

Bill as Introduced

HB 464-FN - AS INTRODUCED

2011 SESSION

11-0368

10/09

HOUSE BILL **464-FN**

AN ACT requiring the transfer of certain retirement system group II special account funds to the state annuity accumulation fund.

SPONSORS: Rep. Hawkins, Hills 18; Rep. Reagan, Rock 1; Rep. Kurk, Hills 7; Sen. Bradley, Dist 3; Sen. White, Dist 9

COMMITTEE: Special Committee on Public Employee Pensions Reform

ANALYSIS

This bill requires the state retirement system to transfer \$89,000,000 from the group II special account to the state annuity accumulation fund.

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 Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.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

AN ACT requiring the transfer of certain retirement system group II special account funds to the state annuity accumulation fund.

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

- 1 1 Transfer Required; Retirement System. The board of trustees of the retirement system shall
- 2 forthwith transfer the sum of \$89,000,000 from the group II components of the special account
- 3 established under RSA 100-A:16, II(h) to the state annuity accumulation fund.
- 4 2 Effective Date. This act shall take effect 60 days after its passage.

LBAO
11-0368
01/03/11

HB 464-FN - FISCAL NOTE

AN ACT requiring the transfer of certain retirement system group II special account funds to the state annuity accumulation fund.

FISCAL IMPACT:

The New Hampshire Retirement System states this bill will decrease state expenditures by \$3,280,000 in FY 2014 and by \$3,430,000 in FY 2015, and will decrease local expenditures by \$3,720,000 in FY 2014 and by \$3,880,000 in FY 2015. There will be no fiscal impact on state, county or local revenues or county expenditures.

METHODOLOGY:

The New Hampshire Retirement System states this bill would require the System to transfer \$89,000,000 from the group II special account to the state annuity accumulation account for group II members. The System states this transfer would decrease the amount held in the special account for funding future group II supplemental allowances or cost of living allowances by \$89,000,000, while increasing the amount in the state annuity accumulation fund for group II members by the same amount. The System further states since assets held in the special account are not recognized when computing employer contribution rates, but are in the state annuity accumulation fund, the proposed transfer would result in a reduction in employer contribution rates for group II members beginning in FY 2014. The System's actuary estimates the following reductions in employer contributions would be as follows:

<u>State</u>		<u>Political Subdivisions</u>	
FY 2014		FY 2014	
Police	\$2,280,000	Police	\$2,030,000
Fire	<u>1,000,000</u>	Fire	<u>1,690,000</u>
Total	\$3,280,000	Total	\$3,720,000
FY 2015		FY 2015	
Police	\$2,390,000	Police	\$2,120,000
Fire	<u>1,040,000</u>	Fire	<u>1,760,000</u>
Total	\$3,430,000	Total	\$3,880,000

LBAO
11-0368
Revised 01/31/11

HB 464 FISCAL NOTE

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The New Hampshire Retirement System states this bill will decrease state expenditures by \$3,280,000 in FY 2014, and \$3,430,000 in FY 2015, and will decrease county and local expenditures by \$3,720,000 in FY 2014, and \$3,880,000 in FY 2015. There will be no fiscal impact on state, county or local revenues.

METHODOLOGY:

The New Hampshire Retirement System states this bill would require the System to transfer \$89,000,000 from the group II special account to the state annuity accumulation account for group II. The System states this transfer would decrease the amount held in the special account for funding future group II supplemental allowances or cost of living allowances by \$89,000,000, while increasing the amount in the state annuity accumulation fund for group II by the same amount. The System further states since assets held in the special account are not recognized when computing employer contribution rates, but are in the state annuity accumulation fund, the proposed transfer would result in a reduction in employer contribution rates for group II members beginning in FY 2014. The System's actuary estimates the following reductions in employer contributions to be as follows:

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FY 2014		FY 2014	
Police	\$2,280,000	Police	\$2,030,000
Fire	<u>\$1,000,000</u>	Fire	<u>\$1,690,000</u>
Total	\$3,280,000	Total	\$3,720,000
FY 2015		FY 2015	
Police	\$2,390,000	Police	\$2,120,000
Fire	<u>\$1,040,000</u>	Fire	<u>\$1,760,000</u>
Total	\$3,430,000	Total	\$3,880,000

The System's actuaries are unable to separate local and county expenditures from their actuarial valuation within totals for political subdivisions. The System did not provide estimates beyond FY 2015.

Amendments

Rep. Hawkins Hills. 18
March 4, 2011
2011-0638h
10/05

Amendment to HB 464-FN

"Not Adopted"

1 Amend the bill by inserting after section 1 the following and renumbering the original section 2 to
2 read as 3:

3
4 2 Retirement System; Recalculation of Employer Rates; Recertification. Notwithstanding the
5 notice requirements of RSA 100-A:16, III, the board of trustees of the retirement system shall
6 recalculate employer contribution rates for the state fiscal years 2012 and 2013 to reflect the
7 requirements of this act. Notwithstanding the notice requirements of RSA 100-A:16, III, such
8 employer contribution rates shall be effective for the biennium beginning July 1, 2011, and the
9 recertification of employer contribution percentages, applicable beginning July 1, 2011, shall be
10 provided to each employer within a reasonable period of time not to exceed 30 days from the effective
11 date of this section. The exception to the notice requirements of RSA 100-A:16, III in this section
12 shall be limited to the applicable employer contribution rates for the biennium beginning
13 July 1, 2011.

Speakers

SIGN UP SHEET

To Register Opinion If Not Speaking

Bill # HB 464 Date 2/11/11

Committee Special Committee on Public Employee Pensions Reform

** Please Print All Information **

Name	Address	Phone	Representing	(check one)	
				Pro	Con
Doug Patch	One Eagle Sq Concord	223 9161	NH Assn Fire Chiefs		X
GERARD KNIGHT	48 LANDING LANE LACONIA	455-9321	NHREA		X
SENATOR RAY WHITE			DISTRICT 9	X	
Dean Michener	Concord	228-2061	NH School Boards Assn	✓	
Rep Mike Buxton		882 6022			✓
Sandy Anlaw	39 Gowing Rd. Hudson		NHREA	✓	
Aveic Buxton	Nashua	891 1220	Local 789		✓
Cornie George	Dunbarton	03046	NHREA		✓
ERNEST LOEMIS	CONCORD		RET SP		✓
BARBARA C. FURNESS			NHREA		✓
Stephen Arnold	Portsmouth		NH Police		✓
Diana Lacey	Concord		SEA NH		X
Bats Blair	Concord	228-1458	NH Police Association		X
Jim Peters	Concord	228-1498	NH Troopers Association		X
Claude Dumant	79 Maclean Rd Alstead				X
William Perron	27 School St Walpole				X
Kathy Kimball	25 Beaver Dam Rd. Andim		NHRESTA		X
David Kelley	46 Edgewood Dr. Hampton, NH				X
Wayne Kelly	97 Glendale Dr. Newmarket NH				X
Joe Dutilleul	1576 Huse Rd Manchester		MANCH. AREA Retired Educator		X
ARTHUR WALKER	56 CASTLE AVE KEENE, NH				X
Tom Robinson	341 PRINCETON GILMANTON NH				X
Mary Robinson	341 PRINCETON GILMANTON				X
Mary Hogan	Elst, Nc		Ken (w/ Raymond) Fire Chief		X

Hearing Minutes

HOUSE SPECIAL COMMITTEE ON PUBLIC EMPLOYEE PENSIONS REFORM

PUBLIC HEARING ON HB 464-FN

BILL TITLE: requiring the transfer of certain retirement system group II special account funds to the state annuity accumulation fund.

DATE: February 11, 2011

LOB ROOM: 205 **Time Public Hearing Called to Order:** 11:00 a.m.

Time Adjourned: 11:35 a.m.

(please circle if present)

Committee Members: Reps. Reagan, Hawkins, Shuler, Sedensky, W. Smith, Moran, Infantine, Kurk, Jasper, B. Patten, Blankenhoker, Winter, Shurtleff, Barood, Long and D. Sullivan

Bill Sponsors: Rep. Hawkins, Hills 18; Rep. Reagan, Rock 1; Rep. Kurk, Hills 7; Sen. Bradley, Dist 3; Sen. White Dist 9

TESTIMONY

* Use asterisk if written testimony and/or amendments are submitted.

REP HAWKINS INTRODUCED THE BILL: WE HAVE AN ASSUMED RATE OF RETURN OF 9-9.5% ANDY THING OVER THAT BY .5% WAS USED TO PAY COLAS. THE IRS SAYS NO MONEY CAN GO TO A SPECIAL ACCOUNT UNTIL THE MAIN CORPUS REACHES 85%

REP BUXTON FROM NASHUA: **OPPOSED** BELIEVES THIS WILL UNDERFUND THE ACCOUNT AND THIS IS GOVERNMENT COST SHIFTING.

BARBARA REID NH MUNICIPAL ASSOC. **SUPPORT.** ***WRITTEN TESTIMONY

DAVID LANG PROFESSIONAL FIREFIGHTERS: **OPPOSED** IN THE 80S THE RETIREMENT FUND WAS FUNCTIONING OVER 100% . THE SYSTEM TOOK 89M AND USED TO FUND ANOTHER FUND (4-H-1 MEDICAL TRUST) THAT COULD BE USED FOR MEDICAL. HOWEVER THERE WERE TAX IMPLICATIONS TO THIS VOLUNTARY COMPLIANCE AGREEMENT. IT WAS CORRECTED. 89M CAME BACK WITH INTEREST AND PUT IT INTO THE SPECIAL ACCOUNT WITH THE INTEREST. HE WANTS THE 89 M LEFT IN THE SPECIAL ACCOUNT.

ARTHUR BEAUDRY NHSPFFRA **OPPOSED** ECHOED DAVE. FIREFIGHTERS DO NOT GET SSI SO THEY CHOSE MEDICAL . TO KEEP TAX EXEMPT STATUS THEY PUT IT IS SPECIAL ACCOUNTS WEHRE THE EMPLOYER PAID 25% AND THEN GOT REIMBURSED. ONCE THE MONEY HIT THE SPECIAL ACCOUNT NO LONGER EMPLOYER MONEY BUT BELONGED TO THE EMPLOYEES

RICHARD CRATE NH CHIEF'S OF POLICE **OPPOSED** FOLKS WERE GIVEN A PROMISE THAT THEY WOULD BE GIVEN A COLA. THE SHIFT OF THE MONEY WOULD REMOVE THE CHANCE FOR ANY COLAS.

Respectfully submitted,

Rep. Lynne F. Blankenbeker
Clerk

HOUSE SPECIAL COMMITTEE ON PUBLIC EMPLOYEE PENSIONS REFORM

PUBLIC HEARING ON HB 464-FN

BILL TITLE: requiring the transfer of certain retirement system group II special account funds to the state annuity accumulation fund.

DATE:

LOB ROOM: 205

Time Public Hearing Called to Order: 1105

Time Adjourned: 1135
awaiting to hear from
attny.

(please circle if present)

Committee Members: Reps. Reagan, Hawkins, Shuler, Sedensky, W. Smith, Moran, Infantine, Kurk, Jasper, B. Patten, Blankenbaker, Winter, Shurtleff, Baroody, Long and D. Sullivan

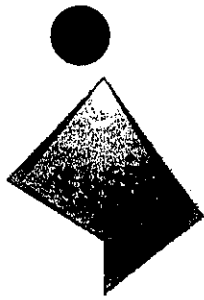
Bill Sponsors: Rep. Hawkins, Hills 18; Rep. Reagan, Rock 1; Rep. Kurk, Hills 7; Sen. Bradley, Dist 3; Sen. White Dist 9

TESTIMONY

* Use asterisk if written testimony and/or amendments are submitted.

* Barbara Reid

Testimony



NHRS

New Hampshire Retirement System

Barbara Reid
2/21/2011
464

Medical Subsidy

Medical Subsidy Funding Depletion Schedule

➤ Employees	2011
➤ Teachers	2011
➤ Police	2019
➤ Fire	2022

Executive Summary
(Continued)

Covered Group	State Employees	Political Subdivision Employees	Teachers	Police and Fire	Grand Total
I. Number of Participants Covered by Post Retirement Health as of June 30, 2009					
a. Actives	0	0 *	3,810 *	5,971	9,781
b. Retirees, Disabilities, and Beneficiaries	2,268	1,301	4,179	2,461	10,209
c. Vested Terminations	0	0	0	11	11
d. Total	2,268	1,301	7,989	8,443	20,001
e. Total NHRS Covered Annual Payroll	\$ 508,752,493	\$ 570,404,140	\$ 1,003,513,833	\$ 365,616,576	\$ 2,448,287,042
II. Long Range Post-Retirement Health Cost					
a. Actuarial Present Value of Projected Benefits	\$ 90,841,086	\$ 61,467,594	\$ 249,070,136	\$ 319,525,432	\$ 720,904,248
b. Actuarial Present Value of Future Normal Costs	-	-	-	47,513,657	47,513,657
c. Actuarial Accrued Liability (AAL): a. - b.	90,841,086	61,467,594	249,070,136	272,011,775	673,390,591
d. Valuation Assets	-	36,255,033	20,575,292	119,970,116	176,800,441
e. Unfunded Actuarial Accrued Liability (UAAL): c. - d.	90,841,086	25,212,561	228,494,844	152,041,659	496,590,150
f. Funded Status	0.0%	59.0%	8.3%	44.1%	26.3%
III. Health Contributions					
For Fiscal Year 2012					
1. Percent of Payroll	1.60%	0.38%	2.44%	2.65%	1.82%
2. Estimated Dollar Amount	\$ 9,289,138	\$ 2,473,518	\$ 27,942,294	\$ 11,056,575	\$ 50,761,525
For Fiscal Year 2013					
1. Percent of Payroll	1.60%	0.38%	2.44%	2.65%	1.82%
2. Estimated Dollar Amount	\$ 9,707,149	\$ 2,584,827	\$ 29,199,697	\$ 11,554,121	\$ 53,045,794

* Must retire by July 1, 2009.

Executive Summary
(Continued)

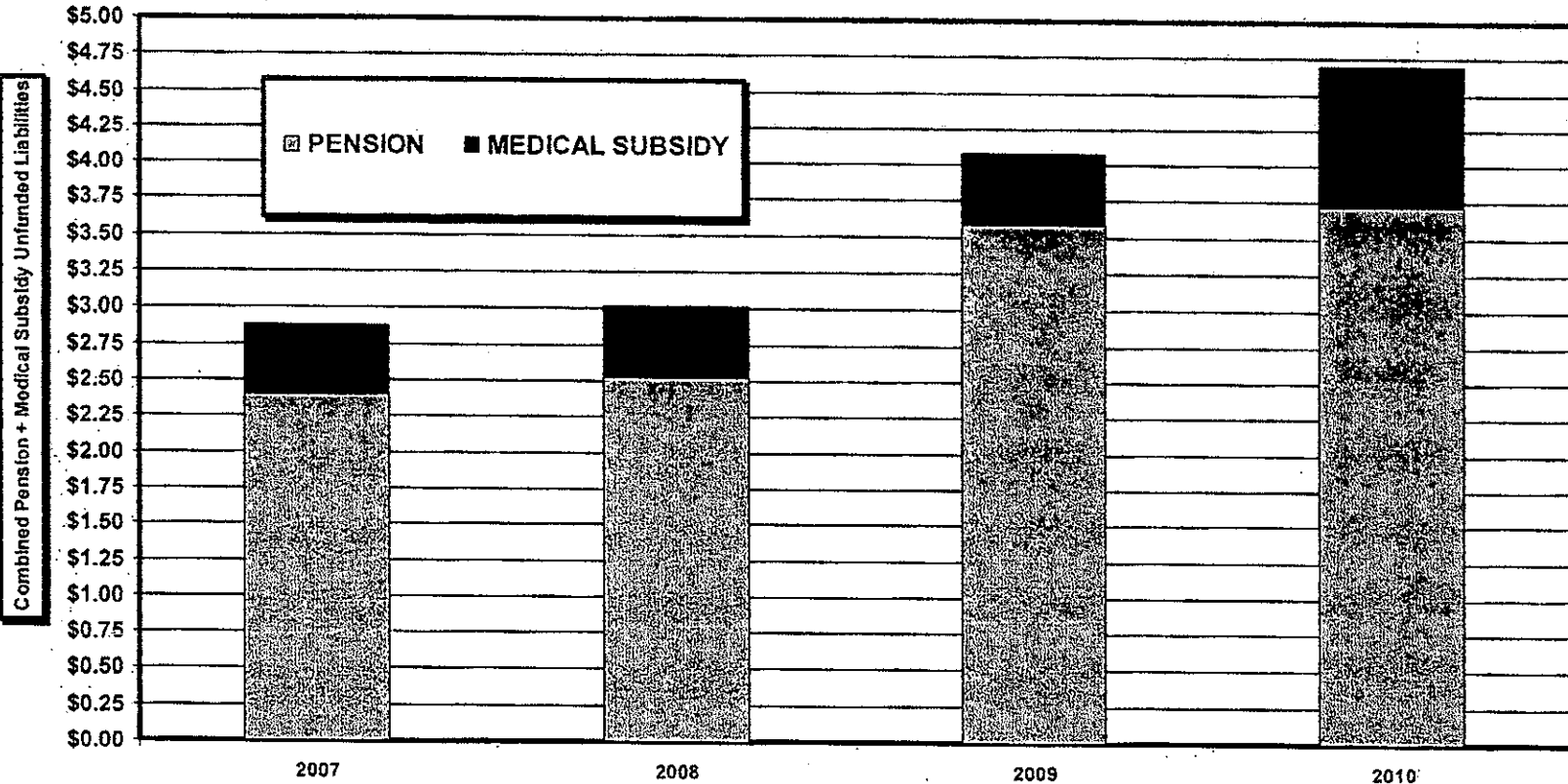
Covered Group	State Employees	Political Subdivision Employees	Teachers	Police and Fire	Grand Total
I. Number of Participants Covered by Post Retirement Health as of June 30, 2010					
a. Actives	-	-	-	5,876	5,876
b. Retirees, Disabilities, and Beneficiaries	2,197	1,436	4,470	2,489	10,592
c. Vested Terminations	-	-	-	-	-
d. Total	2,197	1,436	4,470	8,365	16,468
e. Total NHRS Covered Annual Payroll	\$ 520,712,360	\$ 572,434,892	\$ 1,020,744,780	\$ 367,491,588	\$ 2,481,383,620
II. Long Range Post-Retirement Health Cost*					
a. Actuarial Present Value of Projected Benefits	\$ 122,284,859	\$ 100,506,778	\$ 367,482,557	\$ 583,017,926	\$ 1,173,292,120
b. Actuarial Present Value of Future Normal Costs	-	-	-	139,429,372	139,429,372
c. Actuarial Accrued Liability (AAL): a. - b.	122,284,859	100,506,778	367,482,557	443,588,554	1,033,862,748
d. Valuation Assets	-	33,978,187	7,365,241	16,474,859	57,818,287
e. Unfunded Actuarial Accrued Liability (UAAL): c. - d.	122,284,859	66,528,591	360,117,316	427,113,695	976,044,461
f. Funded Status	0.0%	33.8%	2.0%	3.7%	5.6%
III. Health Contributions					
For Fiscal Year 2014					
1. Percent of Payroll	1.56%	0.49%	1.80%	5.51%	2.00%
2. Estimated Dollar Amount	\$ 9,686,963	\$ 3,344,932	\$ 21,910,628	\$ 24,147,055	\$ 59,089,578
For Fiscal Year 2015					
1. Percent of Payroll	1.56%	0.49%	1.80%	5.51%	2.00%
2. Estimated Dollar Amount	\$ 10,122,876	\$ 3,495,454	\$ 22,896,607	\$ 25,233,672	\$ 61,748,609

Fiscal Year	State Employees	Political Subdivision Employees	Teachers	Police and Fire	Grand Total
2010	2,197	1,436	4,470	8,365	16,468
2011	2,197	1,436	4,470	8,365	16,468
2012	2,197	1,436	4,470	8,365	16,468
2013	2,197	1,436	4,470	8,365	16,468
2014	2,197	1,436	4,470	8,365	16,468
2015	2,197	1,436	4,470	8,365	16,468

* Post-Retirement Health Cost in this valuation reflects a change in the discount rate from 8.5% to 4.5%.

NHRS UNFUNDED LIABILITIES: 2007-2010

Billions



Source: NHRS FY 2009 & 2010 Comprehensive Annual Financial Report

Voting Sheets

HOUSE SPECIAL COMMITTEE ON PUBLIC EMPLOYEE PENSIONS REFORM

EXECUTIVE SESSION on HB 464-FN

BILL TITLE: requiring the transfer of certain retirement system group II special account funds to the state annuity accumulation fund.

DATE: March 4, 2011

LOB ROOM: 305 & 307

Amendments:

Sponsor: Rep. OLS Document #:

Sponsor: Rep. OLS Document #:

Sponsor: Rep. OLS Document #:

Motions: OTP, OTP/A, ITL, Interim Study (Please circle one.)

Moved by Rep. Hawkins

Seconded by Rep. Kurk

Vote: 9-4 (Please attach record of roll call vote.)

Motions: OTP, OTP/A, ITL, Interim Study (Please circle one.)

Moved by Rep.

Seconded by Rep.

Vote: (Please attach record of roll call vote.)

CONSENT CALENDAR VOTE: NO

(Vote to place on Consent Calendar must be unanimous.)

Statement of Intent: Refer to Committee Report

Respectfully submitted,

Rep. Steven Winter, Clerk

HOUSE SPECIAL COMMITTEE ON PUBLIC EMPLOYEE PENSIONS REFORM

EXECUTIVE SESSION on HB 464-FN

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Motions: (OTP, OTP/A, ITL, Interim Study (Please circle one.)

Moved by Rep.

HAWKINS

Seconded by Rep.

KURK

Vote: (Please attach record of roll call vote.)

Motions: OTP, OTP/A, ITL, Interim Study (Please circle one.)

Moved by Rep.

Seconded by Rep.

Vote: (Please attach record of roll call vote.)

CONSENT CALENDAR VOTE:

(Vote to place on Consent Calendar must be unanimous.)

Statement of Intent: Refer to Committee Report

Respectfully submitted,

Rep. Steven Winter, Clerk

SPECIAL COMMITTEE PUBLIC EMPLOYEE PENSIONS REFORM

Bill #: HB 464 Title: _____

PH Date: _____ / _____ / _____ Exec Session Date: 3, 10, 11

Motion: OTP Amendment #: _____

MEMBER	YEAS	NAYS
Hawkins, Kenneth, Chairman	X	
Sedensky, John B, V Chairman	X	
Shuler, Wyman E		A
Smith, William B	X	
Moran, Edward P		A
Infantine, William J		A
Kurk, Neal M	X	
Winter, Steven J, Clerk	X	
Avard, Kevin A	X	
Cohn, Seth	X	
Waddell, James A	X	
Bowers, Spec	X	
Shurtleff, Stephen J		X
Baroody, Benjamin C		X
Long, Patrick T		X
Sullivan, Daniel J		X
	9-4	

Committee Report

REGULAR CALENDAR

March 10, 2011

HOUSE OF REPRESENTATIVES

REPORT OF COMMITTEE

**The Majority of the Committee on SPECIAL
COMMITTEE PUBLIC EMPLOYEE PENSIONS
REFORM to which was referred HB464-FN,**

**AN ACT requiring the transfer of certain retirement
system group II special account funds to the state
annuity accumulation fund. Having considered the
same, report the same with the recommendation that
the bill OUGHT TO PASS.**

Rep. Kenneth Hawkins

FOR THE MAJORITY OF THE COMMITTEE

**MAJORITY
COMMITTEE REPORT**

Committee: **SPECIAL COMMITTEE PUBLIC EMPLOYEE
PENSIONS REFORM**

Bill Number: **HB464-FN**

Title: **requiring the transfer of certain retirement
system group II special account funds to the
state annuity accumulation fund.**

Date: **March 10, 2011**

Consent Calendar: **NO**

Recommendation: **OUGHT TO PASS**

STATEMENT OF INTENT

HB464 – This bill would transfer \$89 million from the Group II Special Account to the corpus of the New Hampshire Retirement System. The Corpus is the main account of the NHRS. It will result in a decrease of \$3.5 Million of employer (taxpayer) dollars needed. The \$89 million was transferred from a medical sub-trust for group II to the special account by the Retirement Board in Dec 2010. By doing this the monies transferred would make available Group II monies needed for COLA's. No other groups have monies available for COLA's. We feel that no one Group should have a benefit that the others don't.

Vote 9-4

Rep. Kenneth Hawkins
FOR THE MAJORITY

Original: House Clerk
Cc: Committee Bill File

REGULAR CALENDAR

SPECIAL COMMITTEE PUBLIC EMPLOYEE PENSIONS REFORM

HB464-FN, requiring the transfer of certain retirement system group II special account funds to the state annuity accumulation fund. **OUGHT TO PASS.**

Rep. Kenneth Hawkins for the **Majority** of **SPECIAL COMMITTEE PUBLIC EMPLOYEE PENSIONS REFORM**. HB464 – This bill would transfer \$89 million from the Group II Special Account to the corpus of the New Hampshire Retirement System. The Corpus is the main account of the NHRS. It will result in a decrease of \$3.5 Million of employer (taxpayer) dollars needed. The \$89 million was transferred from a medical sub-trust for group II to the special account by the Retirement Board in Dec 2010. By doing this the monies transferred would make available Group II monies needed for COLA's. No other groups have monies available for COLA's. We feel that no one Group should have a benefit that the others don't. **Vote 9-4.**

Original: House Clerk
Cc: Committee Bill File

HB464 – This bill would transfer \$89 million from the Group II Special Account to the corpus of the New Hampshire Retirement System. The Corpus is the main account of the NHRS. It will result in a decrease of \$3.5 Million of employer (taxpayer) dollars needed. The \$89 million was transferred from a medical sub-trust for group II to the special account by the Retirement Board in Dec 2010. By doing this the monies transferred would make available Group II monies needed for COLA's. No other groups have monies available for COLA's. We feel that no one Group should have a benefit that the others don't.

Rep Ken Hawkins
Hills Cty 18

A handwritten signature in black ink, appearing to read "Ken Hawkins", written in a cursive style.

Ebbs, Heather

From: khawkins2@comcast.net
Sent: Tuesday, March 08, 2011 7:37 PM
To: Ebbs, Heather
Subject: Blurb 464

HB464 – This bill would transfer \$89 million from the Group II Special Account to the corpus of the New Hampshire Retirement System. The Corpus is the main account of the NHRS. It will result in a decrease of \$3.5 Million of employer (taxpayer) dollars. The \$89 million was transferred from a medical sub-trust for group II to the special account by the Retirement Board in Dec 2010. By doing this the monies transferred would give Group II monies needed for COLA's. ^{no} All other groups ~~do not~~ have monies available for COLA's. We feel that no one Group should have a benefit that the others don't.

*needed
contributor*

Make Available

Rep Ken Hawkins
Hills Cty 18

3/9/2011

REGULAR CALENDAR

March 10, 2011

HOUSE OF REPRESENTATIVES

REPORT OF COMMITTEE

The Minority of the Committee on SPECIAL

COMMITTEE PUBLIC EMPLOYEE PENSIONS

REFORM to which was referred HB464-FN,

AN ACT requiring the transfer of certain retirement system group II special account funds to the state annuity accumulation fund. Having considered the same, and being unable to agree with the Majority, report with the following Resolution: RESOLVED, That it is INEXPEDIENT TO LEGISLATE.

Rep. Stephen J Shurtleff

FOR THE MINORITY OF THE COMMITTEE

MINORITY COMMITTEE REPORT

Committee: SPECIAL COMMITTEE PUBLIC EMPLOYEE
PENSIONS REFORM

Bill Number: HB464-FN

Title: requiring the transfer of certain retirement
system group II special account funds to the
state annuity accumulation fund.

Date: March 10, 2011

Consent Calendar: NO

Recommendation: INEXPEDIENT TO LEGISLATE

STATEMENT OF INTENT

The transfer of 89 million dollars of Special Account money to the state accumulation fund breaches an agreement entered into by the retirement system (NHRS) and the IRS and reverses a vote of the NHRS Board authorizing a transfer of 89 million dollars from a medical subtrust back to the Special Account where the 89 million dollars originally came from. The agreement with the IRS was recommended by NHRS outside legal experts (Ice Miller) who expressly recommended that this money be returned to the Special Account. The transfer of Special Account money (intended to pay for employee pension benefits) to the corpus of the fund (in order to suppress employer rates) also constitutes a prohibited transaction under IRS rules and violates the New Hampshire Constitution, Part 1, art 36-a. The prior transfer of 250 million dollars from the Special Account to the corpus is the subject of an ongoing lawsuit and HB 464-FN will likely amount to another illegal diversion of money raised and authorized exclusively to pay for employee pension benefits.

Rep. Stephen J Shurtleff
FOR THE MINORITY

Original: House Clerk
Cc: Committee Bill File

Original: House Clerk
Cc: Committee Bill File

REGULAR CALENDAR

SPECIAL COMMITTEE PUBLIC EMPLOYEE PENSIONS REFORM

HB464-FN, requiring the transfer of certain retirement system group II special account funds to the state annuity accumulation fund. **INEXPEDIENT TO LEGISLATE.**

Rep. Stephen J Shurtleff for the **Minority** of **SPECIAL COMMITTEE PUBLIC EMPLOYEE PENSIONS REFORM**. The transfer of 89 million dollars of Special Account money to the state accumulation fund breaches an agreement entered into by the retirement system (NHRS) and the IRS and reverses a vote of the NHRS Board authorizing a transfer of 89 million dollars from a medical subtrust back to the Special Account where the 89 million dollars originally came from. The agreement with the IRS was recommended by NHRS outside legal experts (Ice Miller) who expressly recommended that this money be returned to the Special Account. The transfer of Special Account money (intended to pay for employee pension benefits) to the corpus of the fund (in order to suppress employer rates) also constitutes a prohibited transaction under IRS rules and violates the New Hampshire Constitution, Part 1, art 36-a. The prior transfer of 250 million dollars from the Special Account to the corpus is the subject of an ongoing lawsuit and HB 464-FN will likely amount to another illegal diversion of money raised and authorized exclusively to pay for employee pension benefits.

Original: House Clerk
Cc: Committee Bill File

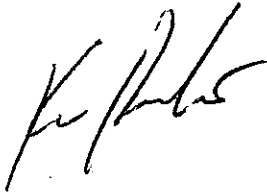
HB 464

Minority

ITL

The transfer of 89 million dollars of Special Account money to the state accumulation fund breaches an agreement entered into by the retirement system (NHRS) and the IRS and reverses a vote of the NHRS Board authorizing a transfer of 89 million dollars from a medical subtrust back to the Special Account where the 89 million dollars originally came from. The agreement with the IRS was recommended by NHRS outside legal experts (Ice Miller) who expressly recommended that this money be returned to the Special Account. The transfer of Special Account money (intended to pay for employee pension benefits) to the corpus of the fund (in order to suppress employer rates) also constitutes a prohibited transaction under IRS rules and violates the New Hampshire Constitution, Part 1, art 36-a. The prior transfer of 250 million dollars from the Special Account to the corpus is the subject of an ongoing lawsuit and HB 464-FN will likely amount to another illegal diversion of money raised and authorized exclusively to pay for employee pension benefits.

Stephen Shurtleff

A handwritten signature in black ink, appearing to read "Stephen Shurtleff", is written below the typed name.

MINORITY REPORT

COMMITTEE: Committee on Pension Reform

BILL NUMBER: HB-464

TITLE: _____

DATE: _____ CONSENT CALENDAR: YES NO

- OUGHT TO PASS
- OUGHT TO PASS W/ AMENDMENT
- INEXPEDIENT TO LEGISLATE
- INTERIM STUDY (Available only 2nd year of biennium)

Amendment No.

STATEMENT OF INTENT:

COMMITTEE VOTE: 9-4

• Copy to Committee Bill File

RESPECTFULLY SUBMITTED,

Rep. Steve Shultz
For the Minority

The transfer of 89 million dollars of Special Account money to the state accumulation fund breaches an agreement entered into by the retirement system (NHRS) and the IRS and reverses a vote of the NHRS Board authorizing a transfer of 89 million dollars from a medical subtrust back to the Special Account where the 89 million dollars originally came from. The agreement with the IRS was recommended by NHRS outside legal experts (Ice Miller) who expressly recommended that this money be returned to the Special Account. The transfer of Special Account money (intended to pay for employee pension benefits) to the corpus of the fund (in order to suppress employer rates) also constitutes a prohibited transaction under IRS rules and violates the NH Constitution, Part 1, art 36-a. The prior transfer of 250 million dollars from the Special Account to the corpus is the subject of an ongoing lawsuit and HB464-FN will likely amount to another illegal diversion of money raised and authorized exclusively to pay for employee pension benefits.