

VOLUNTEER FIREFIGHTERS' RETIREMENT AMENDMENTS

2011 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Ronda Rudd Menlove

Senate Sponsor: Daniel R. Liljenquist

LONG TITLE

General Description:

This bill amends the allocation of premium tax revenues to fund volunteer firefighters' long-term disability program.

Highlighted Provisions:

This bill:

- ▶ requires the Retirement Office to fund the long-term disability benefits for new firefighters using certain premium tax revenues previously deposited into the Firefighters' Retirement Trust Fund; and
- ▶ makes technical amendments.

Money Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:

AMENDS:

49-11-902, as last amended by Laws of Utah 2008, Chapter 227

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

49-23-601, as enacted by Laws of Utah 2010, Chapter 266

ENACTS:

49-11-901.5, Utah Code Annotated 1953

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

30 Section 1. Section **49-11-901.5** is enacted to read:

31 **49-11-901.5. Premium tax revenues -- Distribution.**

32 (1) (a) In accordance with this section there shall be paid to the office:

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

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

40 (b) Payments to the fund shall be made annually until the service liability under this
41 part is liquidated, after which the tax revenue provided in this Subsection (1) ceases.

42 (2) The office shall distribute the premium tax revenue paid under Subsection (1) as
43 follows:

44 (a) an amount determined by the office to fully fund the long-term disability program
45 provided for firefighters under Section 49-23-601;

46 (b) an amount determined by the office to the Firefighters' Retirement Trust Fund
47 created under Section 49-16-104 equal to an amount when calculated as a percentage of the
48 certified contribution rate for members in Division A and B, as defined under Section
49 49-16-301, is the percentage of the certified contribution rate paid to the Firefighters'
50 Retirement Trust Fund on July 1, 2004; and

51 (c) any remaining amount in accordance with Section 49-11-902.

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

53 **49-11-902. Premium tax revenues -- Formula -- Deposits.**

54 (1) [~~(a)~~] If the premium tax revenue received by the office under Subsection
55 [~~49-16-301(6)~~], when calculated as a percentage of the certified contribution rate for members
56 in Division A and B, as defined under Section 49-16-301, exceeds the percentage of the
57 certified contribution rate paid to the Firefighters' Retirement Trust Fund in accordance with

58 ~~Subsection 49-16-301(6) on July 1, 2004,]~~ 49-11-901.5(1) and first paid in accordance with
59 Subsections 49-11-901.5(2)(a) and (b), including any remaining amount, the office shall
60 deposit the [~~difference~~] amount in the:

61 (a) Public Safety Contributory Trust Fund created under Section 49-14-104; and [~~the~~]

62 (b) Public Safety Noncontributory Retirement Trust Fund created under Section
63 49-15-104.

64 [~~(b) If the premium tax revenue does not exceed the percentage of the certified~~
65 ~~contribution rate paid to the Firefighters' Retirement Trust Fund in accordance with Subsection~~
66 ~~49-16-301(6) on July 1, 2004 as calculated under Subsection (1)(a), the board may not make a~~
67 ~~deposit under Subsection (1)(a).]~~

68 (2) The money deposited under this section shall be used to fund an increase for
69 retirees in the public safety retirement systems from a 2.5% maximum annual cost-of-living
70 adjustment to a 4% maximum annual cost-of-living adjustment under Sections 49-14-403 and
71 49-15-403 in the public safety retirement systems.

72 (3) As required to implement this section, the office shall make the calculations and
73 deposits for the equitable apportionment of money between:

74 (a) Division A1 and B1; and

75 (b) the contributory and noncontributory trust funds.

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

77 **49-16-301. Contributions -- Two divisions -- Election by employer to pay**
78 **employee contributions -- Accounting for and vesting of worker contributions --**
79 **Deductions.**

80 (1) In addition to the money paid to this system under [~~Subsection (6)]~~ Section
81 49-11-901.5, participating employers and firefighter service employees shall jointly pay the
82 certified contribution rates to the office to maintain this system on a financially and actuarially
83 sound basis.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

114 ~~the state.]~~

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

118 Section 4. Section **49-23-601** is amended to read:

119 **49-23-601. Long-term disability coverage.**

120 ~~[Each] (1) A participating employer shall cover [the following employees] a public~~
121 ~~safety employee who initially enters employment on or after July 1, 2011, under Title 49,~~
122 ~~Chapter 21, Public Employees' Long-Term Disability Act, or a substantially similar long-term~~
123 ~~disability program[.];~~

124 ~~[(1) public safety employees initially entering employment on or after July 1, 2011;]~~

125 ~~[(2) firefighter service employees initially entering employment on or after July 1,~~
126 ~~2011; and]~~

127 ~~[(3) volunteer firefighters.]~~

128 (2) (a) A participating employer shall cover a firefighter employee who initially enters
129 employment on or after July 1, 2011, under Title 49, Chapter 21, Public Employees'
130 Long-Term Disability Act.

131 (b) In accordance with this section, a participating employer shall provide long term
132 disability benefit coverage for a volunteer firefighter as provided under Section 49-16-701.

133 (c) The office shall ensure that the cost of the long-term disability benefit coverage
134 provided under Subsection (2)(a) and (b) is funded with revenue received under Section
135 49-11-901.5.