

HB 141-FN - AS AMENDED BY THE HOUSE

7Apr2021... 0877h

2021 SESSION

21-0086

08/06

HOUSE BILL

141-FN

AN ACT

allowing a county to exempt its chief administrative officer from compulsory participation in the retirement system.

SPONSORS:

Rep. Rung, Hills. 21; Rep. Edgar, Rock. 21; Rep. Petrigno, Hills. 23; Rep. Meuse, Rock. 29; Rep. Cushing, Rock. 21; Rep. Levesque, Straf. 4; Rep. Weston, Graf. 8; Sen. Sherman, Dist 24

COMMITTEE:

Executive Departments and Administration

AMENDED ANALYSIS

This bill allows the county commissioners to exempt the county chief administrative officer from compulsory membership in the state retirement system.

Explanation:

Matter added to current law appears in ***bold italics***.

Matter removed from current law appears [~~in brackets and struckthrough.~~]

Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.

STATE OF NEW HAMPSHIRE

In the Year of Our Lord Two Thousand Twenty One

AN ACT allowing a county to exempt its chief administrative officer from compulsory participation in the retirement system.

Be it Enacted by the Senate and House of Representatives in General Court convened:

1 1 Retirement System; Modifications; Counties. Amend RSA 100-A:22 to read as follows:
2 100-A:22 Modifications.

3 **I.** Membership in the retirement system shall be optional for officers and employees of the
4 employer who are in the service of the employer on the date when participation becomes effective,
5 and any such officer or employee who elects to join the retirement system within one year thereafter
6 shall be credited with prior service covering such periods of prior service rendered to such employer
7 for which the employer is willing to make accrued liability contributions. If the employer is unable
8 or unwilling to make such contributions, a member in service may petition the board of trustees for
9 periods of prior service rendered to such employer. Upon payment by the member of the amount
10 determined in accordance with RSA 100-A:3, VI(b) and with the approval of the board, the member
11 shall receive credit for such prior service. Thereafter, service for such employer on account of which
12 contributions are made by the employer and member shall also be considered as creditable service.
13 However, in no event shall prior service purchased as creditable service under this section be used as
14 creditable service for the purpose of eligibility for medical benefits under RSA 100-A:52, RSA 100-
15 A:52-a, or RSA 100-A:52-b.

16 **II.** Membership shall be compulsory for all employees entering the service of such employer
17 after the date participation becomes effective. Municipalities **and counties** may, by action of their
18 city council [øæ], board of selectmen, **or board of commissioners**, exempt their chief administrative
19 officer, at the time of initial hiring or appointment, from compulsory membership provided herein.
20 The chief fiscal officer of the employer, and the heads of its departments, shall submit to the board of
21 trustees such information and shall cause to be performed with respect to the employees of such
22 employer, who are members of the retirement system, such duties as shall be prescribed by the
23 trustees in order to carry out the provisions of this chapter.

24 2 New Paragraph; Retirement System; Employer Contributions; Certain Municipal and County
25 Employees Exempt. Amend RSA 100-A:16 by inserting after paragraph II-a the following new
26 paragraph:

27 II-b. In addition to employer contributions required under paragraph II, municipalities and
28 counties that exempt their chief administrative officers from participation in the retirement system
29 under RSA 100-A:22 shall make contributions at the percentage rates certified by the board of
30 trustees for the compensation paid to such employees; provided that the percentage rates applied

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1 shall only be for the employers' share of the unfunded accrued liability determined under
2 subparagraph II(e).

3 3 Applicability. This act shall apply to chief administrative officers exempted from participation
4 in the New Hampshire retirement system under RSA 100-A:22 who commence employment on or
5 after the effective date of this act.

6 4 Effective Date. This act shall take effect 60 days after its passage.

HB 141-FN- FISCAL NOTE
 AS AMENDED BY THE HOUSE (AMENDMENT #2021-0877h)

AN ACT allowing a county to exempt its chief administrative officer from compulsory participation in the retirement system.

FISCAL IMPACT: State County Local None

POLITICAL SUDIVISIONS:	Estimated Increase / (Decrease)			
	FY 2021	FY 2022	FY 2023	FY 2024
Appropriation	\$0	\$0	\$0	\$0
Revenue	\$0	\$0	\$0	\$0
Expenditures	\$0	Indeterminable	Indeterminable	Indeterminable

*The New Hampshire Retirement System states it is not able to separate the fiscal impact of this legislation between county and local government, therefore the fiscal impact is shown together as political subdivisions.

METHODOLOGY:

This bill as amended allows counties to exempt their chief administrative officer (CAO) from mandatory participation in the New Hampshire Retirement System at the time of initial hiring or appointment. This option is currently available only to municipalities. In addition to the expansion of this option, municipalities and counties that prospectively exempt their CAOs from participation in the retirement system will now also be required to make contributions to NHRS for the unfunded actuarial accrued liability portion of the employer contribution rate based on the compensation of such exempted CAO. These provisions are applicable to those CAOs who commence employment on or after the effective date of the act. It is assumed the act will be effective July 1, 2021.

The New Hampshire Retirement System and the System's actuary report that up to 10 county CAOs are currently participating in the NHRS and could potentially be affected and there are an unknown number of municipal CAOs that may be exempt in the future. The payroll of such individuals is also indeterminable, therefore the fiscal impact is indeterminable

The expanded eligibility for county CAOs and the new required unfunded actuarial liability contribution for municipal and county exempted CAOs is expected to have a small impact on the actuarial status of the System and employer contribution rates (i.e. change of less than 0.01% of payroll). Contribution rates would be expected to increase slightly for new CAOs participating,

but would be expected to decrease over time to the extent that unfunded actuarial accrued liability (UAAL) contributions are collected on non-covered CAO payroll.

AGENCIES CONTACTED:

New Hampshire Retirement System