

SECOND REGULAR SESSION

[PERFECTED]

# HOUSE BILL NO. 1677

## 94TH GENERAL ASSEMBLY

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INTRODUCED BY REPRESENTATIVE FRANZ.

Read 1st time January 16, 2008 and copies ordered printed.

Read 2nd time January 17, 2008 and referred to the Special Committee on Retirement February 28, 2008.

Reported from the Special Committee on Retirement March 6, 2008 with recommendation that the bill Do Pass by Consent. Referred to the Committee on Rules pursuant to Rule 25(21)(f).

Reported from the Committee on Rules March 11, 2008 with recommendation that the bill Do Pass by Consent with no time limit for debate.

Perfectured by Consent March 26, 2008.

D. ADAM CRUMBLISS, Chief Clerk

4453L.01P

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## AN ACT

To repeal section 70.600, RSMo, and to enact in lieu thereof two new sections relating to the Missouri local government employees' retirement system.

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*Be it enacted by the General Assembly of the state of Missouri, as follows:*

Section A. Section 70.600, RSMo, is repealed and two new sections enacted in lieu thereof, to be known as sections 70.600 and 70.631, to read as follows:

70.600. The following words and phrases as used in sections 70.600 to 70.755, unless a different meaning is plainly required by the context, shall mean:

(1) "Accumulated contributions", the total of all amounts deducted from the compensations of a member and standing to the member's credit in his or her individual account in the members deposit fund, together with investment credits thereon;

(2) "Actuarial equivalent", a benefit of equal reserve value;

(3) "Allowance", the total of the annuity and the pension. All allowances shall be paid not later than the tenth day of each calendar month;

EXPLANATION — Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted from the law. Matter in **bold-face** type in the above bill is proposed language.

9 (4) "Annuity", a monthly amount derived from the accumulated contributions of a  
10 member and payable by the system throughout the life of a person or for a temporary period;

11 (5) "Beneficiary", any person who is receiving or designated to receive a system benefit,  
12 except a retirant;

13 (6) "Benefit program", a schedule of benefits or benefit formulas from which the  
14 amounts of system benefits can be determined;

15 (7) "Board of trustees" or "board", the board of trustees of the system;

16 (8) "Compensation", the remuneration paid an employee by a political subdivision or by  
17 an elected fee official of the political subdivision for personal services rendered by the employee  
18 for the political subdivision or for the elected fee official in the employee's public capacity;  
19 provided, that for an elected fee official, "compensation" means that portion of his or her fees  
20 which is net after deduction of (a) compensation paid by such elected fee official to his or her  
21 office employees, if any, and (b) the ordinary and necessary expenses paid by such elected fee  
22 official and attributable to the operation of his or her office. In cases where an employee's  
23 compensation is not all paid in money, the political subdivision shall fix the reasonable value of  
24 the employee's compensation not paid in money. In determining compensation no consideration  
25 shall be given to:

26 (a) Any nonrecurring single sum payment paid by an employer;

27 (b) Employer contributions to any employee benefit plan or trust;

28 (c) Any other unusual or nonrecurring remuneration; or

29 (d) Compensation in excess of the limitations set forth in Internal Revenue Code Section  
30 401(a)(17). The limitation on compensation for eligible employees shall not be less than the  
31 amount which was allowed to be taken into account under the system as in effect on July 1, 1993.  
32 For purposes of this paragraph, an "eligible employee" is an individual who was a member of the  
33 system before the first plan year beginning after December 31, 1995;

34 (9) "Credited service", the total of a member's prior service and membership service, to  
35 the extent such service is standing to the member's credit as provided in sections 70.600 to  
36 70.755;

37 (10) "Employee", any person regularly employed by a political subdivision who receives  
38 compensation from the political subdivision for personal services rendered the political  
39 subdivision, including any elected official of the political subdivision whose position requires  
40 his or her regular personal services and who is compensated wholly or in part on a fee basis, and  
41 including the employees of such elected fee officials who may be compensated by such elected  
42 fee officials. The term "employee" may include any elected county official. The term  
43 "employee" shall not include any person:

- 44 (a) Who is not an elected official of the political subdivision and who is included as an  
45 active member in any other plan similar in purpose to this system by reason of his or her  
46 employment with his or her political subdivision, except the federal Social Security Old Age,  
47 Survivors, and Disability Insurance Program, as amended; or
- 48 (b) Who acts for the political subdivision under contract; or
- 49 (c) Who is paid wholly on a fee basis, except elected officials and their employees; or
- 50 (d) Who holds the position of mayor, presiding judge, president or chairman of the  
51 political subdivision or is a member of the governing body of the political subdivision; except  
52 that, such an official of a political subdivision having ten or more other employees may become  
53 a member if the official is covered under the federal Social Security Old Age, Survivors, and  
54 Disability Insurance Program, as amended, by reason of such official's employment with his or  
55 her political subdivision, by filing written application for membership with the board after the  
56 date the official qualifies for such position or within thirty days after the date his or her political  
57 subdivision becomes an employer, whichever date is later;
- 58 (11) "Employer", any political subdivision which has elected to have all its eligible  
59 employees covered by the system;
- 60 (12) "Final average salary", the monthly average of the compensations paid an employee  
61 during the period of sixty or, if an election has been made in accordance with section 70.656,  
62 thirty-six consecutive months of credited service producing the highest monthly average, which  
63 period is contained within the period of one hundred twenty consecutive months of credited  
64 service immediately preceding his or her termination of membership. Should a member have  
65 less than sixty or, if an election has been made in accordance with section 70.656, thirty-six  
66 months of credited service, "final average salary" means the monthly average of compensation  
67 paid the member during his or her total months of credited service;
- 68 (13) "Fireman", any regular or permanent employee of the fire department of a political  
69 subdivision, including a probationary fireman. The term "fireman" shall not include:
- 70 (a) Any volunteer fireman; or
- 71 (b) Any civilian employee of a fire department, **except as provided in section 70.631;**  
72 or
- 73 (c) Any person temporarily employed as a fireman for an emergency;
- 74 (14) "Member", any employee included in the membership of the system;
- 75 (15) "Membership service", employment as an employee with the political subdivision  
76 from and after the date such political subdivision becomes an employer, which employment is  
77 creditable as service hereunder;

78 (16) "Minimum service retirement age", age sixty for a member who is neither a  
79 policeman nor a fireman; "minimum service retirement age", age fifty-five for a member who  
80 is a policeman or a fireman;

81 (17) "Pension", a monthly amount derived from contributions of an employer and  
82 payable by the system throughout the life of a person or for a temporary period;

83 (18) "Policeman", any regular or permanent employee of the police department of a  
84 political subdivision, including a probationary policeman. The term "policeman" shall not  
85 include:

86 (a) Any civilian employee of a police department, **except as provided in section 70.631;**  
87 or

88 (b) Any person temporarily employed as a policeman for an emergency;

89 (19) "Political subdivision", any governmental subdivision of this state created pursuant  
90 to the laws of this state, and having the power to tax, except public school districts; a board of  
91 utilities or a board of public works which is required by charter or ordinance to establish the  
92 compensation of employees of the utility separate from the compensation of other employees of  
93 the city may be considered a political subdivision for purposes of sections 70.600 to 70.755; a  
94 joint municipal utility commission may be considered a political subdivision for purposes of  
95 sections 70.600 to 70.755;

96 (20) "Prior service", employment as an employee with the political subdivision prior to  
97 the date such political subdivision becomes an employer, which employment is creditable as  
98 service hereunder;

99 (21) "Regular interest" or "investment credits", such reasonable rate or rates per annum,  
100 compounded annually, as the board shall adopt annually;

101 (22) "Reserve", the present value of all payments to be made on account of any system  
102 benefit based upon such tables of experience and regular interest as the board shall adopt from  
103 time to time;

104 (23) "Retirant", a former member receiving a system allowance by reason of having been  
105 a member;

106 (24) "Retirement system" or "system", the Missouri local government employees'  
107 retirement system.

**70.631. 1. Each political subdivision may, by majority vote of its governing body,  
2 elect to cover emergency police dispatchers and jailors as policemen members of the system  
3 and emergency fire dispatchers and emergency medical service personnel as firemen  
4 members of the system. The clerk or secretary of the political subdivision shall certify an  
5 election concerning the coverage of emergency police dispatchers and jailors as policemen  
6 members of the system and emergency fire dispatchers and emergency medical service**

7 personnel as firemen members of the system to the board within ten days after such vote.  
8 The date in which the political subdivision's election becomes effective shall be the first day  
9 of the calendar month specified by such governing body, the first day of the calendar  
10 month next following receipt by the board of the certification of the election, or the  
11 effective date of the political subdivision's becoming an employer, whichever is the latest  
12 date. Such election shall not be changed after the effective date. If the election is made,  
13 the coverage provisions shall be applicable to the past and future employment with the  
14 employer by present and future employees.

15 2. If an employer elects to cover emergency police dispatchers and jailors as  
16 policemen members of the system and emergency fire dispatchers and emergency medical  
17 service personnel as firemen members of the system, the employer contributions shall be  
18 correspondingly changed effective the same date as the effective date of the political  
19 subdivision's election.

20 3. The limitation on increases in an employer's contributions provided by  
21 subsection 6 of section 70.730 shall not apply to any contribution increase resulting from  
22 an employer making an election under the provisions of this section.

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