) A retired member reemployed pursuant to this section is
9 exempt from the earnings and employment limits provided in
10 19-20-731.

11 (4) If reemployed in a position covered by a collective
12 bargaining agreement pursuant to Title 39, chapter 31, the
13 retired member is subject to all the terms and conditions of the
14 agreement and is entitled to all the benefits and protections of
15 the agreement.

16 (5) The board may adopt rules to implement this section.

17 (6) As used in this section, the following definitions
18 apply:

19 (a) "Employer" means a school district as defined in
20 20-6-101 and 20-6-701.

21 (b) "Year" means all or any part of a school year.
22 (Terminates June 30, 2015--sec. 5, Ch. 129, L. 2009.)"

23 {*Internal References to 19-20-732:*
24 19-20-731 19-20-731 19-20-733 }

25

26 **Section 9.** Section 19-20-801, MCA, is amended to read:

27 **"19-20-801. Eligibility for service retirement. (1) A tier**

Unofficial Draft Copy

As of: September 10, 2012 (10:52pm)

LCsa06

1 one member who is eligible to receive a service retirement
2 allowance if the member:

3 (a) has been credited with at least 5 full years of
4 creditable service and ~~who~~ has attained the age of 60; or

5 (b) has been credited with full-time or part-time
6 creditable service in 25 or more years ~~may retire from service~~
7 ~~if the member has.~~

8 (2) Except as provided in subsection (3), a tier two member
9 is eligible to receive a service retirement allowance if the
10 member:

11 (a) has been credited with at least 5 full years of
12 creditable service and has attained the age of 60; or

13 (b) has been credited with full-time or part-time
14 creditable service in 30 or more years and has attained the age
15 of 55.

16 (3) A tier two member who has been credited with 30 or more
17 years of creditable service and has attained the age of 60 is
18 eligible for a professional retirement option allowance under 19-
19 20-804(2).

20 (4) To receive a retirement allowance under 19-20-804, the
21 member must have terminated employment in all positions from
22 which the member is eligible to retire and ~~files~~ must file a
23 written application with the retirement board ~~a written~~
24 application."

25 {*Internal References to 19-20-801:*
26 *19-20-733 19-20-804* }

27

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As of: September 10, 2012 (10:52pm)

LCsa06

1 **Section 10.** Section 19-20-802, MCA, is amended to read:

2 **"19-20-802. Early retirement.** (1)(a) A tier one member who
3 is not eligible for service retirement but who has been credited
4 with at least 5 years of creditable service and ~~who~~ has attained
5 the age of 50 ~~may retire from service and be~~ is eligible for an
6 early retirement ~~allowance if the member files with the~~
7 ~~retirement board the member's written application.~~

8 (b) A tier two member who is not eligible for service
9 retirement but who has at least 5 years of creditable service and
10 has attained the age of 55 is eligible for early retirement.

11 (2) A member retiring early under subsection (1) must have
12 terminated employment in all positions from which the member is
13 eligible to retire and must file a written application with the
14 retirement board.

15 (3) The early retirement allowance must be determined as
16 prescribed in 19-20-804, with the exception that the allowance
17 will be reduced using actuarially equivalent factors based on the
18 most recent actuarial valuation of the system."

19 {*Internal References to 19-20-802:*
20 19-20-715 19-20-733 19-20-733 19-20-805 }

21

22 **Section 11.** Section 19-20-804, MCA, is amended to read:

23 **"19-20-804. Allowance for service retirement --**
24 **professional retirement option allowance -- creditable service**
25 **limitation.** (1) Upon termination, a tier one member who qualifies
26 for benefits pursuant to 19-20-801(1) or (2) must receive a
27 retirement allowance equal to one-sixtieth of the member's

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As of: September 10, 2012 (10:52pm)

LCsa06

1 average final compensation, as limited by 19-20-715, multiplied
2 by the sum of the number of years of creditable service ~~and~~
3 ~~service transferred under 19-20-409.~~

4 (2)(a) Upon termination, a tier two member who qualifies
5 for benefits pursuant to 19-20-801(3) must receive a professional
6 retirement option allowance equal to 2% of the member's final
7 average compensation, as limited by 19-20-715, multiplied by the
8 sum of the member's years of creditable service.

9 (b) For the purpose of calculating the professional
10 retirement option, creditable service does not include service
11 credited before the member became a tier two member even if the
12 member redeposits the member's withdrawn contributions pursuant
13 to 19-20-427."

14 {Internal References to 19-20-804:
15 19-20-715 19-20-733 19-20-733 19-20-802
16 19-20-805 19-20-1001 }

17
18 **Section 12.** Section 19-20-805, MCA, is amended to read:

19 **"19-20-805. Calculation of average final compensation.** (1)
20 Except as limited by this section, average final compensation is
21 calculated by averaging the earned compensation paid to:

22 (a) a tier one member in 3 consecutive fiscal years of
23 full-time service that yields the highest average; or

24 (b) a tier two member in 5 consecutive fiscal years of
25 full-time service that yields the highest average.

26 (2)(a) The earned compensation of a tier one member who
27 retires under 19-20-802, 19-20-804, or 19-20-902 and has less
28 than 3 consecutive years of full-time service during the 5 years

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As of: September 10, 2012 (10:52pm)

LCsa06

1 immediately preceding the member's termination is the
2 compensation that the member would have earned in the 3 years
3 used to calculate average final compensation had the member's
4 part-time service been full-time service.

5 (b) The earned compensation of a tier two member who
6 retires under 19-20-802, 19-20-804, or 19-20-902 and has less
7 than 5 consecutive years of full-time service during the 7 years
8 immediately preceding the member's termination is the
9 compensation that the member would have earned in the 5 years
10 used to calculate average final compensation had the member's
11 part-time service been full-time service.

12 (3) To determine the compensation that the member would
13 have earned under subsection (2), the compensation reported must
14 be divided by the part-time service credited to the member's
15 account.

16 ~~(3)~~(4) (a) Subject to subsection ~~(3)~~(b)~~(4)~~(b) , if a member
17 has transferred service from the public employees' retirement
18 system as provided under 19-20-409 and does not have 3
19 consecutive years of full-time service if a tier one member or 5
20 consecutive years of full-time service if a tier two member
21 reported to the teachers' retirement system, the member's average
22 final compensation must be calculated as follows:

23 (i) if the member's part-time service credit in the public
24 employees' retirement system plus the member's part-time service
25 credit in the teachers' retirement system equals 1 year in any of
26 the fiscal years used in determining average final compensation,
27 then the member's annual salary for that fiscal year must be the

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As of: September 10, 2012 (10:52pm)

LCsa06

1 member's salary as a member of the public employees' retirement
2 system plus the member's salary as a member of the teachers'
3 retirement system; or

4 (ii) if the member's part-time service credit in the public
5 employees' retirement system plus the member's part-time service
6 credit in the teachers' retirement system equals less than 1 year
7 in any of the fiscal years used to determine average final
8 compensation, then the member's part-time salary as a member of
9 the public employees' retirement system plus the member's
10 part-time salary as a member of the teachers' retirement system
11 must be divided by the sum of the member's part-time teachers'
12 retirement system service credit and the member's part-time
13 public employees' retirement system service credit.

14 (b) Compensation reported to the public employees'
15 retirement system used to calculate average final compensation
16 must be adjusted to exclude any compensation that would be
17 considered termination pay under this chapter.

18 (4) (a) If the benefits excluded from earned compensation
19 pursuant to 19-20-101(7)(b) have been converted by an employer to
20 earned compensation for all members and have been continuously
21 reported as earned compensation in a like amount for at least 5
22 fiscal years preceding a member's retirement, the converted
23 benefit amounts must be included in the calculation of average
24 final compensation.

25 (b) If benefits have been converted to earned compensation
26 as described in subsection (4)(a) but have been reported as
27 earned compensation for less than 5 fiscal years or if the member

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As of: September 10, 2012 (10:52pm)

LCsa06

1 has been given the option to have benefits converted to earned
2 compensation, any converted benefits reported as earned
3 compensation in the 3 years used to calculate average final
4 compensation may be included in the calculation of average final
5 compensation only as termination pay under 19-20-716(1)(b)."

6 {Internal References to 19-20-805:
7 19-20-101 }

8

9 **Section 13.** Section 19-20-901, MCA, is amended to read:

10 **"19-20-901. Eligibility for disability retirement --**
11 **determination by board.** (1) ~~Upon~~ Except as provided in subsection
12 (5), upon the application of a member or of the member's employer
13 for a disability retirement allowance, any member who has 5 or
14 more years of creditable service and who has become disabled
15 while being an active member may be retired by the retirement
16 board the month immediately following the month in which
17 employment is terminated.

18 (2) In order for a member to be eligible for disability
19 retirement, the retirement board or its representative shall
20 certify that the member is mentally or physically incapacitated
21 for the further performance of the member's duties, that the
22 incapacity is likely to be permanent, and that the member should
23 be retired. The board's representative shall report to the board
24 the representative's findings and any action taken by the
25 representative, and the action must be presented to the board for
26 approval by the board.

27 ~~(2)~~(3) In making a determination under subsection ~~(1)~~(2),

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As of: September 10, 2012 (10:52pm)

LCsa06

1 the retirement board or its representative may:

2 (a) order examinations by a physician, psychologist, or
3 vocational rehabilitation counselor;

4 (b) conduct hearings, administer oaths and affirmations,
5 take depositions, and certify to official acts; and

6 (c) issue subpoenas to compel the attendance of witnesses
7 and the production of books, papers, correspondence, memorandums,
8 and other records considered necessary as evidence in connection
9 with a claim for disability retirement. The subpoenas issued
10 under this subsection ~~(2)(c)~~(3)(c) are enforceable as provided in
11 2-4-104.

12 ~~(3)~~(4) The retirement board may secure and pay reasonable
13 compensation for professional services and advice that the board
14 determines necessary to carry out the purposes of this part.

15 (5)(a) A tier two member is not eligible for disability
16 retirement if the member is or will be eligible for service
17 retirement on or before the effective date of the retirement.

18 (b) A disability retirement application filed by a member
19 who is ineligible for disability retirement under subsection
20 (5)(a) will be processed as an application for a service
21 retirement allowance."

22 {Internal References to 19-20-901: None.}

23

24 **Section 14.** Section 19-20-1001, MCA, is amended to read:

25 **"19-20-1001. Allowances for death of member prior to**
26 **retirement.** (1) If a member dies before retirement, the member's
27 accumulated contributions must be paid to the member's estate or

Unofficial Draft Copy

As of: September 10, 2012 (10:52pm)

LCsa06

1 to the beneficiary that the member nominated by a written
2 application in a manner prescribed by the board and filed with
3 the retirement board prior to the member's death.

4 (2) (a) In lieu of benefits provided for in subsection (1),
5 if the deceased member ~~qualified by reason of service for a~~
6 ~~retirement benefit~~ was eligible, the nominated beneficiary may
7 elect to receive a retirement allowance. ~~The retirement allowance~~
8 ~~must be determined~~ as follows:

9 (a) if the deceased member was a tier one member, the
10 beneficiary may receive a service retirement allowance determined
11 as prescribed in 19-20-804; or

12 (b) if the deceased member was a tier two member, the
13 beneficiary may receive, depending on the deceased member's
14 eligibility:

15 (i) the early retirement allowance determined as prescribed
16 in 19-20-802; or

17 (ii) the service retirement allowance determined as
18 prescribed in 19-20-804.

19 (3)(a) A retirement allowance provided pursuant to
20 subsection (2) must be calculated without reference to
21 19-20-715(2), in the same manner as if the member elected option
22 A provided for in 19-20-702(2)(a).

23 (b) The effective date of the retirement allowance provided
24 for in subsection (2)~~(a)~~ is the earlier of:

25 (i) the first of the month following the date of death; or

26 (ii) the effective date of the member's retirement, as
27 acknowledged in writing by the retirement system before the

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As of: September 10, 2012 (10:52pm)

LCsa06

1 member's death.

2 (c) In the event that a beneficiary receiving payments
3 ~~under subsection (2)(a)~~ pursuant to this section dies and
4 payments made to the beneficiary do not equal the amount of the
5 member's accumulated contributions at the time of the member's
6 death, the difference between the total retirement allowance
7 payments made and the amount of the accumulated contributions at
8 the time of the member's death must be paid to the beneficiary's
9 estate.

10 ~~(3)~~(4) If the deceased member had 5 or more years of
11 creditable service and was an active member in the state of
12 Montana within 1 year before the member's death, a lump-sum death
13 benefit of \$500 is payable to the member's designated
14 beneficiary.

15 ~~(4)~~(5) If a deceased member had 5 or more years of
16 creditable service and was an active member in the state of
17 Montana within 1 year prior to the member's death, the sum of
18 \$200 a month must be paid to each minor child of the deceased
19 member until the child reaches 18 years of age.

20 ~~(5)~~(6) If the member nominated more than one beneficiary to
21 receive payment of a benefit provided by this section upon the
22 member's death, then:

23 (a) each beneficiary is entitled to share in that benefit;
24 and

25 (b) if a beneficiary predeceases the member, the benefit
26 must be divided among the surviving beneficiaries.

27 ~~(6)~~(7) If a family law order has been issued, an alternate

1 payee's rights under the family law order must be given priority
2 over the rights of a beneficiary."

3 {*Internal References to 19-20-1001:*
4 19-20-701 19-20-701 19-20-1003 }

5

6 **Section 15.** Section 19-21-203, MCA, is amended to read:

7 **"19-21-203. Contributions -- supplemental and plan choice**
8 **rate contributions.** The following provisions apply to program
9 participants not otherwise covered under 19-21-214:

10 (1) (a) Each program participant shall contribute an amount
11 equal to the member's contribution required under 19-20-602 and
12 [section 6].

13 (b) (i) Each month, the board of regents shall calculate an
14 amount equal to 1% of each participant's earned compensation and
15 total the amounts calculated.

16 (ii) The board of regents shall allocate and deposit to the
17 account of each participant the amount calculated for that
18 participant under subsection (1)(b)(i). The amounts allocated
19 under this subsection (1)(b)(ii) to each participant whose wages
20 or salary and benefits are paid from the current unrestricted
21 subfund as described in 17-2-102 are statutorily appropriated, as
22 provided in 17-7-502, to the board of regents from the general
23 fund.

24 (c) The board of regents shall contribute an amount that,
25 when added to the sum of the participant's contribution plus the
26 contribution made under subsection (1)(b)(ii), is equal to 13% of
27 the participant's earned compensation.

1 (2) (a) The board of regents may:

2 (i) reduce the participant's contribution rate established
3 in subsection (1) to an amount not less than 6% of the
4 participant's earned compensation; and

5 (ii) increase the employer's contribution rate to an amount
6 not greater than 6% of the participant's earned compensation.

7 (b) Notwithstanding the supplemental contributions required
8 under 19-20-604 and subsection (5) of this section, the sum of
9 the participant's contributions made under subsection (1)(a), the
10 state's contributions made under subsection (1)(b), and the
11 employer's contributions made under subsection (1)(c) must remain
12 at 13% of the participant's earned compensation.

13 (3) The board of regents shall determine whether the
14 participant's contribution is to be made by salary reduction
15 under section 403(b) of the Internal Revenue Code, 26 U.S.C.
16 403(b), as amended, or by employer pickup under section 414(h)(2)
17 of that code, 26 U.S.C. 414(h)(2), as amended.

18 (4) The disbursing officer of the employer or other
19 official designated by the board of regents shall pay both the
20 participant's contribution and the appropriate portion of the
21 board of regents' contribution to the designated company or
22 companies for the benefit of the participant.

23 (5) The board of regents shall make the supplemental
24 contributions to the teachers' retirement system, as provided in
25 19-20-621, to discharge the obligation incurred by the Montana
26 university system for the past service liability incurred by
27 active, inactive, and retired members of the teachers' retirement

1 system."

2 {*Internal References to 19-21-203:*
3 17-7-502 19-2-405 }

4

5 **Section 16.** Section 20-9-501, MCA, is amended to read:

6 **"20-9-501. Retirement costs and retirement fund.** (1) The
7 trustees of a district or the management board of a cooperative
8 employing personnel who are members of the teachers' retirement
9 system or the public employees' retirement system, who are
10 covered by unemployment insurance, or who are covered by any
11 federal social security system requiring employer contributions
12 shall establish a retirement fund for the purposes of budgeting
13 and paying the employer's contributions to the systems as
14 provided in subsection (2)(a). The district's or the
15 cooperative's contribution for each employee who is a member of
16 the teachers' retirement system must be calculated in accordance
17 with Title 19, chapter 20, part 6. The district's or the
18 cooperative's contribution for each employee who is a member of
19 the public employees' retirement system must be calculated in
20 accordance with 19-3-316. The district's or the cooperative's
21 contributions for each employee covered by any federal social
22 security system must be paid in accordance with federal law and
23 regulation. The district's or the cooperative's contribution for
24 each employee who is covered by unemployment insurance must be
25 paid in accordance with Title 39, chapter 51, part 11.

26 (2) (a) The district or the cooperative shall pay the
27 employer's contributions to the retirement, federal social

Unofficial Draft Copy

As of: September 10, 2012 (10:52pm)

LCsa06

1 security, and unemployment insurance systems from the retirement
2 fund for the following:

3 (i) a district employee whose salary and health-related
4 benefits, if any health-related benefits are provided to the
5 employee, are paid from state or local funding sources;

6 (ii) a cooperative employee whose salary and health-related
7 benefits, if any health-related benefits are provided to the
8 employee, are paid from the cooperative's interlocal cooperative
9 fund if the fund is supported solely from districts' general
10 funds and state special education allowable cost payments,
11 pursuant to 20-9-321, or are paid from the miscellaneous programs
12 fund, provided for in 20-9-507, from money received from the
13 medicaid program, pursuant to 53-6-101;

14 (iii) a district employee whose salary and health-related
15 benefits, if any health-related benefits are provided to the
16 employee, are paid from the district's school food services fund
17 provided for in 20-10-204; and

18 (iv) a district employee whose salary and health-related
19 benefits, if any health-related benefits are provided to the
20 employee, are paid from the district impact aid fund, pursuant to
21 20-9-514.

22 (b) For an employee whose benefits are not paid from the
23 retirement fund, the district or the cooperative shall pay the
24 employer's contributions to the retirement, federal social
25 security, and unemployment insurance systems from the funding
26 source that pays the employee's salary.

27 (3) The trustees of a district required to make a

Unofficial Draft Copy

As of: September 10, 2012 (10:52pm)

LCsa06

1 contribution to a system referred to in subsection (1) shall
2 include in the retirement fund of the final budget the estimated
3 amount of the employer's contribution. After the final retirement
4 fund budget has been adopted, the trustees shall pay the employer
5 contributions to the systems in accordance with the financial
6 administration provisions of this title.

7 (4) When the final retirement fund budget has been adopted,
8 the county superintendent shall establish the levy requirement
9 by:

10 (a) determining the sum of the money available to reduce
11 the retirement fund levy requirement by adding:

12 (i) any anticipated money that may be realized in the
13 retirement fund during the ensuing school fiscal year;

14 (ii) oil and natural gas production taxes;

15 (iii) coal gross proceeds taxes under 15-23-703;

16 (iv) any fund balance available for reappropriation as
17 determined by subtracting the amount of the end-of-the-year fund
18 balance earmarked as the retirement fund operating reserve for
19 the ensuing school fiscal year by the trustees from the
20 end-of-the-year fund balance in the retirement fund. The
21 retirement fund operating reserve may not be more than ~~35%~~ 20% of
22 the final retirement fund budget for the ensuing school fiscal
23 year and must be used for the purpose of paying retirement fund
24 warrants issued by the district under the final retirement fund
25 budget.

26 (v) property tax reimbursements made pursuant to
27 15-1-123(6);

Unofficial Draft Copy

As of: September 10, 2012 (10:52pm)

LCsa06

1 (vi) any other revenue anticipated that may be realized in
2 the retirement fund during the ensuing school fiscal year,
3 excluding any guaranteed tax base aid;

4 (b) notwithstanding the provisions of subsection (9),
5 subtracting the money available for reduction of the levy
6 requirement, as determined in subsection (4)(a), from the
7 budgeted amount for expenditures in the final retirement fund
8 budget.

9 (5) The county superintendent shall:

10 (a) total the net retirement fund levy requirements
11 separately for all elementary school districts, all high school
12 districts, and all community college districts of the county,
13 including any prorated joint district or special education
14 cooperative agreement levy requirements; and

15 (b) report each levy requirement to the county
16 commissioners by the later of the first Tuesday in September or
17 within 30 calendar days after receiving certified taxable values
18 as the respective county levy requirements for elementary
19 district, high school district, and community college district
20 retirement funds.

21 (6) The county commissioners shall fix and set the county
22 levy or district levy in accordance with 20-9-142.

23 (7) The net retirement fund levy requirement for a joint
24 elementary district or a joint high school district must be
25 prorated to each county in which a part of the district is
26 located in the same proportion as the district ANB of the joint
27 district is distributed by pupil residence in each county. The

Unofficial Draft Copy

As of: September 10, 2012 (10:52pm)

LCsa06

1 county superintendents of the counties affected shall jointly
2 determine the net retirement fund levy requirement for each
3 county as provided in 20-9-151.

4 (8) The net retirement fund levy requirement for districts
5 that are members of special education cooperative agreements must
6 be prorated to each county in which the district is located in
7 the same proportion as the special education cooperative budget
8 is prorated to the member school districts. The county
9 superintendents of the counties affected shall jointly determine
10 the net retirement fund levy requirement for each county in the
11 same manner as provided in 20-9-151, and the county commissioners
12 shall fix and levy the net retirement fund levy for each county
13 in the same manner as provided in 20-9-152.

14 (9) The county superintendent shall calculate the number of
15 mills to be levied on the taxable property in the county to
16 finance the retirement fund net levy requirement by dividing the
17 amount determined in subsection (5)(a) by the sum of:

18 (a) the amount of guaranteed tax base aid that the county
19 will receive for each mill levied, as certified by the
20 superintendent of public instruction; and

21 (b) the taxable valuation of the district divided by 1,000.

22 (10) The levy for a community college district may be
23 applied only to property within the district.

24 (11) The county superintendent of each county shall submit a
25 report of the revenue amounts used to establish the levy
26 requirements for county school funds supporting elementary and
27 high school district retirement obligations to the superintendent

Unofficial Draft Copy

As of: September 10, 2012 (10:52pm)

LCsa06

1 of public instruction on or before September 15. The report must
2 be completed on forms supplied by the superintendent of public
3 instruction."

4 {*Internal References to 20-9-501:*
5 15-1-123 15-1-123 17-3-213 19-20-605
6 20-3-209 20-6-702 }

7

8 **Section 17.** Section 20-9-622, MCA, is amended to read:

9 **"20-9-622. Guarantee account.** (1) There is a guarantee
10 account in the state special revenue fund. The guarantee account
11 is intended to:

12 (a) stabilize the long-term growth of the permanent fund;
13 and

14 (b) maintain a constant and increasing distributable
15 revenue stream. All realized capital gains and all distributable
16 revenue must be deposited in the guarantee account.

17 (2) Except as provided in subsection ~~(2)~~(3), the guarantee
18 account is statutorily appropriated, as provided in 17-7-502, for
19 distribution to school districts through school equalization aid
20 as provided in 20-9-343.

21 ~~(2)(3) As long as a portion of the coal severance tax loan~~
22 ~~authorized in section 8, Chapter 418, Laws of 2001, is~~
23 ~~outstanding, the department of natural resources and conservation~~
24 ~~shall monthly transfer from the guarantee account to the general~~
25 ~~fund an amount that represents the amount of interest income that~~
26 ~~would be earned from the investment of the amount of the loan~~
27 ~~that is currently outstanding. When the loan is fully paid, all~~
28 ~~mineral royalties deposited in the guarantee account must be~~

1 ~~transferred to the school facility and technology account~~
 2 ~~pursuant to 17-6-340~~ Up to 25 million each fiscal year is
 3 statutorily appropriated as provided in 17-7-502 to the teachers'
 4 retirement system established pursuant to 19-20-102 and must be
 5 paid prior to distribution to the school districts under
 6 subsection (2)."

7 {Internal References to 20-9-622:
 8 17-3-1003 17-6-340 17-7-502 20-9-104
 9 20-9-310 20-9-310 20-9-323 20-9-342
 10 20-9-343 20-9-516 20-9-620 77-1-109
 11 77-1-228 77-1-229 }

12

13 NEW SECTION. Section 18. Transfer of excess retirement
 14 fund operating reserves. On July 1, 2013, the trustees of a
 15 school district maintaining a retirement fund as provided in 20-
 16 9-501 shall pay to the teachers' retirement system the amount
 17 earmarked as an operating reserve in excess of 20% of the adopted
 18 retirement fund budget for fiscal year 2013.

19

20 NEW SECTION. Section 19. {standard} Codification
 21 instruction. [Section 6] is intended to be codified as an
 22 integral part of Title 19, chapter 20, part 6, and the provisions
 23 of Title 19, chapter 20, part 6, apply to [section 6].

24

25 NEW SECTION. Section 20. {standard} Severability. If a
 26 part of [this act] is invalid, all valid parts that are severable
 27 from the invalid part remain in effect. If a part of [this act]
 28 is invalid in one or more of its applications, the part remains
 29 in effect in all valid applications that are severable from the

