

HB 461-FN - AS AMENDED BY THE HOUSE

22Mar2023... 0782h

2023 SESSION

23-0473

02/10

HOUSE BILL

461-FN

AN ACT relative to elimination by political subdivision employers of a retirement system position.

SPONSORS: Rep. S. Pearson, Rock. 13; Rep. Bordes, Belk. 5; Rep. Trottier, Belk. 8; Rep. Pratt, Rock. 4; Rep. Proulx, Hills. 15

COMMITTEE: Executive Departments and Administration

AMENDED ANALYSIS

This bill requires political subdivision employers to obtain an analysis from the retirement system and continue to pay unfunded accrued liability contributions when eliminating or transferring an employment position from full time to part time.

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 Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.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

AN ACT relative to elimination by political subdivision employers of a retirement system position.

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

1 1 New Paragraph; Participation by Certain Employees of Political Subdivisions; Contributions.
2 Amend RSA 100-A:24 by inserting after paragraph IV the following new paragraph:

3 V.(a) For positions listed in subparagraph (b), no political subdivision employer shall
4 eliminate a retirement system eligible employment position or transfer a retirement system eligible
5 employment position into a part-time position without an analysis from the retirement system as to
6 the unfunded liability for that position. The salary used for this analysis will be the greatest salary
7 going back 5 years. The employer unfunded accrued liability portion of the contributions determined
8 under RSA 100-A:16 shall continue to be charged to the political subdivision employer, plus a 20
9 percent penalty. The duration of the penalty shall be 15 years unless the position is restored to a
10 retirement system contributing position, then the penalty shall be terminated and the normal
11 calculation for retirement system contributions shall be restored.

12 (b) Subparagraph (a) shall apply to superintendent, principal, police chief, fire chief,
13 director, administrator, and the like.

14 2 Effective Date. This act shall take effect 60 days after its passage.

HB 461-FN- FISCAL NOTE
AS AMENDED BY THE HOUSE (AMENDMENT #2023-0782h)

AN ACT relative to elimination by political subdivision employers of a retirement system position.

FISCAL IMPACT: ☐ State ☒ County ☒ Local ☐ None

POLITICAL SUBDIVISIONS:	Estimated Increase / (Decrease)			
	FY 2023	FY 2024	FY 2025	FY 2026
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 requires political subdivision employers to obtain an analysis from the New Hampshire Retirement System (NHRS) when eliminating or transferring certain municipal position from full-time to part-time. It also requires the employer to continue to make contributions to the NHRS based on the highest compensation paid for the position in the prior 5 years. Lastly, it imposes a penalty equal to 20% of such contribution on the employer and both the contribution and penalty. The penalty shall be charged for 15 years unless the position is restored to full-time status.

The New Hampshire Retirement System states they are unable to estimate how many employers would be subject to the proposed assessment. The NHRS also states there would be a significant indeterminable increase in administrative costs relating to reprogramming of the NHRS pension administration system to accommodate the receipt of employer contributions and penalties. Lastly, the NHRS states there could be a modest beneficial economic impact on NHRS funding. The affect of this bill is an indeterminable impact to political subdivisions with an assumption the impact will start in FY 2024 and forward.

The NHRS does note the bill does not include any detail regarding the consequences to the employer for non-compliance with the requirement to obtain a cost analysis related to the change in position status. It also does not authorize the board to develop a framework for the analysis process, nor does it provide any framework. Lastly, the NHRS system states the use of the phrase "and the like" in the list of positions is unclear and could jeopardize enforcement.

The NHRS notes it is not clear whether the phrase is intended to address instances where a different title is used for one of the listed positions, or whether additional positions not specifically listed could also be subject to the penalty.

AGENCIES CONTACTED:

New Hampshire Retirement System