

HB 274-FN-LOCAL - AS INTRODUCED

2021 SESSION

21-0159

10/04

HOUSE BILL ***274-FN-LOCAL***

AN ACT relative to payment by the state of a portion of retirement system contributions of political subdivision employers.

SPONSORS: Rep. O'Brien, Hills. 36; Rep. Cushing, Rock. 21; Sen. Rosenwald, Dist 13

COMMITTEE: Executive Departments and Administration

ANALYSIS

This bill provides that the state shall pay 5 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 struck through.~~
Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.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 payment by the state of a portion of retirement system contributions of political subdivision employers.

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

1 1 Short Title; Purpose.

2 I. This act may be known as the "Property Tax Relief Act of 2021."

3 II. This act restores the state's contribution of a portion of the retirement costs of teachers,
4 firefighters, and local police. Its purpose is to help ease the local property tax burden, provide
5 property tax relief to the cities and towns, and enhance public education and public safety.

6 2 Retirement System; Employer Contributions; State Share of Contributions. Amend RSA 100-
7 A:16, II(b) and (c) to read as follows:

8 (b) The contributions of each employer for benefits under the retirement system on
9 account of group II members shall consist of a percentage of the earnable compensation of its
10 members to be known as the "normal contribution," and an additional amount to be known as the
11 "accrued liability contribution;" provided that beginning with state fiscal year [2013] **2022** and for
12 each state fiscal year thereafter, any employer [~~shall pay the full amount of such total contributions~~]
13 ***other than the state, shall pay 95 percent of such total contributions, and 5 percent thereof***
14 ***shall be paid by the state; and provided further that, in case of group II members employed***
15 ***by the state, the state shall pay both normal and accrued liability contributions.*** The rate
16 percent of such normal contribution, including contributions on behalf of group II members whose
17 group II creditable service is in excess of 40 years, in each instance shall be fixed on the basis of the
18 liabilities of the system with respect to the particular members of the various member classifications
19 as shown by actuarial valuations, except as provided in subparagraph (i).

20 (c) The contributions of each employer for benefits under the retirement system on
21 account of group I members shall consist of a percentage of the earnable compensation of its
22 members to be known as the "normal contribution," and an additional amount to be known as the
23 "accrued liability contribution;" provided that beginning with state fiscal year [2013] **2022** and for
24 each state fiscal year thereafter, ***in the case of teachers,*** any employer [~~shall pay the full amount of~~
25 ~~such total contributions~~] ***other than the state, shall pay 95 percent of such total contributions,***
26 ***and 5 percent thereof shall be paid by the state; and provided further that, in case of***
27 ***teacher members employed by the state, the state shall pay both normal and accrued***
28 ***liability contributions.*** The rate percent of such normal contribution in each instance shall be
29 fixed on the basis of the liabilities of the system with respect to the particular members of the

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1 various member classifications as shown by actuarial valuation, except as provided in subparagraph
2 (i).

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

5 4 Effective Date. This act shall take effect July 1, 2021.

**HB 274-FN-LOCAL- FISCAL NOTE
AS INTRODUCED**

AN ACT relative to payment by the state of a portion of retirement system contributions of political subdivision 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	\$17.66 million	\$18.09 million	\$18.53 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	(\$17.66 million)	(\$18.09 million)	(\$18.53 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 5 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 95 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 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	0	0	0
FY 2022	(11.82)	(3.79)	(2.05)	17.66
FY 2023	(12.09)	(3.89)	(2.11)	18.09
FY 2024	(12.36)	(4.00)	(2.17)	18.53

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