

SB 72-FN-A-LOCAL - AS INTRODUCED

2021 SESSION

21-0884

10/08

SENATE BILL **72-FN-A-LOCAL**

AN ACT relative to a state share of retirement system contributions by employers.

SPONSORS: Sen. Rosenwald, Dist 13; Sen. Whitley, Dist 15; Sen. Watters, Dist 4; Sen. D'Allesandro, Dist 20; Sen. Perkins Kwoka, Dist 21; Sen. Soucy, Dist 18; Sen. Prentiss, Dist 5; Sen. Kahn, Dist 10; Sen. Sherman, Dist 24; Rep. O'Brien, Hills. 36; Rep. Espitia, Hills. 31

COMMITTEE: Finance

ANALYSIS

This bill provides that the state shall pay 15 percent of contributions of retirement system employers other than the state for group I teachers and group II members.

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Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.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 relative to a state share of retirement system contributions by employers.

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

1 1 Short Title. This act may be known as the "Taxpayer Rescue Act of 2021."

2 2 Retirement System; Employer Contributions; State Share of Contributions. Amend RSA 100-
3 A:16, II(b) and (c) to read as follows:

4 (b) The contributions of each employer for benefits under the retirement system on
5 account of group II members shall consist of a percentage of the earnable compensation of its
6 members to be known as the "normal contribution," and an additional amount to be known as the
7 "accrued liability contribution;" provided that beginning with state fiscal year [2013] **2022** and for
8 each state fiscal year thereafter, any employer [~~shall pay the full amount of such total contributions~~],
9 ***other than the state, shall pay 85 percent of such total contributions, and 15 percent***
10 ***thereof shall be paid by the state; and provided further that, in case of group II members***
11 ***employed by the state, the state shall pay both normal and accrued liability contributions.***

12 The rate percent of such normal contribution, including contributions on behalf of group II members
13 whose group II creditable service is in excess of 40 years, in each instance shall be fixed on the basis
14 of the liabilities of the system with respect to the particular members of the various member
15 classifications as shown by actuarial valuations, except as provided in subparagraph (i).

16 (c) The contributions of each employer for benefits under the retirement system on
17 account of group I members shall consist of a percentage of the earnable compensation of its
18 members to be known as the "normal contribution," and an additional amount to be known as the
19 "accrued liability contribution;" provided that beginning with state fiscal year [2013] **2022** and for
20 each state fiscal year thereafter, ***in the case of teachers***, any employer [~~shall pay the full amount of~~
21 ~~such total contributions~~], ***other than the state, shall pay 85 percent of such total***
22 ***contributions, and 15 percent thereof shall be paid by the state; and provided further that,***
23 ***in case of teacher members employed by the state, the state shall pay both normal and***
24 ***accrued liability contributions.*** The rate percent of such normal contribution in each instance
25 shall be fixed on the basis of the liabilities of the system with respect to the particular members of
26 the various member classifications as shown by actuarial valuation, except as provided in
27 subparagraph (i).

28 3 Repeal. RSA 100-A:16, II(c-1) relative to employer contributions for fiscal year 2012, is
29 repealed.

30 4 Effective Date. This act shall take effect July 1, 2021.

**SB 72-FN-A-LOCAL- FISCAL NOTE
AS INTRODUCED**

AN ACT relative to a state share of retirement system contributions by employers.

FISCAL IMPACT: State County Local None

STATE:	Estimated Increase / (Decrease)			
	FY 2021	FY 2022	FY 2023	FY 2024
Appropriation	\$0	\$0	\$0	\$0
Revenue	\$0	\$0	\$0	\$0
Expenditures	\$0	\$53.0 million	\$54.28 million	\$55.60 million
Funding Source:	<input checked="" type="checkbox"/> General	<input type="checkbox"/> Education	<input type="checkbox"/> Highway	<input type="checkbox"/> Other

**POLITICAL
SUBDIVISIONS:**

Revenue	\$0	\$0	\$0	\$0
Expenditures	\$0	(\$53.00 million)	(\$54.28 million)	(\$55.60 million)

* 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 the State to pay 15 percent of the normal and accrued liability contributions of political subdivision retirement system employers for group I teachers and group II (police and fire) members beginning in FY 2022. The remaining 85 percent will be paid by the political subdivision employers that pay 100 percent of such contributions under current law. The proposed change affects the pension contribution rate, but not the medical subsidy contribution rate. The bill does not impact the NHRS unfunded actuarial liability (UAAL) or funded ratio because it does not change the total amount of employer contributions due to the the retirement system, only the funding source. The New Hampshire Retirement System's (NHRS) contracted actuary conducted a supplemental actuarial valuation to estimate the impact of the bill. As detailed in the table below, state General Fund expenditures will increase and county and local expenditures will decrease. The actuary used projected payroll under the valuation assumptions and the adopted employer contribution rates for the 2022-2023 biennium for all impacted years (FY 2022-2024). Actual dollar amounts will be determined based on the June 30, 2021 actuarial valuation and may differ. NHRS is unable to break out the costs attributable to political subdivisions into the county and local shares.

Net Impact on Contributions in \$ Millions Increase/(Decrease)				
	County & Local Employer Contribution			State
	Group I	Group II		
	Teachers	Police	Fire	
FY 2021	0.00	0.00	0.00	0.00
FY 2022	(35.47)	(11.37)	(6.16)	53.00
FY 2023	(36.27)	(11.68)	(6.33)	54.28
FY 2024	(37.09)	(12.00)	(6.51)	55.60

Note: The estimates in the table above are based on calculations that do not include the medical benefit subsidy under RSA 100-A:52, 52-a, and 52-b because this bill does not impact said sections.

AGENCIES CONTACTED:

New Hampshire Retirement System