

**PUBLIC SAFETY NONCONTRIBUTORY
RETIREMENT ACT AMENDMENTS**

2003 GENERAL SESSION

STATE OF UTAH

Sponsor: Neil A. Hansen

This act modifies the Utah State Retirement and Insurance Benefit Act by including overtime in the calculation of compensation that is used to determine the defined retirement benefit of members of the Public Safety Noncontributory Retirement System.

This act takes effect on July 1, 2003.

This act affects sections of Utah Code Annotated 1953 as follows:

AMENDS:

49-15-102, as renumbered and amended by Chapter 250, Laws of Utah 2002

Be it enacted by the Legislature of the state of Utah:

Section 1. Section **49-15-102** is amended to read:

49-15-102. Definitions.

As used in this chapter:

(1) (a) "Compensation" means the total amount of payments that are includable in gross income received by a public safety service employee as base income for the regularly scheduled work period. The participating employer shall establish the regularly scheduled work period. Base income shall be determined prior to the deduction of any amounts the public safety service employee authorizes to be deducted for salary deferral or other benefits authorized by federal law.

(b) "Compensation" includes performance-based bonuses ~~[and]~~, cost-of-living adjustments, and overtime.

(c) "Compensation" does not include:

~~[(i) overtime;]~~

~~[(ii)]~~ (i) sick pay incentives;



- 28 [~~(iii)~~] (ii) retirement pay incentives;
- 29 [~~(iv)~~] (iii) the monetary value of remuneration paid in kind, as in a residence, use of
- 30 equipment or uniform, travel, or similar payments;
- 31 [~~(v)~~] (iv) a lump-sum payment or special payment covering accumulated leave; and
- 32 [~~(vi)~~] (v) all contributions made by a participating employer under this system or under
- 33 any other employee benefit system or plan maintained by a participating employer for the
- 34 benefit of a member or participant.

35 (d) "Compensation" for purposes of this chapter may not exceed the amount allowed

36 under Internal Revenue Code Section 401(a)(17).

37 (2) "Final average salary" means the amount computed by averaging the highest three

38 years of annual compensation preceding retirement subject to Subsections (2)(a) and (b).

39 (a) Except as provided in Subsection (2)(b), the percentage increase in annual

40 compensation in any one of the years used may not exceed the previous year's compensation by

41 more than 10% plus a cost-of-living adjustment equal to the decrease in the purchasing power

42 of the dollar during the previous year, as measured by a United States Bureau of Labor

43 Statistics Consumer Price Index average as determined by the board.

44 (b) In cases where the participating employer provides acceptable documentation to the

45 office, the limitation in Subsection [~~(3)~~] (2)(a) may be exceeded if:

- 46 (i) the public safety service employee has transferred from another agency; or
- 47 (ii) the public safety service employee has been promoted to a new position.

48 (3) "Line-of-duty death" means a death resulting from external force, violence, or

49 disease occasioned by an act of duty as a public safety service employee.

50 (4) "Participating employer" means an employer which meets the participation

51 requirements of Section 49-15-201.

52 (5) (a) "Public safety service" means at least 2,080 hours of regularly scheduled

53 compensated employment per year rendered by a member who is a:

- 54 (i) law enforcement officer in accordance with Section 53-13-103;
- 55 (ii) correctional officer in accordance with Section 53-13-104; and
- 56 (iii) special function officer approved in accordance with Section [~~49-4a-203~~]
- 57 49-15-201 and Section 53-13-105.

58 (b) "Public safety service" also requires that in the course of employment the

59 employee's life or personal safety is at risk.

60 (6) "Public safety service employee" means an employee of a participating employer
61 who performs public safety service under this chapter.

62 (7) "System" means the Public Safety Noncontributory Retirement System created
63 under this chapter.

64 (8) "Years of service credit" means the number of periods, each to consist of 12 full
65 months as determined by the board, whether consecutive or not, during which a public safety
66 service employee was employed by a participating employer, including time the public safety
67 service employee was absent in the service of the United States government on military duty.

68 Section 2. **Effective date.**

69 This act takes effect on July 1, 2003.

Legislative Review Note

as of 12-5-02 3:23 PM

A limited legal review of this legislation raises no obvious constitutional or statutory concerns.

Office of Legislative Research and General Counsel

State Impact

This bill will require an increase in the State and local government public safety retirement rates. The State rate will increase 1.68 percent, requiring an appropriation of \$1,627,200 from various funding sources.

The rate increase would vary between local governmental entities ranging from 1.39 percent to 2.48 percent, depending on the organization involved. The rate for Salt Lake City would increase 1.48 percent, while Ogden's increase would be 1.89 percent.

	<u>FY 04 Approp.</u>	<u>FY 05 Approp.</u>	<u>FY 04 Revenue</u>	<u>FY 05 Revenue</u>
General Fund	\$1,476,600	\$1,476,600	\$0	\$0
Transportation Fund	\$600	\$600	\$0	\$0
Federal Funds	\$21,700	\$21,700	\$0	\$0
Dedicated Credits Revenue	\$46,400	\$46,400	\$0	\$0
Transfers	\$1,300	\$1,300	\$0	\$0
Restricted Funds	\$80,600	\$80,600	\$0	\$0
TOTAL	\$1,627,200	\$1,627,200	\$0	\$0

Individual and Business Impact

Qualified members who retire could see increases in their retirement benefits due to the inclusion of overtime earnings used in calculating those benefits.
