

1 HOUSE BILL NO. 138

2 INTRODUCED BY M. MENAHAN

3 BY REQUEST OF THE OFFICE OF BUDGET AND PROGRAM PLANNING

4
5 A BILL FOR AN ACT ENTITLED: "AN ACT REQUIRING THE BOARD OF REGENTS TO CALCULATE ITS
6 CONTRIBUTION TO THE OPTIONAL RETIREMENT PROGRAM BY FUNDING SOURCE; RESTRICTING THE
7 STATUTORY APPROPRIATION FROM THE GENERAL FUND FOR THE BOARD OF REGENTS' SHARE OF
8 THE CONTRIBUTION TO THE OPTIONAL RETIREMENT PROGRAM TO EMPLOYEES WHOSE SALARY IS
9 PAID OUT OF THE UNRESTRICTED SUBFUND; AMENDING SECTION 19-21-203, MCA; AND PROVIDING
10 AN EFFECTIVE DATE."

11
12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

13
14 **Section 1.** Section 19-21-203, MCA, is amended to read:
15 **"19-21-203. Contributions -- supplemental and plan choice rate contributions.** The following
16 provisions apply to program participants not otherwise covered under 19-21-214:

17 (1) (a) Each program participant shall contribute an amount equal to the member's contribution required
18 under 19-20-602.

19 (b) (i) Each month, the board of regents shall calculate an amount equal to 1% of each participant's
20 earned compensation ~~and total the amounts calculated;~~

21 (A) for each employee whose wage or salary and benefits are paid out of the current unrestricted
22 subfund provided for in 17-2-102; and

23 (B) for each employee whose wage or salary and benefits are paid out of funds other than the current
24 unrestricted subfund provided for in 17-2-102.

25 (ii) The board of regents shall allocate and deposit to the account of each participant the amount
26 calculated for that participant under subsection (1)(b)(i). The amounts allocated under ~~this~~ subsection
27 (1)(b)(~~ii~~)(i)(A) are statutorily appropriated, as provided in 17-7-502, to the board of regents from the general fund.

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

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

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

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

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

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

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

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

19

20 NEW SECTION. **Section 2. Effective date.** [This act] is effective July 1, 2011.

21

- END -