

Representative Ron Bigelow proposes the following substitute bill:

PUBLIC SAFETY RETIREMENT

2007 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Ron Bigelow

Senate Sponsor: Lyle W. Hillyard

LONG TITLE

General Description:

This bill modifies the Utah State Retirement and Insurance Benefit Act by increasing the cost-of-living and certain death benefit allowances for members of the Public Safety Retirement Systems.

Highlighted Provisions:

This bill:

- ▶ increases the cost-of-living allowance for members of the Public Safety Contributory Retirement System;
- ▶ increases the cost-of-living allowance for members of the Public Safety Noncontributory Retirement System;
- ▶ increases the allowance payable to the surviving spouse of a retiree of the Public Safety Contributory Retirement System;
- ▶ increases the allowance payable to the surviving spouse of a retiree of the Public Safety Noncontributory Retirement System;
- ▶ provides that a portion of the tax on property insurance and life insurance shall be used to fund the increase in the public safety cost-of-living allowance and surviving spouse benefit; and
- ▶ repeals the Public Safety Retirees' Cost-of-Living Increase Restricted Account and



26 provides intent language that remaining monies in that account shall lapse into the General
27 Fund.

28 **Monies Appropriated in this Bill:**

29 None

30 **Other Special Clauses:**

31 This bill takes effect on July 1, 2007.

32 **Utah Code Sections Affected:**

33 AMENDS:

34 **49-14-301**, as last amended by Chapter 118, Laws of Utah 2004

35 **49-14-403**, as renumbered and amended by Chapter 250, Laws of Utah 2002

36 **49-14-504**, as renumbered and amended by Chapter 250, Laws of Utah 2002

37 **49-15-301**, as last amended by Chapter 118, Laws of Utah 2004

38 **49-15-403**, as renumbered and amended by Chapter 250, Laws of Utah 2002

39 **49-15-504**, as last amended by Chapter 240, Laws of Utah 2003

40 **49-16-301**, as last amended by Chapter 262, Laws of Utah 2004

41 REPEALS:

42 **49-11-901**, as enacted by Chapter 262, Laws of Utah 2004

43 **49-11-902**, as enacted by Chapter 262, Laws of Utah 2004

44 **Uncodified Material Affected:**

45 ENACTS UNCODIFIED MATERIAL



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

48 Section 1. Section **49-14-301** is amended to read:

49 **49-14-301. Contributions -- Two divisions -- Election by employer to pay**
50 **employee contributions -- Accounting for and vesting of member contributions --**
51 **Deductions.**

52 (1) Participating employers and members shall jointly pay the certified contribution
53 rates to the office to maintain this system on a financially and actuarially sound basis.

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

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

57 and

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

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

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

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

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

68 (b) This amount, plus refund interest, is held in trust for the payment of benefits to the
69 member or the member's beneficiaries.

70 (c) All member contributions are vested and nonforfeitable.

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

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

75 (6) In addition to the contribution rates described under this section, there shall be paid
76 to the Public Safety Contributory Retirement Trust Fund created under Section 49-14-104 an
77 amount determined under the provisions of Section 49-15-301.

78 [~~6~~] (7) Contribution rates for a participating employer may be different than for other
79 participating employers based on the participating employer's current funding status and
80 actuarial experience.

81 Section 2. Section **49-14-403** is amended to read:

82 **49-14-403. Annual cost-of-living adjustment.**

83 (1) The office shall make an annual cost-of-living adjustment to:

84 (a) an original allowance paid under Section 49-14-402 and Part 5, Death Benefit, of
85 this chapter if the allowance has been paid for at least one year; and

86 (b) an original payment made to an alternate payee under a domestic relations order, if
87 the payment is to be paid as a percentage of the allowance rather than a specific dollar amount.

88 (2) (a) The original allowance shall be increased by the annual increase in the
89 Consumer Price Index up to a maximum of [~~2.5%~~] 4%.

90 (b) Annual increases in the Consumer Price Index in excess of [~~2.5%~~] 4% shall be
91 accumulated and used in subsequent adjustments when the annual increase in the Consumer
92 Price Index is less than [~~2.5%~~] 4%.

93 (3) The Consumer Price Index used in calculating adjustments shall be a United States
94 Bureau of Labor Statistics Consumer Price Index average as determined by the board.

95 (4) The cost-of-living adjustment made under this section may not decrease the
96 allowance.

97 Section 3. Section **49-14-504** is amended to read:

98 **49-14-504. Benefits payable upon death of retired member.**

99 (1) If a retiree who retired under either Division A or Division B dies, the retiree's
100 spouse at the time of death shall receive an allowance equal to [~~65%~~] 75% of the allowance
101 that was being paid to the retiree at the time of death.

102 (2) If the retiree retired solely under Division B and dies leaving unmarried children
103 under the age of 18 or dependent unmarried mentally or physically disabled children, the
104 children shall qualify for a benefit as prescribed for children under Subsection 49-14-502(1)(c)
105 which is payable on the first day of the month following the month in which the retiree died.

106 Section 4. Section **49-15-301** is amended to read:

107 **49-15-301. Contributions -- Two divisions.**

108 (1) Participating employers shall pay the certified contribution rates to the office to
109 maintain this system on a financially and actuarially sound basis.

110 (2) For purposes of determining contribution rates, this system is divided into two
111 divisions according to Social Security coverage.

112 (a) Members of this system with on-the-job Social Security coverage are Division A.

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

115 (3) (a) In addition to the contribution rates described under this section, there shall be
116 paid to the trust funds under Subsection (3)(b):

117 (i) H→ [50%] 25% ←H of the annual tax levied, assessed, and collected under Title 59,
117a Chapter 9,
118 Taxation of Admitted Insurers, upon premiums for property insurance, as defined under

119 Section 31A-1-301, and as applied to fire and allied lines insurance collected by insurance
 120 companies within the state; and

121 (ii) ~~H~~→ [10%] 30% ←~~H~~ of all money assessed and collected under Title 59, Chapter 9,

121a Taxation of

122 Admitted Insurers, upon premiums for life insurance, as defined in Section 31A-1-301, within
 123 the state.

124 (b) Payments to the trust funds under this Subsection (3) shall be made annually:

125 (i) to the Public Safety Noncontributory Retirement Trust Fund created under Section
 126 49-15-104 and to the Public Safety Contributory Retirement Trust Fund created under Section
 127 49-14-104 in the appropriate amount to each trust fund as determined by the board; and

128 (ii) until the service liability is liquidated, after which the tax revenue provided in this
 129 Subsection (3) for the Public Safety Noncontributory Retirement Trust Fund and the Public
 130 Safety Contributory Retirement Trust Fund ceases.

131 [~~3~~] (4) Contribution rates for a participating employer may be different than for other
 132 participating employers based on the participating employer's current funding status and
 133 actuarial experience.

134 Section 5. Section **49-15-403** is amended to read:

135 **49-15-403. Annual cost-of-living adjustment.**

136 (1) The office shall make an annual cost-of-living adjustment to:

137 (a) an original allowance paid under Section 49-15-402 and Part 5, Death Benefit, of
 138 this chapter if the allowance has been paid for at least one year; and

139 (b) an original payment made to an alternate payee under a domestic relations order if
 140 the payment is to be paid as a percentage of the allowance rather than a specific dollar amount.

141 (2) (a) The original allowance shall be increased by the annual increase in the
 142 Consumer Price Index up to a maximum of [~~2.5%~~] 4%.

143 (b) Annual increases in the Consumer Price Index in excess of [~~2.5%~~] 4% shall be
 144 accumulated and used in subsequent adjustments when the annual increase in the Consumer
 145 Price Index is less than [~~2.5%~~] 4%.

146 (3) The Consumer Price Index used in calculating adjustments shall be a United States
 147 Bureau of Labor Statistics Consumer Price Index average as determined by the board.

148 (4) The cost-of-living adjustment made under this section may not decrease the
 149 allowance.

150 Section 6. Section **49-15-504** is amended to read:

151 **49-15-504. Benefits payable upon death of retired member.**

152 (1) If a retiree who retired under either Division A or Division B dies, the retiree's
153 spouse at the time of death shall receive an allowance equal to [~~65%~~] 75% of the allowance
154 that was being paid to the retiree at the time of death.

155 (2) If the retiree retired solely under Division B and dies leaving unmarried children
156 under the age of 18 or dependent unmarried mentally or physically disabled children, the
157 children shall qualify for a benefit as prescribed under Subsection 49-15-502(1)(d) which is
158 payable on the first day of the month following the month in which the retiree died.

159 Section 7. Section **49-16-301** is amended to read:

160 **49-16-301. Contributions -- Two divisions -- Election by employer to pay**
161 **employee contributions -- Accounting for and vesting of worker contributions --**
162 **Deductions.**

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

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

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

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

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

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

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

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

180 (b) This amount is held in trust for the payment of benefits to the member or the

181 member's beneficiaries.

182 (c) All member contributions are vested and nonforfeitable.

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

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

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

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

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

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

200 (c) If funds received under this Subsection (6), when calculated as a percentage of the
201 certified contribution rate for members in Division A and B, as defined under Section
202 49-16-301, exceeds the percentage of the certified contribution rate paid to the Firefighters'
203 Retirement Trust Fund in accordance with Subsection 49-16-301(6) on July 1, 2004, the office
204 shall deposit the difference into the General Fund.

205 **Section 8. Repealer.**

206 This bill repeals:

207 **Section 49-11-901, Public Safety Retirees' Cost-of-Living Increase Restricted**
208 **Account.**

209 **Section 49-11-902, Premium tax revenues -- Formula -- Deposits.**

210 **Section 9. Uncodified.**

211 The Division of Finance shall transfer any funds remaining as of July 1, 2007 in the

212 Public Safety Retirees' Cost-of-Living Increase Restricted Account created under Section
213 49-11-901 that is repealed under this act into the General Fund.

214 Section 10. **Effective date.**

215 This bill takes effect on July 1, 2007.