**Post Legislative Session Wrap-Up: Pension Legislation**

Members of the Association of Montana Retired Public Employees (“AMRPE”):

I am grateful for the opportunity to serve as your dedicated advocate at the Montana State Capitol for the recently concluded 2025 Montana Legislative Session. As a whole, the 2025 Session was unique, and at times, contentious and emotionally pitched. The Legislature drafted and introduced an above average number of bills and passed more bills than any other legislature excluding the legislature that met immediately after implementation of the 1972 constitution.

From a pension specific lens, AMRPE was dedicated to advocating for retired persons receiving a public pension, working to ensure the pension systems remain well funded and stable, and ensuring no adverse impact on those receiving pensions. I am pleased to provide this summary of the pension-related developments from the 2025 legislative session.

House Bill 924: The Montana Growth and Opportunity Trust

HB 924 introduces reforms aimed at enhancing the stability and funding of state pension systems, directly impacting the Public Employees' Retirement System (PERS) and the Teachers' Retirement System (TRS). Key provisions include:

* **Creation of the Montana Growth and Opportunity Trust**: This trust is designed to capture and manage certain state revenues. Within the reinvestment portion, a dedicated pension fund is created to bolster the financial health of PERS and TRS. Notable features are:
  + Supplemental Contributions: The legislation authorizes transfers from the pension fund to PERS and TRS upon certification by the respective retirement system boards. These transfers aim to address unfunded liabilities and improve the overall funding ratios of the systems.
  + Employer Contribution Adjustments: HB 924 provides for an increase in the employer supplemental contribution rate, ensuring that employer contributions align with actuarial requirements and promote long-term solvency.

For AMRPE members, the enactment of HB 924 signifies a proactive approach by the state to secure the financial future of public retirement systems. By allocating revenues and adjusting employer contributions, the legislation aims to enhance funding stability.

However, it must be noted that HB 924’s pension stabilization fund does not automatically put those funds into the constitutionally protected pension trust funds. Instead, the additional pension stabilization funds in HB 924 are held in a separate account and only placed into the pension trust upon the occurrence of certain contingencies. As is stands, the pension stabilization fund created by HB 924 can be used for any other purpose by any other future legislature.

As of the end of May, HB 924’s final disposition is not known. It has not yet been transmitted to the Governor. When it does, the Governor will have 10 days to either veto the bill or allow it to become law.

Senate Bill 7: Vetoed Repeal of Retirement Criteria Changes for HPORS and SRS

SB 7 sought to reverse a 2023 law change by repealing the requirement that members hired on or after July 1, 2023, in the Highway Patrol Officers' Retirement System (HPORS) and the Sheriffs' Retirement System (SRS) must both complete 20 years of membership service and reach the age of 50 to be eligible for a nonforfeitable service retirement benefit.

The bill passed both legislative chambers but was vetoed by Governor Greg Gianforte.

**House Bill 85: Repealing ADEC and Reinstating Former Employer Contributions**

HB 85 reinstates former employer contribution rates for several retirement systems, including the JRS, HPORS, SRS, and GWPORS. This bill was in response to 2023 legislation that created a “modified ADEC” employer contribution model for certain pension systems. The ADEC system altered the employer contribution annually based on the funded ratio of each pension system.

Ultimately, stakeholders, including AMRPE, convinced legislators and the executive that the modified ADEC was not appropriate for the long-term stability of the pension systems and HB 85 restored the employer contributions for these models to their previous levels. The bill passed both legislative chambers and was signed into law on May 12, 2025.

**Senate Bill 56: Supplemental Employer Contributions**

SB 56 mandates supplemental employer contributions for HPORS, SRS, and GWPORS. For each of these systems, the employer contribution will increase by 0.1% each year for 10 years, ultimately resulting in a total of 1.0% increase. By requiring additional contributions from employers, the bill will improve the solvency of the impacted pensions. The additional funding for PERS is included in HB 924, and if HB 924 is vetoed, SB 56 contains contingency language to ensure PERS does get the same 0.1% per year increase.

The bill passed both legislative chambers and was signed into law, demonstrating a proactive approach to ensuring the long-term viability of Montana's public retirement systems.

**Taxation of Social Security Benefits**

AMRPE advocated for a reduction of tax on social security benefits by the State of Montana. Both HB 148 and HB 827 were supported by AMRPE. While HB 148 (which would have repealed all taxation on social security benefits) did not pass its first chamber, HB 827 (a more measured reduction in taxation of social security) was alive and moving until the final day of the legislative session. While HB 827 was ultimately unsuccessful, its near passage signals that there is a certain appetite among legislators to reduce the tax on social security benefits in the future.

Conclusion

The 2025 legislative session brought significant attention to the funding and structure of Montana's public pension systems – and ultimately, a move in the correct direction to ensure the stability of Montana’s pension systems.

AMRPE’s advocacy is an important part of the passage of many of these bills. This association’s engagement ensures legislators know that a constituency is paying close attention to the issue.

It has been my pleasure to advocate for AMRPE and work on pensions in this most recent legislative session. Should you have any questions or require further information, please do not hesitate to reach out.

Brian Thompson

Browning, Kaleczyc, Berry & Hoven