

SENATE FILE NO. SF0039

Firemen's pension plan benefits.

Sponsored by: Joint Appropriations Committee

A BILL

for

1 AN ACT relating to firemen pensions; providing legislative  
2 findings; reducing future cost-of-living increases for  
3 certain retired firemen and dependents; specifying  
4 application of the act; requiring contributions from  
5 employers; providing for loans to employers as specified;  
6 providing for the withholding of certain fund distributions  
7 to employers failing to repay loans; creating an account;  
8 providing for a distribution of fire insurance premium  
9 taxes to the account and reducing other distribution of  
10 those taxes accordingly; providing appropriations; and  
11 providing for an effective date.

12

13 *Be It Enacted by the Legislature of the State of Wyoming:*

14

15 **Section 1.** W.S. 15-5-211 is created to read:

16

1           **15-5-211. Fire A pension plan legislative findings.**

2

3           (a) The legislature finds:

4

5                   (i) The paid firemen's pension plan was  
6 established in 1935 and restructured in 1981. In 1981 with  
7 the restructuring of the paid firemen's pension plan, the  
8 original firemen's pension plan became known as "paid  
9 firemen plan A" or "Fire A". The legislature contributed  
10 approximately forty-six million eight hundred thousand  
11 dollars (\$46,800,000.00) between 1981 and 1996 to make up  
12 the accumulated underfunding of Fire A from inception to  
13 the point of restructuring;

14

15                   (ii) Statute has directed since the inception of  
16 the paid firemen's pension plan and as provided in W.S.  
17 15-5-202 that the firemen's pension account shall be  
18 administered without liability on the part of the state  
19 beyond the amount of the fund;

20

21                   (iii) Upon recommendation from the Wyoming  
22 retirement system and consulting actuaries, the legislature  
23 adopted an act ceasing contributions to Fire A as of April

1 1, 1997. This included the previously required  
2 contributions of eight percent (8%) of salary, employer  
3 contributions of twenty-one percent (21%) of salary and  
4 contributions of fifty percent (50%) of the fire insurance  
5 premium tax collected by the state each year;

6

7 (iv) Had employers and employees made  
8 contributions between April 1, 1997 and December 31, 2020  
9 the estimated contributions would be worth approximately  
10 thirty-three million dollars (\$33,000,000.00) as of  
11 December 31, 2020, using a seven percent (7%) annual rate  
12 of return;

13

14 (v) Upon the recommendation of the Wyoming  
15 retirement system and consulting actuaries, the legislature  
16 repeatedly increased benefits for Fire A members and  
17 retirees. Increases included an increase of the percentage  
18 of salary used to calculate benefits, the removal of a cap  
19 on benefits and the increase of benefits for surviving  
20 spouses from thirty-three and one-third percent (33 1/3%)  
21 up to one hundred percent (100%);

22

1           (vi) Despite an actuarial report dated January  
2 1, 2002 noting a deteriorated funded position of Fire A,  
3 employee and employer contributions were not reinstated;

4

5           (vii) The Wyoming retirement system reports that  
6 the Fire A retiree pension payroll was nine million three  
7 hundred thousand dollars (\$9,300,000.00) in 2002 and is  
8 estimated to be sixteen million three hundred thousand  
9 dollars (\$16,300,000.00) in 2021. This increase is  
10 primarily due to the statutory three percent (3%) annual  
11 compounded cost-of-living adjustment that has been in  
12 effect since 2004;

13

14           (viii) In 2014 a bill to improve the funded  
15 status of Fire A by reducing the cost of living provision  
16 and restarting contributions from employers and the state  
17 did not pass the legislature;

18

19           (ix) The retirement system board shifted the  
20 investments of Fire A to a fixed-income portfolio on  
21 January 1, 2021;

22

1           (x) The retirement system actuaries estimate  
2 Fire A will exhaust all assets sometime in 2026 if no  
3 changes are made;

4

5           (xi) As of January 1, 2021, there were two  
6 hundred sixty-six (266) retirees and surviving spouses  
7 eligible to receive benefits from Fire A;

8

9           (xii) The Wyoming retirement system calculator  
10 provided to the legislature estimates that if the funding  
11 for Fire A were to be solved entirely with contributions,  
12 it would require a total contribution of one hundred  
13 forty-eight million one hundred thousand dollars  
14 (\$148,100,000.00) on January 1, 2022, assuming assets are  
15 reinvested in a diversified portfolio;

16

17           (xiii) The Wyoming retirement system calculator  
18 provided to the legislature estimates that if the funding  
19 for Fire A were to be solved entirely with benefit  
20 reductions, it would require elimination of all future  
21 cost-of-living adjustments and an additional benefit  
22 reduction of fifty-seven percent (57%) of all current

1 benefits on January 1, 2022. This assumes assets are  
2 reinvested in a diversified portfolio;

3

4 (xiv) A combination of benefit reductions and  
5 additional contributions could be used to provide for the  
6 funding requirements to make Fire A actuarially solvent for  
7 the remaining life of the plan.

8

9 **Section 2.** W.S. 9-4-601(a) by creating a new  
10 paragraph (xii), 15-5-202 by creating a new subsection (e),  
11 15-5-203 by creating a new subsection (h), 15-5-204(g),  
12 26-4-102(b)(ii) and 39-14-801(d)(intro) and by creating a  
13 new subsection (j) are amended to read:

14

15 **9-4-601. Distribution and use; funds, accounts,**  
16 **cities and towns benefited; exception for bonus payments.**

17

18 (a) All monies received by the state of Wyoming from  
19 the secretary of the treasury of the United States under  
20 the provisions of the act of congress of February 25, 1920  
21 (41 Stat. 437, 450; 30 U.S.C. §§ 181, 191), as amended, or  
22 from lessees or authorized mine operators and all monies  
23 received by the state from its sale of production from

1 federal mineral leases subject to the act of congress of  
2 February 25, 1920 (41 Stat. 437, 450; 30 U.S.C. §§ 181,  
3 191) as amended, except as provided by subsection (b) of  
4 this section, shall be deposited into an account and the  
5 first two hundred million dollars (\$200,000,000.00) of  
6 revenues received in any fiscal year shall be distributed  
7 by the state treasurer as provided in this subsection. One  
8 percent (1%) of these revenues shall be credited to the  
9 general fund as an administrative fee, and the remainder  
10 shall be distributed as follows:

11

12 (xii) If insufficient funds are available under  
13 W.S. 39-14-801(j) to fully satisfy any delinquent payment  
14 owed by a city or county under W.S. 15-5-203(h), the state  
15 treasurer shall withhold from any payment due to a city or  
16 county under this subsection an amount as necessary to  
17 satisfy any delinquent payment owed by a city or county  
18 under W.S. 15-5-203(h). The withheld amount shall be  
19 deposited to the legislative stabilization reserve account  
20 and credited against the delinquent entity's unpaid loan  
21 amount.

22

1           15-5-202. Pension account; creation; administration;  
2 donations; investment; dual participation prohibited.

3  
4           (e) There is created the Fire A legislative reserve  
5 account. Funds in the account shall only be expended for  
6 the purposes of funding the shortfall in Fire A as  
7 identified in the legislative findings under W.S. 15-5-211.  
8 Funds in the account shall be invested in the same manner  
9 as funds in the firemen's pension account created by W.S.  
10 15-5-202 and all investment earnings from the Fire A  
11 legislative reserve account shall be credited to the Fire A  
12 legislative reserve account. Funds in the account shall  
13 only be expended if funds in the firemen's pension account  
14 are insufficient to provide benefits under this article.  
15 Funds in the Fire A legislative reserve account shall  
16 revert to the general fund once no person remains alive who  
17 is entitled to benefits under this article.

18  
19           15-5-203. Firemen and employer contributions;  
20 imposition at discretion of board; amounts; how and when  
21 collected, suspended and reinstated.

22



1       (h) In addition to any other contribution required or  
2 authorized by this section, on April 1, 2022 the board  
3 shall assess employers for contributions in a total amount  
4 of twenty million dollars (\$20,000,000.00) in order to  
5 achieve a proper actuarial funding level for the firemen's  
6 pension account in accordance with the legislative findings  
7 under W.S 15-5-211. The total assessment under this  
8 subsection shall be paid proportionately by employers with  
9 payments allocated to each employer by the board based upon  
10 the number of retirees, surviving spouses or other  
11 dependents receiving benefits under this article from the  
12 firemen's pension account as of April 1, 2022. The state  
13 treasurer shall provide a loan to each employer for the  
14 payment required under this subsection which amounts shall  
15 be credited to the Fire A legislative reserve account.  
16 Loans under this subsection shall be repaid without  
17 interest over a period of twenty (20) years in equal  
18 payments in the time and manner required by the state  
19 treasurer and shall be deposited in the legislative  
20 stabilization reserve account. If repayment is not paid to  
21 the state treasurer when due, the state treasurer shall  
22 make the delinquent payment as provided in W.S.  
23 39-14-801(j) and 9-4-601(a)(xii). Any delinquency not

1 satisfied by those withholdings may be recovered in an  
2 action authorized under subsection (d) of this section,  
3 together with interest on the amount recovered as provided  
4 therein.

5

6 **15-5-204. Pensions; amounts; qualifications; when**  
7 **paid; disability benefits; disqualifications; examinations;**  
8 **disallowance; actions; adjustment.**

9

10 (g) Any pension benefit, survivor benefit or  
11 disability benefit received by an eligible individual under  
12 this article, and the fireman for whom the benefit is  
13 generated has been retired for a period of not less than  
14 one (1) year, shall **not** be increased ~~each year by at least~~  
15 ~~three percent (3%). In the event the most current actuarial~~  
16 ~~valuation indicates the market value of assets is greater~~  
17 ~~than one hundred fifteen percent (115%) of the actuarial~~  
18 ~~value of liabilities, the board may increase the benefit by~~  
19 ~~an amount determined affordable by the actuary, but in no~~  
20 ~~case shall the total increase be greater than five percent~~  
21 ~~(5%) of the benefit. Any increase under this subsection~~  
22 ~~shall be added to the pension benefit, survivor benefit or~~  
23 ~~disability benefit and compounded for purposes of~~

1 ~~determining the total benefit amount in subsequent years~~  
2 ~~after April 1, 2022.~~

3  
4 **26-4-102. Record of receipts; payment to treasurer;**  
5 **credit to fund.**

6  
7 (b) The commissioner shall promptly deposit all  
8 monies he receives from any charges to the general fund,  
9 with receipt and acknowledgement submitted to the state  
10 treasurer, except that:

11  
12 (ii) ~~Up to one hundred percent (100%)~~ Sixty  
13 percent (60%) of the gross premium tax levied upon fire  
14 insurance premiums shall be deposited by the state  
15 treasurer in the volunteer firefighter, EMT and search and  
16 rescue pension account pursuant to W.S. 35-9-628 and forty  
17 percent (40%) of the gross premium tax levied upon fire  
18 insurance premiums shall be deposited by the state  
19 treasurer in the Fire A legislative reserve account created  
20 by W.S. 15-5-202(e). For purposes of this paragraph, the  
21 gross premium tax levied upon fire insurance premiums is  
22 equal to thirty percent (30%) of the total gross premium

1 tax levied upon all property, casualty and multiple line  
2 insurers;

3

4 **39-14-801. Severance tax distributions; distribution**  
5 **account created; formula.**

6

7 (d) After making distributions pursuant to  
8 subsections (b), (c), ~~and~~ (f) and (j) of this section,  
9 distributions under subsection (e) of this section shall be  
10 made from the severance tax distribution account. The  
11 amount of distributions under subsection (e) of this  
12 section shall not exceed one hundred fifty-five million  
13 dollars (\$155,000,000.00) in any fiscal year. To the extent  
14 that distributions under subsection (e) of this section  
15 would exceed that amount in any fiscal year, except as  
16 provided in subsections (g) and (h) of this section, the  
17 excess shall be credited:

18

19 (j) The state treasurer shall withhold from any  
20 payment due to a city or county under this section an  
21 amount equal to any delinquent payment owed by a city or  
22 county under W.S. 15-5-203(h). The withheld amount shall be  
23 deposited to the legislative stabilization reserve account

1 and credited against the delinquent entity's unpaid loan  
2 amount.

3

4       **Section 3.** The reduction in benefit increases in W.S.  
5 15-5-204(g), as amended by section 2 of this act, shall not  
6 apply to any increases implemented by that subsection prior  
7 to the effective date of this act.

8

9       **Section 4.**

10

11       (a) There is appropriated fifty-five million dollars  
12 (\$55,000,000.00) from the general fund to the Fire A  
13 legislative reserve account created by W.S. 15-5-202(e).

14

15       (b) There is appropriated twenty million dollars  
16 (\$20,000,000.00) on behalf of the employers that are  
17 required to contribute as provided in W.S. 15-5-203(h) from  
18 the legislative stabilization reserve account to the Fire A  
19 legislative reserve account created by W.S. 15-5-202(e).  
20 The amount provided on behalf of employers under this  
21 subsection shall be repaid to the legislative stabilization  
22 reserve account by the employers as provided in W.S.  
23 15-5-203(h).

1

2       **Section 5.** This act is effective April 1, 2022.

3

4

(END)