

IN THE SENATE

SENATE BILL NO. 1283

BY COMMERCE AND HUMAN RESOURCES COMMITTEE

AN ACT

1 RELATING TO THE PUBLIC EMPLOYEE RETIREMENT SYSTEM; AMENDING SECTION  
2 59-1302, IDAHO CODE, TO REVISE A DEFINITION; AND DECLARING AN EMERGENCY  
3 AND PROVIDING RETROACTIVE APPLICATION.  
4

5 Be It Enacted by the Legislature of the State of Idaho:

6 SECTION 1. That Section 59-1302, Idaho Code, be, and the same is hereby  
7 amended to read as follows:

8 59-1302. DEFINITIONS. (1) As used in this chapter, each of the terms  
9 defined in this section shall have the meaning given in this section unless a  
10 different meaning is clearly required by the context.

11 (2) "Active member" means any employee who is not establishing the  
12 right to receive benefits through his or her employer's participation in any  
13 other retirement system established for Idaho public employees, if such par-  
14 ticipation is mandated by applicable Idaho statutes other than this chapter.  
15 In no case will an employee be entitled to any benefit under this chapter  
16 for public service if such employee is establishing retirement benefit en-  
17 titlements by other Idaho statutes or federal statutes other than military  
18 service or social security for that same service.

19 (3) "Accumulated contributions" means the sum of amounts contributed  
20 by a member of the system, together with regular interest credit thereon.

21 (4) "Actuarial equivalent" means a benefit equal in value to another  
22 benefit, when computed on the basis of the actuarial tables in use by the sys-  
23 tem.

24 (5) "Actuarial tables" means such tables as shall have been adopted by  
25 the board in accordance with recommendations of the actuary.

26 (5A) "Alternate payee" means a spouse or former spouse of a member who is  
27 recognized by an approved domestic retirement order as having a right to all  
28 or a portion of the accrued benefits in the retirement system with respect to  
29 such member.

30 (5B) "Approved domestic retirement order" means a domestic retirement  
31 order that creates or recognizes the existence of an alternate payee's right  
32 or assigns to an alternate payee the right to all or a portion of the accrued  
33 benefits of a member under the retirement system, that directs the system to  
34 establish a segregated account or disburse benefits to an alternate payee,  
35 and that the executive director of the retirement system has determined  
36 meets the requirements of sections 59-1319 and 59-1320, Idaho Code.

37 (5C) "Average monthly salary" means the member's average salary during  
38 the base period as calculated pursuant to rules adopted by the retirement  
39 board.

40 (5D) (a) "Base period" means the period of fifty-four (54) consecutive  
41 calendar months during which the member earned:

42 (i) The highest average salary; and

1 (ii) Membership service of at least one-half (1/2) the number of  
2 months in the period, excluding months of service attributable to:

3 A. Military service;

4 B. Service qualifying as minimum benefit pursuant to sec-  
5 tion 59-1342(5), Idaho Code; and

6 C. Worker's compensation income benefits.

7 (b) Effective October 1, 1993, the consecutive calendar months shall be  
8 forty-eight (48). Effective October 1, 1994, the consecutive calendar  
9 months shall be forty-two (42).

10 (c) Entitlement to a base period shall not vest until the effective date  
11 of that base period. The retirement benefits shall be calculated on the  
12 amounts, terms and conditions in effect at the date of the final contri-  
13 bution by the member.

14 (d) If no base period exists for a member, the member's average monthly  
15 salary shall be determined by the board, using standards not inconsis-  
16 tent with those established in this subsection.

17 (e) To assure equitable treatment for all members, salary increments  
18 inconsistent with usual compensation patterns may be disallowed by the  
19 board in determining average monthly salary and base period.

20 (6) "Beneficiary" means the person who is nominated by the written des-  
21 ignation of a member, duly executed and filed with the board, to receive the  
22 death benefit.

23 (7) "Calendar year" means twelve (12) calendar months commencing on the  
24 first day of January.

25 (7A) "Contingent annuitant" means the person designated by a member un-  
26 der certain retirement options to receive benefit payments upon the death of  
27 the member. The person so designated must be born and living on the effective  
28 date of retirement.

29 (8) "Credited service" means the aggregate of membership service,  
30 prior service and disabled service.

31 (9) "Date of establishment" means July 1, 1965, or a later date estab-  
32 lished by the board or statute.

33 (10) "Death benefit" means the amount, if any, payable upon the death of  
34 a member.

35 (11) "Disability retirement allowance" means the periodic payment be-  
36 coming payable to a member who meets all applicable eligibility requirements  
37 for disability retirement.

38 (12) "Disabled" means:

39 (a) That the member is prevented from engaging in any occupation or em-  
40 ployment for remuneration or profit as a result of bodily injury or dis-  
41 ease, either occupational or nonoccupational in cause, but excluding  
42 disabilities resulting from service in the armed forces of any country  
43 other than the United States, or from an intentionally self-inflicted  
44 injury; and

45 (b) That the member will likely remain so disabled permanently and con-  
46 tinuously during the remainder of the member's life.

47 It is not necessary that a person be absolutely helpless or entirely unable  
48 to do anything worthy of compensation to be considered disabled. If the per-  
49 son is so disabled that substantially all the avenues of employment are rea-  
50 sonably closed to the person, that condition is within the meaning of "dis-

1 abled." In evaluating whether a person is disabled, medical factors and non-  
 2 medical factors, including but not limited to education, economic and social  
 3 environment, training, and usable skills, may be considered.

4 Refusal to submit to a medical examination ordered by the board before the  
 5 commencement of a disability retirement allowance or at any reasonable time  
 6 thereafter shall constitute proof that the member is not disabled. The board  
 7 shall be empowered to select for such medical examination one (1) or more  
 8 physicians or surgeons who are licensed to practice medicine and perform  
 9 surgery. The fees and expenses of such examination shall be paid from the  
 10 administration account of the fund. No member shall be required to undergo  
 11 such examination more often than once each year after he has received a dis-  
 12 ability retirement allowance continuously for two (2) years.

13 (12A) "Disabled service" means the total number of months elapsing from  
 14 the first day of the month next succeeding the final contribution of a member  
 15 prior to receiving a disability retirement allowance to the first day of the  
 16 month following the date of termination of such disability retirement al-  
 17 lowance. During such period, the member shall remain classified in the mem-  
 18 bership category held during the month of final contribution. The total num-  
 19 ber of months of disabled service credited for a person first becoming dis-  
 20 abled after the effective date of this chapter shall not exceed the excess,  
 21 if any, of three hundred sixty (360) over the total number of months of prior  
 22 service and membership service.

23 (12B) "Domestic retirement order" means any judgment, decree, or order,  
 24 including approval of a property settlement agreement, that relates to the  
 25 provision of marital property rights to a spouse or former spouse of a mem-  
 26 ber, and is made pursuant to a domestic relations law, including the commu-  
 27 nity property law of the state of Idaho or of another state.

28 (13) "Early retirement allowance" means the periodic payment becoming  
 29 payable to a member who meets all applicable eligibility requirements for  
 30 early retirement.

31 (13A) "Early retirement" means retirement by a member prior to age sixty  
 32 (60) years for police officer members or age sixty-five (65) years for gen-  
 33 eral members.

34 (14) (A) "Employee" means:

35 (a) Any person who normally works twenty (20) hours or more per week for  
 36 an employer, or a schoolteacher who works half-time or more for an em-  
 37 ployer and who receives salary for services rendered for such employer;

38 (b) Elected officials or appointed officials of an employer who receive  
 39 a salary;

40 (c) A person who is separated from service with fewer than five (5)  
 41 consecutive months of employment and who is reemployed or reinstated by  
 42 an employer participating in the public employee retirement system of  
 43 Idaho within thirty (30) days; or

44 (d) A person receiving differential wage payments as defined in 26  
 45 U.S.C. 3401(h) on or after July 1, 2009. A differential wage payment  
 46 generally refers to an employer payment to an employee called to active  
 47 duty in the uniformed services for more than thirty (30) days that rep-  
 48 represents all or a portion of the compensation he would have received from  
 49 the employer if he were performing services for the employer.

50 (B) "Employee" does not include employment as:

1 (a) A person rendering service to an employer in the capacity of an in-  
2 dependent business, trade or profession; or

3 (b) A person whose employment with any employer does not total five (5)  
4 consecutive months; or

5 (c) A person provided sheltered employment or ~~made-work~~ make-work em-  
6 ployment by a public employer in an employment or industries program  
7 maintained for the benefit of such person; or

8 (d) An inmate of a state institution, whether or not receiving compen-  
9 sation for services performed for the institution; or

10 (e) A student enrolled in an undergraduate, graduate, or career tech-  
11 nical program at and employed by a state college, university, community  
12 college or career technical center when such employment is predicated  
13 on student status; or

14 (f) A person making contributions to the director of the office of per-  
15 sonnel management under the United States civil service system retire-  
16 ment act, except that a person who receives separate remuneration for  
17 work currently performed for an employer and the United States govern-  
18 ment may elect to be a member of the retirement system, in accordance  
19 with rules of the board; or

20 (g) A person not under contract with a school district or charter  
21 school, who on a day-to-day basis works as a substitute teacher replac-  
22 ing a contracted teacher and is paid a substitute wage as established  
23 by district policy or who on a day-to-day basis works as a substitute  
24 assistant replacing a staff instruction assistant or a staff library  
25 assistant and is paid a substitute wage as established by district pol-  
26 icy; or

27 (h) A person occupying a position that does not exceed eight (8) con-  
28 secutive months in a calendar year with a city, county, irrigation  
29 district, cemetery district, soil and water conservation district,  
30 or mosquito abatement district when the city, county, irrigation dis-  
31 trict, cemetery district, soil and water conservation district, or  
32 mosquito abatement district has certified, in writing to the system,  
33 the position is: (i) seasonal or casual; and (ii) affected by weather,  
34 including parks positions, golf course positions, invasive species in-  
35 spection positions, and irrigation positions; or

36 (i) A person in a position that: (i) is eligible for participation in  
37 an optional retirement program established under section 33-107A or  
38 33-107B, Idaho Code; or (ii) would be eligible for participation in  
39 an optional retirement program established under section 33-107A or  
40 33-107B, Idaho Code, if the person was not working less than half-time  
41 or fewer than twenty (20) hours per week.

42 (15) "Employer" means the state of Idaho, or any political subdivision  
43 or governmental entity, provided such subdivision or entity has elected to  
44 come into the system. Governmental entity means any organization composed  
45 of units of government of Idaho or organizations funded only by government  
46 or employee contributions or organizations that discharge governmental re-  
47 sponsibilities or proprietary responsibilities that would otherwise be per-  
48 formed by government. All governmental entities are deemed to be political  
49 subdivisions for the purpose of this chapter. Provided however, that on and  
50 after the effective date of this act, all new employers added to the public

1 employee retirement system must be in compliance with internal revenue regu-  
2 lations governing governmental retirement plans.

3 (15A) "Final contribution" means the final contribution made by a mem-  
4 ber pursuant to sections 59-1331 through 59-1334, Idaho Code.

5 (16) "Firefighter" means:

6 (a) An employee, including paid firefighters hired on or after October  
7 1, 1980, whose primary occupation is that of preventing and extinguish-  
8 ing fires as determined by the rules of the board; or

9 (b) The state fire marshal or the state fire marshal's deputies.

10 (17) "Fiscal year" means the period beginning on July 1 in any year and  
11 ending on June 30 of the next succeeding year.

12 (18) "Fund" means the public employee retirement fund established by  
13 this chapter.

14 (19) "Funding agent" means any bank or banks, trust company or trust  
15 companies, legal reserve life insurance company or legal reserve life insur-  
16 ance companies, or combinations thereof, any thrift institution or credit  
17 union or any investment management firm or individual investment manager  
18 selected by the board to hold and/or invest the employers' and members' con-  
19 tributions and to pay certain benefits granted under this chapter.

20 (20) "Inactive member" means a former active member who is not an em-  
21 ployee and is not receiving any form of retirement allowance, who has not re-  
22 quested a separation benefit, or for whom a separation benefit has not become  
23 payable.

24 (20A) "Ineligible" means:

25 (a) Not eligible to participate and not required to contribute as an em-  
26 ployee when:

27 (i) The employer is not a current member of the public employee  
28 retirement system of Idaho (PERSI);

29 (ii) The employee is not an employee as defined in subsection (14)  
30 of this section; or

31 (iii) The employee is participating in the judges retirement fund,  
32 the firefighters retirement fund or the optional retirement plan;

33 (b) Not eligible for retirement where there has been no termination of  
34 employment from an employer participating in PERSI, the judges retire-  
35 ment fund, the firefighters retirement fund or the optional retirement  
36 plan or where there has been a withdrawn employer; or

37 (c) Not eligible to receive a separation benefit where there has been  
38 no termination of employment from an employer participating in PERSI,  
39 the judges retirement fund, the firefighters retirement fund or the op-  
40 tional retirement plan or where there has been a withdrawn employer.

41 All state agencies, political subdivisions or governmental entities  
42 that qualify as an employer as defined in subsection (15) of this section  
43 or prior to April 4, 2017, were considered an employer and are currently  
44 participating in PERSI are, for purposes of PERSI, deemed one (1) employer  
45 beginning on the effective date of this act.

46 (20B) "Lifetime annuity" means periodic monthly payments of income by  
47 the retirement system to an alternate payee.

48 (20C) "Lump sum distribution" means a payment by the retirement system  
49 of the entire balance in the alternate payee's segregated account, together  
50 with regular interest credited thereon.

1 (21) "Member" means an active member, inactive member or a retired mem-  
2 ber.

3 (22) "Membership service" means military service that occurs after  
4 the commencement of contributions payable under sections 59-1331 through  
5 59-1334, Idaho Code, and service with respect to which contributions are  
6 payable under sections 59-1331 through 59-1334, Idaho Code, which, except  
7 for benefit calculations described in sections 59-1342 and 59-1353, Idaho  
8 Code, includes service transferred to a segregated account under an approved  
9 domestic retirement order.

10 (23) "Military service" means any period of active duty service in the  
11 armed forces of the United States, including the national guard and re-  
12 serves, under the provisions of titles 10, ~~title~~ 32, and ~~title~~ 37, ~~United~~  
13 ~~States code~~ U.S.C., that commences fewer than ninety (90) days after the  
14 person ceases to be an employee and ends fewer than ninety (90) days before  
15 the person again becomes an employee. Provided, if a member fails to again  
16 become an employee as a result of his death while in active duty service,  
17 the member shall be entitled to military service through the date of death.  
18 Provided further, if a member fails to again become an employee due to a dis-  
19 ability retirement resulting from service in the armed forces of the United  
20 States, the member shall be entitled to military service through the date the  
21 disability allowance becomes payable. In no event shall military service  
22 include:

23 (a) Any period ended by dishonorable discharge or during which termina-  
24 tion of such service is available but not accepted; or

25 (b) Any active duty service in excess of five (5) years if at the conve-  
26 nience of the United States government, or in excess of four (4) years  
27 if not at the convenience of the United States government, provided  
28 additional membership service may be purchased as provided in section  
29 59-1362, Idaho Code.

30 (24) (a) "Police officer" for retirement purposes shall be as defined in  
31 section 59-1303, Idaho Code.

32 (b) "POST" means the Idaho peace officer standards and training council  
33 established in chapter 51, title 19, Idaho Code.

34 (25) "Prior service" means any period prior to July 1, 1965, of military  
35 service or of employment for the state of Idaho or any political subdivision  
36 or other employer of each employee who is an active member or in military ser-  
37 vice or on leave of absence on the date of establishment, provided, however,  
38 an employee who was not an active member or in military service or on leave  
39 of absence on the date of establishment shall receive credit for the member's  
40 service prior to July 1, 1965, on the basis of recognizing two (2) months of  
41 such service for each month of membership service. For the purpose of com-  
42 puting such service, no deduction shall be made for any continuous period of  
43 absence from service or military service of six (6) months or less.

44 (26) "Regular interest" means interest at the rate set from time to time  
45 by the board.

46 (27) "Retired member" means a former active member receiving a retire-  
47 ment allowance.

48 (28) "Retirement" means the acceptance of a retirement allowance under  
49 this chapter upon termination of employment and, unless otherwise provided  
50 by law, requires a termination of employment from an employer participating

1 in PERSI, the judges retirement fund, the firefighters retirement fund or  
2 the optional retirement plan.

3 (29) "Retirement board" or "board" means the board provided for in sec-  
4 tions 59-1304 and 59-1305, Idaho Code, ~~to administer~~ that administers the  
5 retirement system.

6 (30) "Retirement system" or "system" means the public employee retire-  
7 ment system of Idaho.

8 (31) (A) "Salary" means:

9 (a) The total salary or wages paid to a person who meets the definition  
10 of employee by an employer for personal services performed and reported  
11 by the employer for income tax purposes, including the cash value of all  
12 remuneration in any medium other than cash.

13 (b) The total amount of any voluntary reduction in salary agreed to by  
14 the member and employer where the reduction is used as an alternative  
15 form of remuneration to the member.

16 (B) Salary in excess of the compensation limitations set forth in sec-  
17 tion 401(a)(17) of the Internal Revenue Code shall be disregarded for  
18 any person who becomes a member of the system on or after July 1, 1996.  
19 The system had no limitations on compensation in effect on July 1, 1993.  
20 The compensation limitations set forth in section 401(a)(17) of the In-  
21 ternal Revenue Code shall not apply for an "eligible employee." For pur-  
22 poses of this subsection, "eligible employee" is an individual who was a  
23 member of the system before July 1, 1996.

24 (C) "Salary" does not include:

25 (a) Contributions by employers to employee-held medical savings ac-  
26 counts, as those accounts are defined in section 63-3022K, Idaho Code.

27 (b) Lump sum payments inconsistent with usual compensation patterns  
28 made by the employer to the employee only upon termination from service  
29 including, but not limited to, vacation payoffs, sick leave payoffs,  
30 early retirement incentive payments and bonuses.

31 (c) Differential wage payments as defined in 26 U.S.C. 3401(h). A dif-  
32 ferential wage payment generally refers to an employer payment to an  
33 employee called to active duty in the uniformed services for more than  
34 thirty (30) days that represents all or a portion of the compensation he  
35 would have received from the employer if he were performing services for  
36 the employer.

37 (d) Employer payments to employees for or related to travel, mileage,  
38 meals, lodging or subsistence expenses, without regard to the taxabil-  
39 ity of such payments for federal income tax purposes and without regard  
40 to the form of payment, including payment made as reimbursement of an  
41 itemized expense voucher and payment made of an unvouchered expense al-  
42 lowance.

43 (31A) "School employee" means any employee of any school district or  
44 charter school employed as instructional staff, pupil service staff, or pro-  
45 fessionally endorsed staff and any staff holding a certificate pursuant to  
46 section 33-1201A, Idaho Code, and school bus drivers and resource officers,  
47 subject to the provisions of subsection (14) of this section.

48 (31B) "Segregated account" means the account established by the retire-  
49 ment system for the alternate payee of a member who is not a retired member.

1 It shall include the months of credited service and accumulated contribu-  
2 tions transferred from the member's account.

3 (32) "Separation benefit" means the amount, if any, pursuant to section  
4 59-1359, Idaho Code.

5 (33) "Service" means being shown on an employer's payroll as an employee  
6 receiving a salary. For each calendar month, service is credited only when a  
7 member is an employee as defined in subsection (14) (A) of this section and is  
8 employed for fifteen (15) days or more during the calendar month. Employment  
9 of fourteen (14) days or less during any calendar month shall not be cred-  
10 ited. No more than one (1) month of service shall be credited for all service  
11 in any month.

12 (34) "Service retirement allowance" means the periodic payment becom-  
13 ing payable upon an active member's ceasing to be an employee while eligible  
14 for service retirement.

15 (34A) "Service retirement" means retirement by a member at or after age  
16 sixty (60) years for police officer members or at or after age sixty-five  
17 (65) years for general members.

18 (35) "State" means the state of Idaho.

19 (35A) "Termination from employment" means the employee has separated  
20 from employment, the employee has ended service with the employer and the em-  
21 ployer has notified PERSI of the termination.

22 (36) "Vested member" means an active or inactive member who has at least  
23 five (5) years of credited service, except that a member who at the time of  
24 his separation from service:

25 (a) Held an office to which he had been elected by popular vote or having  
26 a term fixed by the constitution, statute or charter or was appointed to  
27 such office by an elected official; or

28 (b) Was the head or director of a department, division, agency, statu-  
29 tory section or bureau of the state; or

30 (c) Was employed on or after July 1, 1965, by an elected official of  
31 the state of Idaho and occupied a position exempt from the provisions of  
32 chapter 53, title 67, Idaho Code; and

33 (d) Was not covered by a merit system for employees of the state of  
34 Idaho;

35 is vested without regard to the length of credited service.

36 (37) The masculine pronoun, wherever used, shall include the feminine  
37 pronoun.

38 SECTION 2. An emergency existing therefor, which emergency is hereby  
39 declared to exist, this act shall be in full force and effect on and after its  
40 passage and approval, and retroactively to January 1, 2012.