

CHAPTER 142
SB 339-FN – FINAL VERSION

02/19/14 0522s

2014 SESSION

14-2783
10/06

SENATE BILL **339-FN**

AN ACT relative to instituting a credit card affinity program in which fees received are directed to offset the retirement system's unfunded liability.

SPONSORS: Sen. Stiles, Dist 24; Sen. Bradley, Dist 3; Sen. Carson, Dist 14; Sen. Cataldo, Dist 6; Sen. D'Allesandro, Dist 20; Sen. Fuller Clark, Dist 21; Sen. Gilmour, Dist 12; Sen. Morse, Dist 22; Sen. Odell, Dist 8; Sen. Reagan, Dist 17; Sen. Watters, Dist 4; Rep. F. Rice, Rock 21; Rep. Cali-Pitts, Rock 30; Rep. C. McGuire, Merr 29

COMMITTEE: Finance

AMENDED ANALYSIS

This bill requires the commissioner of administrative services to determine the feasibility of contracting with a credit card issuer to establish a credit card affinity program in which the fees received by the state are dedicated to reducing the retirement system's unfunded liability, prior to instituting such a program.

Explanation: Matter added to current law appears in ***bold italics***.
Matter removed from current law appears [~~in brackets and struck through~~].
Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.

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STATE OF NEW HAMPSHIRE

In the Year of Our Lord Two Thousand Fourteen

AN ACT relative to instituting a credit card affinity program in which fees received are directed to offset the retirement system's unfunded liability.

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

1 142:1 Commissioner of Administrative Services; Feasibility; State Credit Card Affinity Program.

2 I. The commissioner of administrative services shall, not later than July 1, 2014, issue a
3 letter of inquiry to appropriate banks, credit unions, and financial service companies seeking interest
4 in entering into a contractual relationship with the state to provide and operate a credit card affinity
5 program as described in this act. Based on the responses received from the letters of inquiry, the
6 commissioner shall assess the initial requirements, time frames, and continuing state
7 responsibilities that are necessary in order to institute the establishment of a state credit card
8 affinity program which shall require no additional state appropriation other than costs that are
9 recoverable from fees and other revenues provided for in an agreement.

10 II. If the commissioner determines that a state credit card affinity program may be
11 established meeting the criteria of paragraph I, the commissioner shall further determine the
12 feasibility for participation from New Hampshire civic organizations and associations, and state and
13 local governmental agencies, including but not limited to the administration and membership of the
14 New Hampshire retirement system, the New Hampshire Municipal Association, and the New
15 Hampshire School Boards Association.

16 III. If the commissioner positively determines the likelihood that instituting a credit card
17 affinity program for the purpose of dedicating the proceeds to a reduction in the retirement system's
18 unfunded liability would have sufficient interest and benefit to the state, the commissioner may
19 issue a request for proposals as provided in RSA 21-I:95. The commissioner shall provide a report
20 detailing any findings and relevant data to the senate president, the speaker of the house of
21 representatives, and the chairpersons of the senate and house finance committees.

22 142:2 New Subdivision; State Credit Card Affinity Program. Amend RSA 21-I by inserting after
23 section 94 the following new subdivision:

State Credit Card Affinity Program

24
25 21-I:95 State Credit Card Affinity Program; Administration.

26 I. Upon a determination by the commissioner of administrative services of the feasibility of a
27 state credit card affinity program which meets the requirements of this subdivision and the
28 minimum enrollment required of financial services companies administering a credit card affinity
29 program, the commissioner shall have the authority to enter into an agreement with a credit card

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1 issuer for the issuance of a co-branded or affinity credit card. The credit card issuer and terms of the
2 co-branded card most favorable to the purpose described in paragraph II shall be selected following a
3 request for proposals and awarded through competitive bidding.

4 II. All fees and other revenue attributable to payments made to the state by the credit card
5 issuer through a co-branding or affinity agreement shall not be general funds of the state but, after
6 deducting the necessary costs of administration by the department of administrative services, shall
7 be paid to the board of trustees of the New Hampshire retirement system and dedicated to an annual
8 reduction in the retirement system's unfunded liability determined under RSA 100-A:16, II.

9 142:3 Retirement System; Financing; Annual Offset Against Unfunded Accrued Liability.
10 Amend RSA 100-A:16, II(e) to read as follows:

11 (e) Immediately following the actuarial valuation prepared as of June 30 of each fiscal
12 year, the board shall have an actuary determine the amount of the unfunded accrued liability for
13 each member classification, ***proportionally reduced using sums dedicated as provided in***
14 ***RSA 21-I:95, II***, as the amount of the total liabilities of the state annuity accumulation fund on
15 account of such classification which is not dischargeable by the total of the funds in hand to the
16 credit of the state annuity accumulation fund on account of such classification, and the aforesaid
17 normal contributions to be made on account of the members in such classification during the
18 remainder of their active service. The amount so determined with respect to each member
19 classification shall be known as the "unfunded accrued liability" with respect to such classification.
20 On the basis of each such unfunded accrued liability, the board shall have an actuary determine the
21 level annual contribution required to discharge such amount over a period of 30 years or the
22 maximum period allowed by standards adopted by the Government Accounting Standards Board,
23 whichever is less.

24 142:4 Effective Date. This act shall take effect upon its passage.

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26 Approved: June 16, 2014
27 Effective Date: June 16, 2014