

**PUBLIC SAFETY RETIREES'
COST-OF-LIVING INCREASE**

2004 GENERAL SESSION

STATE OF UTAH

Sponsor: D. Chris Buttars

LONG TITLE

General Description:

This bill modifies the Utah State Retirement and Insurance Benefit Act by creating a restricted account which may be used to fund an increase to the cost-of-living allowance of the Public Safety Retirement Systems.

Highlighted Provisions:

This bill:

- ▶ creates the Public Safety Retirees' Cost-of-Living Increase Restricted Account within the General Fund;
- ▶ specified the uses of the restricted account monies;
- ▶ provides a formula that may require the Utah State Retirement Office to deposit certain premium tax revenues in the Public Safety Retirees' Cost-of-Living Increase Restricted Account;
- ▶ provides certain administrative powers to the Utah State Retirement Office; and
- ▶ transfers monies between restricted accounts.

Monies Appropriated in this Bill:

This bill appropriates:

- ▶ \$1,100,000 from the Fire Academy Support Account for fiscal year 2004-05 only to the Public Safety Retirees' Cost-of-Living Increase Restricted Account.

Other Special Clauses:

This bill takes effect on July 1, 2004.

Utah Code Sections Affected:

AMENDS:

49-16-301, as last amended by Chapter 252, Laws of Utah 2003

ENACTS:

49-11-901, Utah Code Annotated 1953

49-11-902, Utah Code Annotated 1953

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

Section 1. Section **49-11-901** is enacted to read:

Part 9. Public Safety Retirees' Cost-of-Living Increase Restricted Account

49-11-901. Public Safety Retirees' Cost-of-Living Increase Restricted Account.

(1) There is created within the General Fund a restricted account known as the Public Safety Retirees' Cost-of-Living Increase Restricted Account.

(2) The Public Safety Retirees' Cost-of-Living Increase Restricted Account consists of:

(a) monies deposited in the account by the Utah State Retirement Board in accordance with Section 49-11-902;

(b) monies appropriated to the account by the Legislature; and

(c) interest on account monies.

(3) Upon appropriation by the Legislature, monies from the account shall be used to fund an increase to the cost-of-living allowance of the Public Safety Retirement Systems.

(4) The Public Safety Retirees' Cost-of-Living Increase Restricted Account is not part of the retirement trust funds administered or controlled by the Utah State Retirement Board.

Section 2. Section **49-11-902** is enacted to read:

49-11-902. Premium tax revenues -- Formula -- Deposits.

(1) (a) If the premium tax revenue received by the office under Subsection 49-16-301(6), when calculated as a percentage of the certified contribution rate for members in Division A and B, as defined under Section 49-16-301, exceeds the percentage of the certified contribution rate paid to the Firefighters' Retirement Trust Fund in accordance with Subsection 49-16-301(6) on July 1, 2004, the office shall deposit the difference in the Public Safety Retirees' Cost-of-Living Increase Restricted Account created under Section 49-11-901.

(b) If the premium tax revenue does not exceed the percentage of the certified contribution rate paid to the Firefighters' Retirement Trust Fund in accordance with Subsection 49-16-301(6) on July 1, 2004 as calculated under Subsection (1)(a), the board may not make a deposit under Subsection (1)(a).

(2) The office shall make the calculations, equitable apportionment of monies between Division A and B, and deposits required to implement this section.

Section 3. Section **49-16-301** is amended to read:

49-16-301. Contributions -- Two divisions -- Election by employer to pay employee contributions -- Accounting for and vesting of worker contributions -- Deductions.

(1) In addition to the monies paid to this system under Subsection (6), participating employers and firefighter service employees shall jointly pay the certified contribution rates to the office to maintain this system on a financially and actuarially sound basis.

(2) For purposes of determining contribution rates, this system is divided into two divisions according to Social Security coverage as follows:

(a) members of this system with on-the-job Social Security coverage are in Division A;
and

(b) members of this system without on-the-job Social Security coverage are in Division B.

(3) (a) A participating employer may elect to pay all or part of the required member contributions, in addition to the required participating employer contributions.

(b) Any amount contributed by a participating employer under this section shall vest to the member's benefit as though the member had made the contribution.

(c) The required member contributions shall be reduced by the amount that is paid by the participating employer.

(4) (a) All member contributions are credited by the office to the account of the individual member.

(b) This amount is held in trust for the payment of benefits to the member or the member's beneficiaries.

(c) All member contributions are vested and nonforfeitable.

(5) (a) Each member is considered to consent to payroll deductions of member contributions.

(b) The payment of compensation less these payroll deductions is considered to be full payment for services rendered by the member.

(6) (a) ~~[In]~~ Except as provided in Section 49-11-902, in addition to contribution rates described under this section, there shall be paid to the Firefighters' Retirement Trust Fund created under Section 49-16-104:

(i) 50% of the annual tax levied, assessed, and collected under Title 59, Chapter 9, Taxation of Admitted Insurers, upon premiums for property insurance, as defined under Section 31A-1-301, and as applied to fire and allied lines insurance collected by insurance companies within the state; and

(ii) 10% of all money assessed and collected under Title 59, Chapter 9, Taxation of Admitted Insurers, upon premiums for life insurance, as defined in Section 31A-1-301, within the state.

(b) Payments to the fund shall be made annually until the service liability is liquidated, after which the tax revenue provided in this Subsection (6) for the Firefighters' Retirement Trust Fund ceases.

Section 4. Appropriation.

There is appropriated \$1,100,000 from the Fire Academy Support Account for fiscal year 2004-05 only to the Public Safety Retirees' Cost-of-Living Increase Restricted Account.

Section 5. Effective date.

This bill takes effect on July 1, 2004.