

**MINUTES OF THE
SENATE RETIREMENT AND INDEPENDENT ENTITIES STANDING COMMITTEE
WEDNESDAY, FEBRUARY 10, 2010, 12:00 P.M.
ROOM 210, SENATE BUILDING, UTAH STATE CAPITOL COMPLEX**

Members Present: Sen. Daniel Liljenquist, Chair
Sen. Curtis Bramble
Sen. D. Chris Buttars
Sen. Brent Goodfellow
Sen. Karen Mayne

Member Excused: Sen. John Greiner

Staff Present: Benjamin N. Christensen, Policy Analyst
Cathy Dupont, Associate General Counsel
Shannon Halverson, Associate General Counsel
J. Daniel Schoenfeld, Fiscal Analyst
Saundra Maeser, Committee Secretary

Public Speakers Present: Lincoln Shurtz, Utah League of Cities and Towns
Kathleen Soffe, wife of police officer
Chad Soffe, State President, Fraternal Order of Police
Sheri Waters, Utah Public Employees Association
G. W. Leonard, Utah School Employees Association

A list of visitors is filed with the committee minutes.

Committee Chair Liljenquist called the meeting to order at 12:17 p.m.

Sen. Bramble assumed the chair.

Acting Chair Bramble announced that S.B. 42, Retirement Eligibility Modifications (D. Liljenquist) would not be considered at this meeting.

Sen. Liljenquist gave an overview of all three bills under consideration.

1. S.B. 43 Post-retirement Employment Amendments (D. Liljenquist)

Sen. Liljenquist introduced the bill.

MOTION: Sen. Liljenquist moved to adopt 1st Sub. S.B. 43, Post-Retirement Employment Amendments.

The motion passed unanimously.

Sen. Liljenquist moved to adopt Amendment 1, as follows:

1. Page 1, Lines 20 through 24

20 provides that a participating employer who hires a retiree before July 1, 2010 {↔
21 } may not contribute an amount that exceeds the normal cost rate to a qualified
22 defined contribution plan; {and
23 } ~~shall contribute the amortization rate for the reemployed retiree to the retirement~~
24 ~~system that would have covered the retiree in the new position;~~ }

2. Page 11, Line 333 through Page 12, Line 353

333 (8) (a) If a participating employer hires a [nonexempt] retiree, on a full-time basis, who
334 may not earn additional service credit under [this section] Subsection (4), the participating
335 employer {↔
336 } ~~(i)~~ may not contribute an amount that exceeds the normal cost rate as defined under
337 Section 49-11-102 to a plan for the retiree under Subsection (8)(b) {↔and
338 } ~~(ii) shall contribute the~~ [same percentage of a retiree's salary that the participating
339 employer would have been required to contribute if the retiree were an active member, up to
340 the amount allowed by federal law.] { amortization rate, as defined under Section 49-11-102,
341 for
342 the retiree to the office to be credited to the system that would have covered the retiree in the
343 new position } .
343 (b) The contributions under Subsection (8)(a) {~~(i)~~} are not required, but if paid, shall be
344 paid to a retiree-designated:
345 (i) qualified defined contribution plan administered by the board, if the participating
346 employer participates in a qualified defined contribution plan administered by the board; or
347 (ii) qualified defined contribution plan offered by the participating employer if the
348 participating employer does not participate in a qualified defined contribution plan
349 administered by the board.
350 (c) Notwithstanding the provisions of Subsection (8)(b), if an employer is not
351 participating in a qualified defined contribution plan administered by the board, the employer
352 may elect to pay the contributions under Subsection (8)(a) {~~(i)~~} to a nonqualified deferred
353 compensation plan administered by the board.

The motion passed unanimously.

2. S.B. 63 New Public Employees' Tier II Contributory Retirement Act (D. Liljenquist)

Sen. Liljenquist introduced the bill.

MOTION: Sen. Liljenquist moved to adopt Amendment 2, as follows:

1. Page 29, Line 894 through Page 30, Line 896

894 (iv) 35 years of service credit if the eligible employee is covered by the defined benefit
895 portion under Chapter 22, Part 3, Tier II Hybrid Retirement System or is covered by the defined
contribution plan under Chapter 22, Part 4, Tier II Defined Contribution Plan ; or
896 (c) the date the eligible employee has received a monthly disability benefit for the

2. Page 32, Lines 959 through 960

959 (iii) compensation paid to a temporary employee ~~{, an exempt employee,}~~ or an employee
960 otherwise ineligible for service credit;

3. Page 33, Lines 1017 through 1018

1017 System created under this chapter.

(7)(a) "Volunteer firefighter" means any individual that is not regularly employed as a
firefighter service employee, but who:

(I) has been trained in firefighter techniques and skills;

(ii) continues to receive regular firefighter training;

(iii) is assigned to a position of hazardous duty; and

(iv) is on the rolls of a legally organized volunteer fire department which provides
ongoing training and serves a political subdivision of the state.

(b) An individual that volunteers assistance but does not meet the requirements of
Subsection (7)(a) is not a volunteer firefighter for purposes of this chapter.

1018 ~~{(7)}~~ (8) "Years of service credit" means:

4. Page 37, Lines 1121 through 1127

1121 An employee serving as an exchange employee from outside the state.

1122 ~~{(d) An executive department head of the state or a legislative director, senior
executive~~

1123 employed by the governor's office, a member of the State Tax Commission, a member of the

1124 Public Service Commission, and a member of a full-time or part-time board or commission

1125 who files a formal request for exemption;

1126 ~~—(e)}~~ (d) An employee of the Department of Workforce Services who is covered under

1127 another retirement system allowed under Title 35A, Chapter 4, Employment Security Act.

5. Page 49, Lines 1490 through 1491

1490 (c) a living benefit option.

(3)(a) A volunteer firefighter is eligible for a death benefit under this section if the
death results from external force, violence, or disease directly resulting from firefighter service.

(b) The lowest monthly compensation of firefighters of a city of the first class in this state
at the time of death shall be considered to be the final average monthly salary of a volunteer
firefighter for purposes of computing these benefits.

(c) Each volunteer fire department shall maintain a current roll of all volunteer firefighters which meet the requirements of Subsection 49-22-102(7) to determine the eligibility for this benefit.

1491 ~~{(3)}~~ (4) This death benefit is payable when:

6. *Page 49, Lines 1496 through 1506*

1496 ~~{(4)}~~ (5) The death benefit payable to the beneficiary under this section is a
lump-sum

1497 payment consisting of:

1498 (a) the return of any member contributions under this chapter; plus

1499 (b) a percentage of the final average salary of the member to be determined by the
1500 board.

1501 ~~{(5)}~~ (6) Any amount of a living benefit option paid to the member prior to death
shall be

1502 deducted from the benefit payable to the beneficiary.

1503 ~~{(6)}~~ (7) The cost of the death benefit shall be paid by the participating employer in
addition

1504 to the contribution rate established under Section 49-22-301 or 49-22-401.

1505 ~~{(7)}~~ (8) The portion of the death benefit provided under Subsection

~~{(4)}~~ (5) (b), may not be paid

1506 to the beneficiary of an inactive member unless the death of the member occurs either:

7. *Page 49, Line 1512 through Page 50, Line 1523*

1512 ~~{(8)}~~ (9) The death benefit provided under Subsection ~~{(4)}~~ (5) (b) shall
be paid in accordance

1513 with Sections 49-11-609 and 49-11-610.

1514 ~~{(9)}~~ (10) The death benefit paid to the beneficiary of an inactive member, except
as

1515 otherwise provided under Subsection ~~{(7)}~~ (8) , is a lump-sum return of the member's
member

1516 contributions.

1517 ~~{(10)}~~ (11) Payment of the death benefit by the office constitutes a full settlement
of any

1518 beneficiary's claim against the office and the office is not liable for any further or additional

1519 claims or assessments on behalf of the member.

1520 ~~{(11)}~~ (12) Unless otherwise specified in a written document filed with the office,
death

1521 benefits payable to beneficiaries shall be in accordance with the order of precedence

1522 established under Title 75, Chapter 2, Intestate Succession and Wills.

1523 ~~{(12)}~~ (13) A death benefit under this section may not be paid on behalf of a retiree
under this

The motion passed unanimously.

MOTION: Sen. Liljenquist moved to adopt Amendment 3, as follows:

1. Page 35, Line 1080 through Page 36, Line 1086

1080 (1) ~~{(a)}~~ Unless excluded under Subsection (2), an employer is a participating employer
1081 and may not withdraw from participation in this system.
1082 ~~{(b) In addition to their participation in this system, a participating employer may~~
~~not~~
1083 ~~provide or participate in any additional public or private retirement, supplemental or defined~~
1084 ~~contribution plan, either directly or indirectly, for their employees unless the actuarial funded~~
1085 ~~ratio of all the systems under this title reach 100%.~~
1086 (2) An employer that is a charter school sponsored by the State Board of Education or a

2. Page 37, Lines 1114 through 1118

1114 (b) (I) A current or future employee of ~~{a}~~ - ~~{two-year or four-year college or~~
~~university}~~ an institution of higher education
1115 who holds, or is entitled to hold, under Section 49-22-204, a retirement annuity contract with
1116 the Teachers' Insurance and Annuity Association of America or with any other public or private
1117 system, organization, or company during any period in which required contributions based on
1118 compensation have been paid on behalf of the employee by the employer.

The motion passed unanimously.

3. S.B. 94 Supplemental Benefit Amendments for Noncontributory Public Employees (D. Liljenquist)

Sen. Liljenquist introduced the bill.

MOTION: Sen. Liljenquist moved to adopt Amendment 1, as follows:

1. Page 2, Lines 41 through 50

41 (A) is a member of this system; and
42 (B) before July 1, 1986, began the employee's ~~{current}~~ regular full-time employment
43 with:
44 (I) the state;
45 (II) an educational institution of the state; or
46 (III) a participating employer whose activities are associated with participating
47 educational institutions ~~{; and~~
48 ~~— © has, since before July 1, 1986, continued the employment which began under~~
49 ~~Subsection (1)(a)(i)(B) without a break, interruption, transfer, termination, rehire, or change~~
~~of~~
50 the employing agency } .

2. Page 3, Lines 65 through 72

65 (A) is a member of this system; and
66 (B) before July 1, 1986, began the employee's ~~{current}~~ regular full-time employment
67 with:
68 (I) the state; or
69 (II) an educational institution of the state ~~{; and~~
70 — ~~(C) has, since before July 1, 1986, continued the employment which began under~~
71 ~~Subsection (1)(a)(i)(B) without a break, interruption, transfer, termination, rehire, or change of~~
72 ~~the employing agency} .~~

The motion passed unanimously.

Lincoln Shurtz, Utah League of Cities and Towns, spoke in support of the three bills under consideration.

Kathleen Soffe, wife of a police officer; Chad Soffe, State President, fraternal Order of Police; Sheri Waters, Utah Public Employees Association; and F. W. Leonard, Utah School Employees Association, spoke in opposition to the bills.

Acting Chair Bramble announced that the next meeting of the Senate Retirement and Independent Entities Standing Committee will be Friday, February 12, in Room 210 Senate Building. Public testimony will be continued at that time.

MOTION: Sen. Buttars moved to adjourn. The motion passed unanimously.

The meeting adjourned at 1:50 p.m.

Minutes reported by Sandra Maeser, Secretary.

Sen. Dan Liljenquist, Committee Chair