

Representative Paul Ray proposes the following substitute bill:

**RETIREMENT COST-OF-LIVING
ADJUSTMENT FOR PUBLIC SAFETY**

2002 GENERAL SESSION

STATE OF UTAH

Sponsor: Paul Ray

This act modifies the Utah State Retirement Act to increase the cost-of-living allowance for members of the public safety retirement systems. This act redistributes certain insurance premium tax revenues. This act takes effect on January 1, 2003.

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

AMENDS:

49-4-601, as last amended by Chapter 31, Laws of Utah 1997

49-4a-601, as enacted by Chapter 260, Laws of Utah 1989

49-5-301, as last amended by Chapters 131 and 292, Laws of Utah 1999

ENACTS:

49-1-306, Utah Code Annotated 1953

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

Section 1. Section **49-1-306** is enacted to read:

49-1-306. Insurance premium taxes -- deposits.

(1) There shall be paid to the Firefighters' Retirement Trust Fund 50% of the annual tax for each year that is levied, assessed, and collected under Title 59, Chapter 9, Taxation of Admitted Insurers, upon property insurance premiums, as defined by Section 31A-1-301, and as applied to fire and allied lines insurance collected by insurance companies within the state.

(2) (a) There shall be paid to the Public Safety Retirement Trust Fund and the Public Safety Noncontributory Retirement Trust Fund 10% of all money assessed and collected under Title 59, Chapter 9, Taxation of Admitted Insurers, upon life insurance premiums within the state.



26 **(b) The board shall divide the money described under Subsection (2)(a) between the trust**
27 **funds based upon the respective membership and liabilities of the Public Safety Retirement System**
28 **and the Public Safety Noncontributory Retirement System.**

29 Section 2. Section **49-4-601** is amended to read:

30 **49-4-601. Annual cost-of-living adjustment.**

31 (1) The retirement office shall compute and pay, upon approval by the board, an annual
32 cost-of-living adjustment to all retired members after the members have been retired one year. The
33 adjustment shall be equal to the decrease in the purchasing power of the dollar during the
34 preceding year, as measured by the Consumer Price Index, U.S. City Average, prepared by the
35 United States Bureau of Labor Statistics, and shall be limited to a maximum of [~~2.5%~~] 4% of the
36 retirant's or beneficiary's retirement allowance at the time of retirement. Decreases in the
37 purchasing power of the dollar exceeding [~~2.5%~~] 4% annually shall be accumulated and used in
38 subsequent allowances when the cost-of-living adjustment is less than [~~2.5%~~] 4%.

39 (2) The cost-of-living adjustment shall be reduced if the index shows a decline of 4% or
40 more during any period of more than one year. These reductions may not exceed 2% per year
41 based upon the original retirement allowance. Payments made under this section shall be a part
42 of the retired member's allowance. Payments and adjustments for the retirant shall also apply to
43 the beneficiary.

44 Section 3. Section **49-4a-601** is amended to read:

45 **49-4a-601. Annual cost-of-living adjustment.**

46 (1) The retirement office shall compute and pay, upon approval by the board, an annual
47 cost-of-living adjustment to all retired members after the members have been retired one year. The
48 adjustment shall be equal to the decrease in the purchasing power of the dollar during the
49 preceding year, as measured by the Consumer Price Index, U.S. City Average, prepared by the
50 United States Bureau of Labor Statistics, and shall be limited to a maximum of [~~2.5%~~] 4% of the
51 retirant's or beneficiary's retirement allowance at the time of retirement. Decreases in the
52 purchasing power of the dollar exceeding [~~2.5%~~] 4% annually shall be accumulated and used in
53 subsequent allowances when the cost-of-living adjustment is less than [~~2.5%~~] 4%.

54 (2) The cost-of-living adjustment shall be reduced if the index shows a decline of 4% or
55 more during any period of more than one year. These reductions may not exceed 2% per year
56 based upon the original retirement allowance. Payments made under this section shall be a part

57 of the retired member's allowance. Payments and adjustments for the retirant shall also apply to
58 the beneficiary.

59 Section 4. Section **49-5-301** is amended to read:

60 **49-5-301. Contributions of members.**

61 (1) The system shall be maintained on a financially and actuarially sound basis by means
62 of contributions made by the state, the employing units, and the active members of the system. For
63 purposes of determining contribution rates and benefits, the system is divided into two divisions
64 according to social security coverage. Firefighters with on-the-job social security coverage are
65 Division A, and firefighters without on-the-job social security coverage are Division B.

66 (2) Any city, town, special district, or county may elect to pay all or part of its members'
67 required contributions, in addition to the required employer contributions. Any amount contributed
68 by a city, town, or county under this subsection shall vest to the member's credit as though the
69 member had made the contribution. The member's required contribution shall be reduced by the
70 amount that is paid by the employer.

71 (3) All contributions are credited to the account of the individual and held in trust for the
72 payment of benefits to the member or the member's beneficiaries. All member contributions are
73 100% vested and nonforfeitable.

74 (4) Each member is considered to consent to monthly deductions. The payment of
75 compensation less retirement payroll deductions is considered to be full payment of the salary of
76 the employee.

77 (5) The board shall report to the governor, the Legislature, and each employing unit under
78 Division A or B the contribution rates and any adjustments necessary to maintain the system on
79 a financially and actuarially sound basis, and the employer and employee shall pay the certified
80 contribution rates.

81 [~~(6) In addition, there shall be paid to the Firefighters' Retirement Trust Fund:]~~

82 [~~(a) 50% of the annual tax for each year that is levied, assessed, and collected under Title~~
83 ~~59, Chapter 9, Taxation of Admitted Insurers, upon property insurance premiums, as defined by~~
84 ~~Section 31A-1-301, and as applied to fire and allied lines insurance collected by insurance~~
85 ~~companies within the state; and]~~

86 [~~(b) 10% of all money assessed and collected under Title 59, Chapter 9, Taxation of~~
87 ~~Admitted Insurers, upon life insurance premiums within the state. Payments to the fund shall be~~

88 ~~made annually until the service liability is liquidated, after which the tax revenue provided in this~~
89 ~~subsection for the Firefighters' Retirement Trust Fund ceases.]~~

90 Section 5. **Effective date.**

91 This act takes effect on January 1, 2003.