

Sec. 26. Section 123.185, Code 1987, is amended to read as follows:

123.185 RECORDS REQUIRED.

Each class "A" wine permittee shall keep books of account and records showing each sale of wine, which shall be at all times open to inspection by the administrator and agents of the division pursuant to section 123.30, subsection 1. Each class "B" wine permittee shall keep proper books of account and records showing each purchase of wine and the date and the amount of each purchase and the name of the person from whom each purchase was made, which shall be open to inspection by the administrator and agents of the division pursuant to section 123.30, subsection 1, during normal business hours of the permittee.

Approved May 13, 1988

CHAPTER 1242

PUBLIC RETIREMENT ADMINISTRATION AND BENEFITS

H.F. 2405

AN ACT relating to the administration and benefits for certain public retirement systems, making appropriations, providing an effective date, and providing retroactive applicability.

Be It Enacted by the General Assembly of the State of Iowa:

Section 1. Section 12.8, unnumbered paragraph 3, Code 1987, is amended to read as follows:

The treasurer of state, following with the approval by of the investment board of the Iowa public employees' retirement system, may implement and engage in conduct a program of lending securities in the Iowa public employees' retirement system portfolio, except the lending of common stocks shall not be allowed. When securities are loaned as provided by this paragraph, the treasurer, in order to secure the loan and as a condition thereof, shall obtain from the borrower federal securities of at least equal to one hundred three percent of market value, and the relative value of the collateral to the loan shall be maintained shall act in the manner provided for investment of moneys in the Iowa public employees' retirement fund under section 97B.7. The treasurer of state shall include in the reports required by sections 12.17 and 17.3, a review of the program including the fiscal impact of the program report at least annually to the investment board of the Iowa public employees' retirement system on the program and shall provide additional information on the program upon the request of the investment board or the employees of the Iowa public employees' retirement system division of the department of personnel.

Sec. 2. Section 97A.1, subsection 2, Code 1987, is amended to read as follows:

2. "Peace officer" or "peace officers" shall mean all members of the divisions of highway safety and uniformed force and criminal investigation and bureau of identification in the department of public safety, except clerical workers, who have passed a satisfactory physical and mental examination and have been duly appointed as members of the state department of public safety in accordance with the provisions of section 80.15, and the division of drug law enforcement, and arson investigators in the department of public safety hired prior to July 1, 1988, except clerical workers, and the division of beer and liquor law enforcement of the department of public safety, except clerical workers.

Sec. 3. Section 97A.6, subsection 8, paragraph b, unnumbered paragraph 1, Code 1987, is amended to read as follows:

In lieu of the payment specified in paragraph "a," a beneficiary meeting the qualifications of paragraph "c" may elect to receive a monthly pension equal to one-twelfth of forty percent of the average final compensation of the member, but not less than fifty dollars an amount equal to twenty percent of the monthly earnable compensation paid to an active member having the rank of senior patrol officer of the Iowa highway safety patrol if the member was in service at the time of death. For a member not in service at the time of death, the pension shall be reduced as provided in subsection 1, paragraph "b".

Sec. 4. Section 97A.6, subsection 8, paragraph c, subparagraphs (1) and (2), Code 1987, are amended to read as follows:

(1) ~~The spouse, to continue so long as the spouse remains unmarried.~~

(2) If there is no spouse, or if the spouse dies ~~or remarries~~ and there is a child of a member, then the guardian of the member's child or children, divided as the board of trustees determines, to continue as a joint and survivor pension until every child of the member dies or attains the age of eighteen, or twenty-two if applicable.

Sec. 5. Section 97A.6, subsection 12, paragraph a, Code 1987, is amended to read as follows:

a. ~~To the member's surviving spouse to continue so long as said party remains unmarried,~~ equal to one-half the amount received by ~~such the~~ deceased beneficiary, but in no instance less than fifty dollars per month an amount equal to twenty percent of the monthly earnable compensation paid to an active member having the rank of senior patrol officer of the Iowa highway safety patrol, and in addition ~~thereto~~ a monthly pension equal to the monthly pension payable under subsection 9, paragraph "c," of this section for each child under eighteen years of age or twenty-two years of age if applicable; or

Sec. 6. Section 97A.6, subsection 14, paragraph a, subparagraph (2), Code 1987, is amended to read as follows:

(2) Twenty percent for members with five or more years of membership service who are receiving an ordinary disability retirement allowance. However, effective July 1, 1984, for members who retired before July 1, 1979, and effective July 1, 1988, for members who retire on or after July 1, 1988, twenty-five percent shall be used for members who are receiving an ordinary disability retirement allowance.

Sec. 7. Section 97A.9, Code 1987, is amended to read as follows:

97A.9 MILITARY SERVICE EXCEPTIONS.

~~Any~~ A member who is absent from duty as a peace officer while serving in the armed services of the United States or its allies and is discharged or separated ~~therefrom~~ from service in the armed forces under honorable conditions shall have ~~any such the period or periods of absence while serving in such the~~ the period ~~of periods~~ of absence while serving in ~~such the~~ the armed services on other than a voluntary basis and one ~~such~~ such period of absence, not in excess of four years, while serving in ~~such the~~ the armed forces on a voluntary basis, included as part of the member's period of service in the department. ~~Such The~~ The member ~~shall is~~ not be required to continue the contributions required of the member under section 97A.8, during ~~such the~~ the period of military service, ~~provided that if the member shall,~~ within ~~six months one year~~ one year after the member has been discharged or separated under honorable conditions from ~~such military service return returns,~~ and ~~resume resumes~~ resumes the member's duties in the department, and ~~provided further, that such if the member shall be is~~ declared physically capable of ~~resuming such to resume those~~ resuming those duties upon examination by the medical board.

Sec. 8. Section 97B.2, Code 1987, is amended to read as follows:

97B.2 PURPOSE OF CHAPTER.

The purpose of this chapter is to promote economy and efficiency in the public service by providing an orderly means whereby for employees who become superannuated may, without hardship or prejudice, be replaced by more capable employees, and to that end providing to have a retirement system which will provide for the payment of annuities to public employees, thereby enabling the employees to care for themselves in retirement, and which by its provisions will improve public employment within the state, reduce excessive personnel turnover, and offer suitable attraction to high-grade men and women to enter public service in the state.

Sec. 9. Section 97B.4, unnumbered paragraph 2, Code 1987, is amended to read as follows:

The department, members of the investment board, and the treasurer of state are not personally liable for actions or omissions, under this chapter that do not involve malicious or wanton misconduct even if those actions or omissions violate the standards established in section 97B.7.

Sec. 10. Section 97B.4, Code 1987, is amended by adding the following new unnumbered paragraph:

NEW UNNUMBERED PARAGRAPH. In the administration of the investment of moneys in the fund, employees of the department and members of the board may travel outside the state for the purpose of meeting with investment firms and consultants and attending conferences and meetings to fulfill their fiduciary responsibilities. This travel is not subject to section 421.38, subsection 2.

Sec. 11. Section 97B.7, subsection 2, paragraph b, unnumbered paragraph 1, Code 1987, is amended to read as follows:

Invest, subject to chapter 12A, the portion of the retirement fund which in the judgment of the department is not needed for current payment of benefits under this chapter. The department shall execute the disposition and investment of moneys in the retirement fund in accordance with the investment policy and goal statement established by the investment board. In the investment of the fund, the department and investment board shall exercise the judgment and care, under the circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs as provided in section 633.123, subsection 1, not for the purpose of speculation, but with regard to the permanent disposition of the funds, considering the probable income, as well as the probable safety, of their capital. Within the limitations of the standard prescribed in this section, a fiduciary may acquire and retain every kind of property and every kind of investment which persons of prudence, discretion, and intelligence acquire or retain for their own account.

Sec. 12. Section 97B.7, subsection 2, paragraph b, unnumbered paragraph 4, Code 1987, is amended to read as follows:

Consistent with this paragraph, investments made under this paragraph shall be made in a manner that will enhance the economy of this state, and in particular, will result in increased employment of the residents of this state. Investments of moneys in the fund are not subject to sections 73.15 through 73.21.

Sec. 13. Section 97B.7, subsection 2, paragraph b, unnumbered paragraph 5, Code 1987, is amended to read as follows:

If Except as provided in section 97B.4, if there is loss on the redemption or sale of securities, where invested as prescribed by law, neither to the fund, the treasurer, nor the department is, and the board are not personally liable, but and the loss shall be charged against the retirement fund, and there There is appropriated from the retirement fund an the amount

as required for the to cover a loss. Expenses incurred in the sale and purchase of securities belonging to the retirement fund shall be charged to the retirement fund, and there is appropriated from the retirement fund ~~an~~ the amount as required for the expenses incurred. Investment management expenses shall be charged to the investment income of the retirement fund, and there is appropriated from the retirement fund ~~an~~ the amount as required for the investment management expenses, subject to the limitations stated in this subparagraph. The amount appropriated for a fiscal year under this subparagraph shall not exceed one-half percent of the market value of the retirement fund. The department shall report the investment management expenses for a fiscal year as a percent of the market value of the retirement fund in the annual report to the governor required in section 97B.4. A person who has signed a contract with the department for investment management purposes shall meet the requirements for doing business in Iowa sufficient to be subject to tax under rules of the department of revenue and finance.

Sec. 14. Section 97B.8, unnumbered paragraph 3, Code 1987, is amended to read as follows:

The members who are executives of a domestic life insurance company, a state or national bank, and a major industrial corporation, and the member who is a retired member of the system, shall be paid their actual expenses incurred in performance of their duties and shall receive in addition the sum of forty dollars for each day of service not exceeding forty days per year. Legislative members shall receive forty dollars for each day of service and their actual expenses incurred in the performance of their duties. The per diem and expenses of the legislative members shall be paid from funds appropriated under section 2.12. The members who are active members of the system and the director of the department shall be paid their actual expenses incurred in the performance of their duties as members of the board and performance of their duties as members of the board shall not affect their salaries, ~~vacation~~ vacations, or leaves of absence for sickness or injury. The appointive terms of the members appointed by the governor are for a period of six years beginning and ending as provided in section 69.19. If there is a vacancy in the membership of the board, the governor has the power of appointment. Appointees to this board are subject to confirmation by the senate.

Sec. 15. Section 97B.9, unnumbered paragraph 1, Code 1987, is amended to read as follows:

Contributions unpaid on the date on which they are due and payable as prescribed by the department, shall bear interest at the combined interest and dividend rate of one-half of one per centum per month from and after such date until payment plus accrued interest is received by the department required under section 97B.70 for the applicable calendar year, provided that the department may prescribe fair and reasonable regulations pursuant to which ~~such~~ the interest shall not accrue with respect to contributions required. Interest collected pursuant to this section shall be paid into the Iowa public employees' retirement fund.

Sec. 16. Section 97B.11, Code 1987, is amended to read as follows:

97B.11 CONTRIBUTIONS BY EMPLOYER AND EMPLOYEE.

Each employer shall deduct from the wages of each member of the system a contribution in the amount of three and six-tenths percent of the covered wages paid by the employer through June 30, 1979, and commencing July 1, 1979 in the amount of three and seven-tenths percent of the covered wages paid by the employer, until the ~~first of the month in which the member attains the age of seventy years or the member's termination or retirement from employment, whichever is earlier.~~ The contributions of the employer shall be in the amount of three and one-half percent of the covered wages of the member for service through December 31, 1975, and in the amount of five and twenty-five hundredths percent of the covered wages of the

member for service commencing July 1, 1977, through June 30, 1979, and in the amount of five and seventy-five hundredths percent of the covered wages of the member for service commencing July 1, 1979.

Sec. 17. Section 97B.15, Code 1987, is amended to read as follows:

97B.15 RULES.

The department shall have full power and authority to may make rules under chapter 17A and to establish procedures, not inconsistent with the provisions of this chapter, which are necessary or appropriate to carry out such provisions implement this chapter and shall adopt reasonable and proper rules to regulate and provide for the nature and extent of the proofs and evidence and the method of taking and furnishing the same proofs and evidence in order to establish the right to benefits hereunder under this chapter. The department may adopt rules to conform the requirements for receipt of retirement benefits under this chapter to the mandates of applicable federal statutes and regulations governing age discrimination or the taxation of distributions.

Sec. 18. Section 97B.16, Code 1987, is amended by striking the section and inserting in lieu thereof the following:

97B.16 PROCEDURE OF DEPARTMENT.

The department shall make decisions as to the rights of an individual applying for a payment under this chapter. When requested by an individual, or a person who makes a showing in writing that the individual's or person's rights may be prejudiced by a decision the department has made, a hearing shall be scheduled under the Iowa administrative procedures Act, chapter 17A. If a hearing is held, the decision shall, on the basis of evidence adduced at the hearing, be affirmed, modified, or reversed under chapter 17A.

Sec. 19. Section 97B.17, Code 1987, is amended to read as follows:

97B.17 RECORDS MAINTAINED.

The department shall establish and maintain records of each member, including but not limited to the amount of wages of each member, the contribution of each member with interest, and interest dividends credited thereon, and such these records shall be are the basis for the compilation of the retirement benefits provided under this chapter. Such The following records maintained under this chapter containing personal identifiable information are not public records for the purposes of chapter 22:

1. Records containing social security numbers.
2. Records listing designated beneficiaries.
3. Records specifying amounts accumulated in members' active accounts.
4. Records containing names, addresses, and amounts of monthly benefits to which members or their beneficiaries are entitled.
5. Records containing names, addresses, and amounts of lump sum refund payments to terminated members or their beneficiaries.

Summary information concerning the demographics of the members and general statistical information concerning the system is subject to chapter 22, as well as aggregate information by category.

However, the department's records shall be are evidence for the purpose of proceedings before the department or any court of the amounts of such wages and the periods in which they were paid, and the absence of an entry as to an individual's a member's wages in such the records for any period shall be is evidence that no wages were not paid such individual that member in such the period.

Sec. 20. Section 97B.37, Code 1987, is amended to read as follows:

97B.37 RECOGNITION OF AGENTS.

The department may prescribe rules governing the recognition of agents or other persons, ~~other than attorneys as hereinafter provided,~~ representing claimants before the department, and may require of ~~such the~~ agents or other persons, before being recognized as representatives of claimants, that they ~~shall~~ show that they are of good character and in good repute, possessed of the necessary qualifications to enable them to render ~~such the~~ claimants valuable service, and otherwise competent to advise and assist ~~such the~~ claimants in the presentation of their cases. An attorney in good standing who is admitted to practice before the district or supreme court of the state, shall be entitled to represent claimants before the department upon filing with the department a certificate of the attorney's right to so practice from the presiding judge or clerk of any such court. Claimants may be represented by counsel at their own expense.

Sec. 21. Section 97B.41, subsection 1, paragraph a, unnumbered paragraph 1, Code Supplement 1987, is amended to read as follows:

"Wages" means all remuneration for employment, including the cash value of remuneration paid in a medium other than cash, but not including the cash value of remuneration paid in a medium other than cash necessitated by the convenience of the employer. The amount agreed upon by the employer and employee for remuneration paid in a medium other than cash shall be reported to the department by the employer and is conclusive of the value of the remuneration. However, remuneration which does not equal or exceed the sum of three hundred dollars in a calendar quarter shall be excluded. "Wages" does not include special lump sum payments made as payment for accrued sick leave or accrued vacation or payments made as an incentive for early retirement or as payments made upon dismissal, severance, or a special bonus payment. Wages for an elected official means the salary received by an elected official, exclusive of expense and travel allowances.

Sec. 22. Section 97B.41, subsection 1, paragraph b, subparagraph (8), Code Supplement 1987, is amended to read as follows:

(8) ~~For each the~~ calendar year ~~from beginning~~ January 1, 1988, and thereafter, ~~except as provided in subparagraph (9) and ending~~ December 31, 1988, wages not in excess of twenty-four thousand dollars.

Sec. 23. Section 97B.41, subsection 1, paragraph b, subparagraph (9), Code Supplement 1987, is amended to read as follows:

(9) ~~For Commencing~~ January 1, 1989, for each calendar year thereafter, the department shall increase the covered wages limitation ~~from the previous calendar year~~ by ~~one two~~ thousand dollars if the annual actuarial valuation of the assets and liabilities of the retirement system indicates that the cost of the increase in covered wages can be absorbed within the employer and employee contribution rates in effect under section 97B.11. However, covered wages shall not exceed forty thousand dollars for a calendar year.

Sec. 24. Section 97B.41, subsection 1, paragraph b, subparagraph (10), Code Supplement 1987, is amended to read as follows:

(10) Effective July 1, 1978 1988, covered wages ~~shall~~ does not include wages to a member on or after the first of the month in which the member attains the age of seventy years, or after the effective date of the member's retirement unless the member is re-employed reemployed, as provided under section 97B.48, subsection 3.

Sec. 25. Section 97B.41, subsection 3, paragraph a, unnumbered paragraph 2, Code Supplement 1987, is amended to read as follows:

If an interstate agency is established under chapter 28E and similar enabling legislation in an adjoining state, and a city an employer had made contributions to the system for employees performing functions which are transferred to the interstate agency, the employees of the interstate agency who perform those functions shall be considered to be employees of the city employer for the sole purpose of membership in the system, although the employer contributions for those employees are made by the interstate agency.

Sec. 26. Section 97B.41, subsection 3, paragraph b, subparagraph (1), Code Supplement 1987, is amended to read as follows:

(1) Elective officials in positions for which the compensation is on a fee basis, elective officials of school districts, elective officials of townships, and elective officials of other political subdivisions who are in part-time positions, graduate medical students while serving as interns or resident doctors in training at any hospital, or county medical examiners and deputy county medical examiners under chapter 331, division V, part 7 8. However, a county attorney is an employee for purposes of this chapter whether that county attorney is employed on a full-time or a part-time basis.

Sec. 27. Section 97B.41, subsection 3, paragraph b, Code Supplement 1987, is amended by adding the following new subparagraph:

NEW SUBPARAGRAPH. (14) Employees of the Iowa peace institute, established in chapter 38, unless an employee files an application with the department to be covered under this chapter.

Sec. 28. Section 97B.41, subsection 10, Code Supplement 1987, is amended by adding the following new paragraph:

NEW PARAGRAPH. e. On or after July 1, 1988, an inactive member who had accumulated, as of the date of the member's last termination of employment, years of membership service equal to or exceeding the years of membership service specified in this subsection for qualifying as a vested member on that date of termination.

Sec. 29. Section 97B.41, subsection 13, paragraph a, Code Supplement 1987, is amended to read as follows:

a. Service in the armed forces of the United States during a period of war or national emergency, ~~provided if~~ the employee was employed by the employer immediately prior to entry into ~~such~~ the armed forces, and ~~further provided if~~ the employee was released from ~~such~~ service and returns to employment with the employer within ~~ninety days~~ twelve months of the date on which the employee ~~shall have~~ has the right of release from ~~such~~ service or within ~~such~~ a longer period as ~~may be~~ provided by the applicable laws of the United States ~~applicable thereto~~.

Sec. 30. Section 97B.41, subsection 17, Code Supplement 1987, is amended to read as follows:

17. "Membership service" means service rendered by a member after July 4, 1953, and ~~prior to the first of the month in which the member attains the age of seventy years~~. Years of membership service shall be counted to the complete quarter calendar year.

Sec. 31. Section 97B.43, Code 1987, is amended by adding the following new unnumbered paragraph:

NEW UNNUMBERED PARAGRAPH. Effective July 1, 1988, a member eligible for an increased retirement allowance because of the repayment of contributions under this section is entitled to receipt of retroactive adjustment payments for no more than six months immediately preceding the month in which written notice was submitted to the department.

Sec. 32. Section 97B.45, Code 1987, is amended by adding the following new subsection:

NEW SUBSECTION. 4. The first of any month in which a member meets the membership service and age requirements to retire under section 97B.49, subsection 15.

Sec. 33. Section 97B.46, subsection 1, Code Supplement 1987, is amended to read as follows:

1. A member who is an employee of the state and not an active member of any other retirement system in the state which is maintained in whole or in part by public contributions may remain in service beyond the date the member attains the age of sixty-five. The employee shall retire on the first day of the month after the last day of service. The employer shall not consider age as a factor in determining the continuation of the member's service.

Sec. 34. Section 97B.46, subsection 2, Code Supplement 1987, is amended by striking the subsection.

Sec. 35. Section 97B.48, subsection 3, Code 1987, is amended to read as follows:

3. If, after the first day of the month in which the member attains the age of fifty-five years and until the member's sixty-fifth birthday, a member who is retired under this chapter is in regular full-time employment, the member's retirement allowance shall be suspended for as long as the member remains in employment. However, effective January 1, 1989, employment shall not be regarded as is not full-time employment until the member receives remuneration in an amount in excess of ~~two~~ six thousand one hundred twenty dollars for a calendar year. Effective the first of the month in which a member attains the age of sixty-five years, a retired member may receive a retirement allowance after return to covered employment regardless of the amount of remuneration received. As of the first of the month in which the member attains the age of seventy years, the member may receive a retirement allowance determined under section 97B.49, regardless of the amount of remuneration received. Upon a retirement after ~~re-employment~~ reemployment, a retired member may have the retired member's retirement allowance redetermined under this section or section 97B.49 or 97B.50, whichever is applicable, based upon the addition of credit for the years of membership service of the employee after ~~re-employment~~ reemployment, the covered wage during reemployment, and the age of the employee after reemployment. The retired member shall not receive a retirement allowance based upon more than a total of thirty years of service.

Sec. 36. Section 97B.49, subsection 7, paragraph a, Code Supplement 1987, is amended to read as follows:

a. Notwithstanding other provisions of this chapter, a member who is or has been employed as a conservation peace officer under section 107.13 and who retires on or after July 1, 1986, and before July 1, 1988, and at the time of retirement is at least sixty years of age and has completed at least twenty-five years of membership service as a conservation peace officer, may elect to receive, in lieu of the receipt of any benefits under subsection 5 of this section, a monthly retirement allowance equal to one-twelfth of fifty percent of the member's three-year average covered wage as a conservation peace officer, with benefits payable during the member's lifetime.

Sec. 37. Section 97B.49, subsection 7, paragraph b, unnumbered paragraph 1, Code Supplement 1987, is amended to read as follows:

A conservation peace officer who retires on or after July 1, 1986, and before July 1, 1988, and has not completed twenty-five years of membership service as required under this subsection is eligible to receive a monthly retirement allowance equal to one-twelfth of fifty percent of the member's three-year average covered wage as a conservation peace officer multiplied by a fraction of years of service as a conservation peace officer. For the purpose of this subsection, "fraction of years of service" means a number, not to exceed one, equal to the sum of the years of membership service as a conservation peace officer, divided by twenty-five

years. On or after July 1, 1986, if the conservation peace officer has not reached sixty years of age at retirement, the monthly retirement allowance shall be reduced by five-tenths of one percent per month for each month that the conservation peace officer's retirement precedes the date on which the conservation peace officer attains sixty years of age.

Sec. 38. Section 97B.49, subsection 8, paragraph a, unnumbered paragraphs 1 and 2, Code Supplement 1987, are amended to read as follows:

Notwithstanding other provisions of this chapter, a member who is or has been employed as a peace officer and who retires on or after July 1, 1986, and before July 1, 1988, and at the time of retirement is at least sixty years of age and has completed at least twenty-five years of membership service as a peace officer, may elect to receive, in lieu of the benefits under subsection 5 of this section, a monthly retirement allowance equal to one-twelfth of fifty percent of the member's three-year average covered wage as a peace officer, with benefits payable during the member's lifetime.

A peace officer who retires on or after July 1, 1986, and before July 1, 1988, and has not completed twenty-five years of membership service as required under this subsection is eligible to receive a monthly retirement allowance equal to one-twelfth of fifty percent of the member's three-year average covered wage as a peace officer multiplied by the fraction of years of service as a peace officer. For the purpose of this subsection, "fraction of years of service" means a number, not to exceed one, equal to the sum of the years of membership service as a peace officer, divided by twenty-five years. On or after July 1, 1984, if the peace officer has not reached sixty years of age at retirement, the monthly retirement allowance shall be reduced by five-tenths of one percent per month for each month that the peace officer's retirement precedes the date on which the peace officer attains sixty years of age.

Sec. 39. Section 97B.49, subsection 10, unnumbered paragraph 1, Code Supplement 1987, is amended to read as follows:

Notwithstanding sections of this chapter relating to eligibility for and determination of retirement benefits, a vested member who is or has been employed as a correctional officer by the Iowa department of corrections and who retires on or after July 1, 1986, and before July 1, 1988, and at the time of retirement is at least sixty years of age and has completed at least thirty years of membership service as a correctional officer, may elect to receive, in lieu of the receipt of benefits under subsection 5 of this section, a monthly retirement allowance equal to one-twelfth of fifty percent of the member's three-year average covered wage as a correctional officer, with benefits payable during the member's lifetime.

Sec. 40. Section 97B.49, subsection 13, paragraphs a and b, Code Supplement 1987, are amended to read as follows:

a. ~~Each~~ A member who retired from the system between January 1, 1976, and June 30, 1982, or a contingent annuitant or beneficiary of such a member, shall receive with the November ~~1986~~ 1988 and the November ~~1987~~ 1989 monthly benefit payments a retirement dividend equal to ~~fifty~~ eighty percent of the monthly benefit payment the member received for the preceding June. The retirement dividend does not affect the amount of a monthly benefit payment.

b. Each member who retired from the system between July 4, 1953, and December 31, 1975, or a contingent annuitant or beneficiary of such a member, shall receive with the November ~~1986~~ 1988 and the November ~~1987~~ 1989 monthly benefit payments a retirement dividend equal to ~~seventy-five~~ one hundred twenty percent of the monthly benefit payment the member received for the preceding June. The retirement dividend does not affect the amount of a monthly benefit payment.

Sec. 41. Section 97B.49, subsection 13, Code Supplement 1987, is amended by adding the following new paragraph:

NEW PARAGRAPH. d. If the member dies on or after July 1 of the dividend year but before the payment date, the full amount of the retirement dividend for that year shall be paid to the designated beneficiary.

Sec. 42. Section 97B.49, subsection 14, unnumbered paragraphs 1 and 2, Code Supplement 1987, are amended to read as follows:

Notwithstanding other provisions of this chapter, a member who is or has been employed by the office of disaster services as an airport firefighter who retires on or after July 1, 1986, and before July 1, 1988, and at the time of retirement is at least sixty years of age and has completed at least twenty-five years of membership service as an airport firefighter, may elect to receive, in lieu of the receipt of any benefits under subsection 5 of this section, a monthly retirement allowance equal to one-twelfth of fifty percent of the member's three-year average covered wage as an airport firefighter, with benefits payable during the member's lifetime.

An airport firefighter who retires on or after July 1, 1986, and before July 1, 1988, and has not completed twenty-five years of membership service as required under this subsection is eligible to receive a monthly retirement allowance equal to one-twelfth of fifty percent of the member's three-year average covered wage as an airport firefighter multiplied by a fraction of years of service as an airport firefighter. For the purpose of this subsection, "fraction of years of service" means a number, not to exceed one, equal to the sum of the years of membership service as an airport firefighter, divided by twenty-five years. On or after July 1, 1986, if the airport firefighter has not reached sixty years of age at retirement, the monthly retirement allowance shall be reduced by five-tenths of one percent per month for each month that the airport firefighter's retirement precedes the date on which the airport firefighter attains sixty years of age.

Sec. 43. Section 97B.49, Code Supplement 1987, is amended by adding the following new subsection:

NEW SUBSECTION. 15. In lieu of the monthly benefit computed under subsections 1 and 3 as applicable, or subsection 5, for each active member retiring on or after July 1, 1988, who is at least fifty-five years of age and has completed at least thirty years of membership service and prior service, and for which the sum of the number of years of membership service and prior service and the member's age in years as of the member's last birthday equals or exceeds ninety-two, a monthly benefit shall be computed which is equal to fifty percent of the three-year average covered wage of the member.

Sec. 44. Section 97B.49, Code Supplement 1987, is amended by adding the following new subsection:

NEW SUBSECTION. 16. a. Notwithstanding other provisions of this chapter, a member who is or has been employed in a protection occupation who retires on or after July 1, 1988, and at the time of retirement is at least fifty-five years of age and has completed at least twenty-five years of membership service in a protection occupation, may elect to receive in lieu of the receipt of any benefits under subsection 5 or 15, a monthly retirement allowance equal to one-twelfth of fifty percent of the member's three-year average covered wage as a member who has been employed in a protection occupation, with benefits payable during the member's lifetime.

b. Notwithstanding other provisions of this chapter, a member who retires from employment as a county sheriff or deputy sheriff who retires on or after July 1, 1988, and at the time of retirement is at least fifty-five years of age and has completed at least twenty-two years of membership service, may elect to receive in lieu of the receipt of any benefits under subsection 5 or 15, a monthly retirement allowance equal to one-twelfth of fifty percent of the member's three-year average covered wage as a member with benefits payable during the

member's lifetime. The years of membership service required under this paragraph shall include membership service as a sheriff or deputy sheriff and membership service under employment in a protection occupation included in paragraph "d", subparagraph (2).

For the purposes of this subsection, sheriff means a county sheriff as defined in section 39.17 and deputy sheriff means a deputy sheriff appointed pursuant to section 341.1 prior to July 1, 1981, or section 331.903 on or after July 1, 1981.

c. A member covered under this subsection who retires on or after July 1, 1988, and has not completed the twenty-five years of membership service required under paragraph "a", or twenty-two years of membership service required under paragraph "b", is eligible to receive a monthly retirement allowance equal to one-twelfth of fifty percent of the member's three-year average covered wage as a member employed in a protection occupation, or as a sheriff or deputy sheriff, multiplied by a fraction of years of service. For the purpose of this subsection, "fraction of years of service" means a number, not to exceed one, equal to the sum of the years of membership service for a member retiring in a protection occupation, divided by twenty-five years, or the sum of the years of membership service for a member retiring as a sheriff or deputy sheriff divided by twenty-two years.

d. For the purposes of this subsection, "a member employed in a protection occupation" includes all of the following:

- (1) A conservation peace officer* employed under section 107.13.
- (2) A marshal or police officer in a city not covered under chapter 400.
- (3) A correctional officer employed by the Iowa department of corrections in an applicable job classification. The department of corrections and the department of personnel shall jointly determine the applicable merit system job classifications of correctional officers.
- (4) An airport firefighter employed by the disaster services division of the department of public defense.
- (5) An airport safety officer employed under chapter 400 by an airport commission in a city of one hundred thousand population or more.
- (6) An arson investigator who commenced employment as an arson investigator of the department of public safety on or after July 1, 1988.

e. Annually, the department of personnel shall actuarially determine the cost of the additional benefits provided for members covered under paragraph "a" and the cost of the additional benefits provided for members covered under paragraph "b" as percents of the covered wages of the employees covered by this subsection. Sixty percent of the cost shall be paid by the employers of employees covered under this subsection and forty percent of the cost shall be paid by the employees. The employer and employee contributions required under this paragraph are in addition to the contributions paid under section 97B.11.

f. For the fiscal year commencing July 1, 1988, and each succeeding fiscal year, there is appropriated from the state fish and game protection fund to the department of personnel the amount necessary to pay the employer share of the cost of the additional benefits provided to employees covered under paragraph "d", subparagraph (1).

g. Annually, during each fiscal year commencing with the fiscal year beginning July 1, 1988, each applicable city shall pay to the department of personnel the amount necessary to pay the employer share of the cost of the additional benefits provided to employees of that city covered under paragraph "d", subparagraphs (2) and (5).

h. Annually, during each fiscal year commencing with the fiscal year beginning July 1, 1988, each county shall pay to the department of personnel the amount necessary to pay the employer share of the cost of the additional benefits provided to sheriffs and deputy sheriffs.

i. For the fiscal year commencing July 1, 1988, and each succeeding fiscal year, the department of corrections shall pay to the department of personnel from funds appropriated to the

*According to enrolled Act

Iowa department of corrections, the amount necessary to pay the employer share of the cost of the additional benefits provided to employees covered under paragraph "d", subparagraph (3).

j. For the fiscal year commencing July 1, 1988, and each succeeding fiscal year, there is appropriated from the general fund of the state to the department of personnel, from funds not otherwise appropriated, an amount necessary to pay the employer share of the cost of the additional benefits provided to employees covered under paragraph "d", subparagraphs (4) and (6).

Sec. 45. Section 97B.50, subsection 1, Code Supplement 1987, is amended by striking the subsection and inserting in lieu thereof the following:

1. Except as otherwise provided in this section, a member, upon retirement prior to the normal retirement date, is entitled to receive a monthly retirement allowance determined in the same manner as provided for normal retirement in subsections 1, 4, and 5 of section 97B.49 reduced as follows:

a. For a member who is less than sixty-two years of age, by twenty-five hundredths of one percent per month for each month that the early retirement date precedes the normal retirement date.

b. For a member who is at least sixty-two years of age and who has not completed thirty years of membership service and prior service, by twenty-five hundredths of one percent per month for each month that the early retirement date precedes the normal retirement date.

Sec. 46. Section 97B.50, subsection 3, Code Supplement 1987, is amended to read as follows:

3. A member who is at least sixty-two years of age and less than sixty-five years of age, and who has completed thirty or more years of membership service and prior service, shall receive full benefits under section 97B.49 determined as if the member had attained sixty-five years of age. For a member who is at least fifty-nine but less than sixty-two years of age who has completed at least thirty years of service, the monthly retirement allowance shall be reduced by twenty-five hundredths percent per month for each month that the member's retirement date precedes the member's sixty-second birthday. For a member who is at least fifty-five years of age and less than fifty-nine years of age who has completed thirty years of membership service, the monthly retirement allowance shall be reduced by five-tenths percent per month for each month that the member's retirement date precedes the member's normal retirement date.

Sec. 47. Section 97B.50, Code Supplement 1987, is amended by adding the following new subsection:

NEW SUBSECTION. 4. A member eligible for a retirement allowance adjusted under this section is entitled to receipt of retroactive adjustment payments for no more than six months immediately preceding the month in which written notice of retirement was submitted to the department.

Sec. 48. Section 97B.68, subsection 1, Code 1987, is amended to read as follows:

1. ~~From and after July 4, 1959 Effective July 1, 1988, any~~ a person who is a member of the federal civil service retirement program ~~shall or the federal employee's retirement system is not be eligible for membership in the Iowa public employees' retirement system, and the provisions of this chapter shall does not apply to such that employee. Any An~~ employee whose membership in the federal civil service retirement program or the federal employee's retirement system is subsequently terminated shall immediately notify the employee's employer and the department of personnel of such that fact, and the employee shall become subject to the provisions of this chapter on the date the notification is received by the department.

Sec. 49. Section 97B.72A, Code 1987, is amended by striking the section and inserting in lieu thereof the following:

97B.72A LEGISLATIVE MEMBERS.

1. An active or vested member of the system who was a member of the general assembly prior to July 1, 1988, may make contributions to the system for all or a portion of the period of service in the general assembly. The contributions made by the member shall be equal to the accumulated contributions as defined in section 97B.42,* subsection 12, which would have been made if the member of the general assembly had been a member of the system during the period of service in the general assembly. The member of the system shall submit proof to the department of membership in the general assembly. The department shall credit the member with the period of membership service for which contributions are made.

There is appropriated from the general fund of the state to the department an amount sufficient to pay the contributions of the employer based on the period of service of members of the general assembly for which the member paid accumulated contributions under this section. The amount appropriated is equal to the employer contributions which would have been made if the members of the system who made employee contributions had been members of the system during the period for which they made employee contributions plus two percent interest plus the interest dividend rate applicable for each year compounded annually.

2. A former member of the general assembly who has six or more years of service as a member of the general assembly or who has a total of six or more years of service as a member of the general assembly and as an employee under this chapter may make contributions to the system for all or a portion of the period of service as a member of the general assembly. The contributions made by the former member shall be equal to the accumulated contributions plus the employer contributions that would have been made if the former member had been a member of the system during the period of service elected. The employer contributions shall be equal to the contributions that would have been made by the employer if the former member had been a member of the system during the period of service elected plus the interest on the contributions equal to two percent plus the interest dividend rate applicable for each year compounded annually. The former member shall submit proof to the department of membership in the general assembly. The department shall credit the former member with the period of membership service for which contributions are made.

Sec. 50. Section 97B.73, Code 1987, is amended by adding the following new unnumbered paragraph:

NEW UNNUMBERED PARAGRAPH. Effective July 1, 1988, a member eligible for an increased retirement allowance because of the payment of contributions under this section is entitled to receipt of retroactive adjustment payments for no more than six months immediately preceding the month in which written notice was submitted to the department.

Sec. 51. Section 97B.73A, Code Supplement 1987, is amended by adding the following new unnumbered paragraph:

NEW UNNUMBERED PARAGRAPH. Effective July 1, 1988, a member eligible for an increased retirement allowance because of the payment of contributions under this section is entitled to receipt of retroactive adjustment payments for no more than six months immediately preceding the month in which written notice was submitted to the department.

Sec. 52. Section 97B.74, Code 1987, is amended by adding the following new unnumbered paragraph:

NEW UNNUMBERED PARAGRAPH. Effective July 1, 1988, a member eligible for an increased retirement allowance because of the payment of contributions under this section is entitled to receipt of retroactive adjustment payments for no more than six months immediately preceding the month in which written notice was submitted to the department.

*97B.41 probably intended

Sec. 53. Section 97B.75, Code 1987, is amended by adding the following new unnumbered paragraph:

NEW UNNUMBERED PARAGRAPH. Effective July 1, 1988, a member eligible for an increased retirement allowance under this section is entitled to receipt of retroactive adjustment payments for no more than six months immediately preceding the month in which written notice was submitted to the department.

Sec. 54. NEW SECTION. 97B.80 VETERAN'S CREDIT.

An active member in service on July 1, 1988, who at any time served on active duty in the armed forces of the United States, upon submitting verification of the dates of the active duty service in the armed forces to the department, may make employer and employee contributions to the system based upon the member's covered wages for the calendar year beginning January 1, 1987, at the rates in effect under section 97B.11 on January 1, 1987, for the period of time of the active duty service, not to exceed four years, and receive credit for membership service and prior service for the period of time for which the contributions are made. Verification of active duty service and payment of contributions shall be made to the department. However, a member is not eligible to make contributions under this section if the member is receiving or is eligible to receive retirement pay from the United States government for active duty in the armed forces.

Sec. 55. Section 411.6, subsection 5, unnumbered paragraph 2, Code 1987, is amended to read as follows:

Should a member in service or the chief of the police or fire departments become incapacitated for duty as a natural or proximate result of an injury or disease incurred in or aggravated by the actual performance of duty at some definite time or place or while acting, pursuant to order, outside the city by which the member is regularly employed, the member shall, upon being found to be temporarily incapacitated following an examination by the board of trustees, be entitled to receive the member's full pay and allowances from the city's general fund until re-examined by said the board and found to be fully recovered or permanently disabled.

Sec. 56. Section 411.6, subsection 8, paragraph b, unnumbered paragraph 1, Code 1987, is amended to read as follows:

In lieu of the payment specified in paragraph "a", a beneficiary meeting the qualifications of paragraph "c" may elect to receive a monthly pension equal to one-twelfth of forty percent of the average final compensation of the member, but not less than seventy-five dollars twenty percent of the monthly earnable compensation paid to an active member holding the highest grade in the rank of firefighter, for a beneficiary of a deceased member of a fire department, or the highest grade in the rank of police patrol officer, for a beneficiary of a deceased member of a police department, if the member was in service at the time of death. For a member not in service at the time of death, the pension shall be reduced as provided in subsection 1, paragraph "b".

Sec. 57. Section 411.6, subsection 8, paragraph c, subparagraphs (1) and (2), Code 1987, are amended to read as follows:

(1) The spouse, ~~to continue so long as the spouse remains unmarried.~~

(2) If there is no spouse, or if the spouse dies or remarries and there is a child of a member, then the guardian of the member's child or children, divided as the board of trustees determines, to continue as a joint and survivor pension until every child of the member dies or attains the age of eighteen, or twenty-two if applicable.

Sec. 58. Section 411.6, subsection 11, paragraph a, Code 1987, is amended to read as follows:

a. To the spouse to continue so long as said partner remains unmarried, equal to one-half the amount received by such ~~the~~ deceased beneficiary, but in no instance less than ~~seventy-five dollars per month~~ twenty percent of the monthly earnable compensation paid to an active member holding the highest grade in the rank of firefighter, for a beneficiary of a deceased member of the fire department, or the highest grade in the rank of police patrol officer, for a beneficiary of a deceased member of a police department, and in addition thereto a monthly pension equal to the monthly pension payable under subsection 9 of this section for each child under eighteen years of age or twenty-two years of age if applicable; or

Sec. 59. Section 411.6, subsection 12, paragraph a, subparagraph (2), Code 1987, is amended to read as follows:

(2) Twenty percent for members with five or more years of membership service who are receiving an ordinary disability retirement allowance. However, effective July 1, 1984, for members who retired before July 1, 1979, and effective July 1, 1988, for members who retire on or after July 1, 1988, twenty-five percent shall be used for members who are receiving an ordinary disability allowance.

Sec. 60. Section 411.9, Code 1987, is amended to read as follows:

411.9 MILITARY SERVICE EXCEPTIONS.

A member who is absent while serving in the armed services of the United States or its allies and is discharged or separated from the armed services under honorable conditions shall have the period or periods of absence while serving in the armed services, not in excess of four years unless any period in excess of four years is at the request and for the convenience of the federal government, included as part of the member's period of service in the department. The member shall not continue the contributions required of the member under section 411.8 during the period of military service, if the member, within ~~six months~~ one year after the member has been discharged or separated under honorable conditions from military service, returns and resumes duties in the department, and if the member is declared physically capable of resuming duties upon examination by the medical board. A period of absence may exceed four years at the request and for the convenience of the federal government.

Sec. 61. Section 421.38, subsection 2, Code 1987, is amended to read as follows:

2. CONVENTION EXPENSES. ~~No claims~~ Claims for expenses in attending conventions, meetings, conferences, or gatherings of members of any ~~an~~ association or society organized and existing as a quasi-public association or society outside the state of Iowa shall ~~not~~ be allowed at public expense, unless authorized by the executive council; and claims for ~~such~~ these expenses outside of the state shall not be allowed unless the voucher is accompanied by ~~so much~~ the portion of the minutes of the executive council, certified to by its secretary, showing that the expense was authorized by the council. This section does not apply to claims in favor of the governor, attorney general, utilities board members, or to trips referred to in ~~section~~ sections 97B.4 and 217.20.

Sec. 62. The department of personnel shall identify job classifications within state government for which the current level of compensation is inadequate to recruit and retain qualified persons and leads or could lead to contracting for the services rather than providing those services directly. The department shall adjust compensation ranges in those areas of employment where the department determined that providing the adjustment would enable the state to limit contracting for services and provide for a less costly means to deliver services. The department of personnel shall review the compensation structure for employees within the Iowa public employees retirement division who are involved in managing the investments. After seeking the input from the Iowa public employees' retirement system investment board, the

department shall adjust compensation ranges for those positions where it is determined necessary in order to recruit and retain personnel with the requisite skills to maintain the fiduciary responsibilities of the fund.

Sec. 63. Section 97B.67, Code 1987, is repealed.

Sec. 64. Sections 3, 5, 56, and 58 of this Act apply, beginning on the effective date of those sections, to persons who are beneficiaries on that date as well as those who become beneficiaries on or after that date.

The portions of sections 5 and 58 of this Act that relate to the definition of child are retroactive to January 1, 1987.

Sec. 65. Section 27 of this Act, being deemed of immediate importance, takes effect upon its enactment.

Sec. 66. Sections 16, 17, 24, 30, and 35 of this Act, being deemed of immediate importance, take effect upon enactment.

Sec. 67. Sections 16, 17, 24, 30, and 35 of this Act are retroactive to January 1, 1988.

Sec. 68. Employees of the Iowa peace institute covered under chapter 97B on the effective date of section 27 of this Act who do not file an application with the department of personnel to be covered under chapter 97B shall receive a refund of the accumulated contributions of the employee made under chapter 97B for service as an employee of the Iowa peace institute.

Approved May 13, 1988

CHAPTER 1243

STATE TAXATION

H.F. 2477

AN ACT relating to certain state taxes by providing for the statute of limitations for state individual and corporate tax purposes, the definition of investment counseling for state sales, services, and use tax purposes, the allowance of the military service tax credit for mobile homes, for the exemption from or the refund of state sales, services, and use taxes on the gross receipts from sales or rentals of replacement parts for farm machinery, equipment, and implements and to the issuance of fuel exemption certificates for state sales, services and use tax purposes for the purchase of fuel used in farm implements, and providing a retroactive applicability and effective dates.

Be It Enacted by the General Assembly of the State of Iowa:

Section 1. Section 99D.8, Code 1987, is amended by striking the section and inserting in lieu thereof the following:

99D.8 HORSE OR DOG RACING LICENSES — APPLICATIONS.

A qualifying organization, as defined in section 513(d)(2)(C) of the Internal Revenue Code, as defined in section 422.3, exempt from federal income taxation under sections 501(c)(3), 501(c)(4), or 501(c)(5) of the Internal Revenue Code, which is organized to promote those purposes enumerated in section 99B.7, subsection 3, paragraph "b", and which regularly conducts, as one of its substantial exempt purposes, an agricultural and educational fair or exposition for the promotion of the horse, dog, or other livestock breeding industries of the state, or an agency, instrumentality, or political subdivision of the state, may apply to the commission for a license