Bill as Introduced

HB 173-FN - AS INTRODUCED

2021 SESSION

21-0119 10/04

HOUSE BILL 17

173-FN

AN ACT

requiring the independent investment committee of the New Hampshire

retirement system to report investment fees.

SPONSORS:

Rep. Schuett, Merr. 20; Rep. Schultz, Merr. 18; Rep. Ellison, Merr. 27; Rep. M.

Pearson, Rock. 34; Rep. Merchant, Sull. 4

COMMITTEE:

Executive Departments and Administration

ANALYSIS

This bill requires the quarterly report of the retirement system's independent investment committee to include a description of investment fees. The bill also requires independent investment committee reports to be available on the retirement system's Internet website.

•

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Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.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

9

10

requiring the independent investment committee of the New Hampshire retirement system to report investment fees.

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

- 1 Retirement System; Investment Committee; Report on Investment Fees. Amend RSA 1002 A:15, II-a(c) to read as follows:
 3 (c) Report to the board of trustees at least quarterly on the management, investment,
 4 and reinvestment activities of the independent investment committee. The report shall include a
 5 description of all fees incurred due to investment transactions.
 6 2 Retirement System; Independent Investment Committee; Reports. RSA 100-A:15, X is
 7 repealed and reenacted to read as follows:
 8 X. The quarterly report of the independent investment committee under subparagraph II(c)
 - X. The quarterly report of the independent investment committee under subparagraph II(c) and the comprehensive annual financial report under paragraph VI shall be made available for public inspection on the retirement system's Internet website.
- 11 3 Effective Date. This act shall take effect 60 days after its passage.

LBA 21-0119 10/16/20

HB 173-FN- FISCAL NOTE AS INTRODUCED

AN ACT

requiring the independent investment committee of the New Hampshire retirement system to report investment fees.

FISCAL IMPACT: [] State \[[] County [] Local [X] None

METHODOLOGY:

This bill requires the New Hampshire Retirement System (NHRS) to include a description of all fees incurred due to investment transactions in the quarterly report on investment activity of the independent investment committee. The bill also requires NHRS to post quarterly and annual financial reports on their website. The NHRS states there is no expected fiscal impact to system operations, funds or employer contribution rates as a result of these new requirements.

AGENCIES CONTACTED:

New Hampshire Retirement System

CHAPTER 5 HB 173-FN - FINAL VERSION

2021 SESSION

21-0119 10/04

HOUSE BILL 173-FN

AN ACT requiring the independent investment committee of the New Hampshire

retirement system to report investment fees.

SPONSORS: Rep. Schuett, Merr. 20; Rep. Schultz, Merr. 18; Rep. Ellison, Merr. 27; Rep. M.

Pearson, Rock. 34; Rep. Merchant, Sull. 4

COMMITTEE: Executive Departments and Administration

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CHAPTER 5 HB 173-FN - FINAL VERSION

21-0119 10/04

STATE OF NEW HAMPSHIRE

In the Year of Our Lord Two Thousand Twenty One

AN ACT

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

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Approved: April 23, 2021 Effective Date: June 22, 2021

Committee Minutes

SENATE CALENDAR NOTICE Executive Departments and Administration

Sen Sharon Carson, Chair Sen John Reagan, Vice Chair Sen Denise Ricciardi, Member Sen Kevin Cavanaugh, Member Sen Suzanne Prentiss, Member

Date: March 10, 2021

HEARINGS

Wednesday			03/17/2021			
	(Day)		(Date)			
Executive I	Departments and A	dministration	REMOTE 000	9:00 a.m.		
(Name of C	ommittee)	.	(Place)	(Time)		
9:00 a.m.	HB 94-FN		e renewal dates for certain sional licensure and certific			
9:15 a.m.	HB 70	authorizing certific	cation for the microblading	of eyebrows.		
9:30 a.m.	HB 425-FN		ical committees and a cyber epartment of information t			
9:45 a.m.	HB 302	relative to the crea	tion and use of electronic r	ecords by government		
10:00 a.m.	HB 137	relative to the rule technology.	making authority of the de	partment of information		
10:15 a.m.	HB 173-FN		pendent investment commi nent system to report inves			

Committee members will receive secure Zoom invitations via email.

Members of the public may attend using the following links:

- 1. Link to Zoom Webinar: https://www.zoom.us/j/91554056560
- 2. To listen via telephone: Dial(for higher quality, dial a number based on your current location):
- 1-301-715-8592, or 1-312-626-6799 or 1-929-205-6099, or 1-253-215-8782, or 1-346-248-7799, or 1-669-900-6833
- 3. Or iPhone one-tap: +19292056099,,91554056560# or +13017158592,,91554056560#
- 4. Webinar ID: 915 5405 6560
- 5. To view/listen to this hearing on YouTube, use this link:

https://www.youtube.com/channel/UCjBZdtrjRnQdmg-2MPMiWrA

6. To sign in to speak, register your position on a bill and/or submit testimony, use this link: http://gencourt.state.nh.us/remotecommittee/senate.aspx

The following email will be monitored throughout the meeting by someone who can assist with and alert the committee to any technical issues: remotesenate@leg.state.nh.us or call (603-271-6931).

EXECUTIVE SESSION MAY FOLLOW

Sponsors: HB 94-FN			
Rep. McGuire HB 70	Rep. T. Lekas		
Rep. McGuire HB 425-FN Rep. L. Ober HB 302 Rep. L. Ober HB 137	Rep. T. Lekas	Rep. Pitre	
Rep. L. Ober Sen. Carson HB 173-FN	Rep. McGuire	Rep. Weyler	Rep. Emerick
Rep. Schuett Rep. Merchant	Rep. Schultz	Rep. Ellison	Rep. M. Pearson

Cameron Lapine 271-2104

Sharon M Carson Chairman

AMENDED SENATE CALENDAR NOTICE Executive Departments and Administration

Sen Sharon Carson, Chair Sen John Reagan, Vice Chair Sen Denise Ricciardi, Member Sen Kevin Cavanaugh, Member Sen Suzanne Prentiss, Member

Date: March 10, 2021

HEARINGS

	Wednesda	у	03/17/2021			
	(Day)	-	(Date)			
Executive Departments and Administration			REMOTE 000	9:00 a.m.		
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9:00 a.m.	HB 94-FN		re renewal dates for certain sional licensure and certific			
9:15 a.m.	HB 70	authorizing certifi	cation for the microblading	of eyebrows.		
9:30 a.m.	HB 208	repealing RSA 32	ealers and salesmen.			
9:45 a.m.	HB 301	relative to the con	npensation appeals board.			
10:00 a.m.	HB 150		al correction and a clarificat emergency medical technic			
10:15 a.m.	HB 173-FN		ependent investment commi ment system to report inves			

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- 5. To view/listen to this hearing on YouTube, use this link:

https://www.youtube.com/channel/UCjBZdtrjRnQdmg-2MPMiWrA

6. To sign in to speak, register your position on a bill and/or submit testimony, use this link:

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EXECUTIVE SESSION MAY FOLLOW

Cameron Lapine 271-2104 Sharon M Carson Chairman

Sponsors:

HB 94-FN

Rep. McGuire Rep. T. Lekas

HB 70

Rep. McGuire

Rep. T. Lekas

Rep. Pitre

HB 173-FN

Rep. Schuett

p. Schuett

Rep. Schultz

Rep. Ellison

Rep. M. Pearson

Rep. Merchant HB 208

Rep. Yokela HB 301

Rep. Seaworth HB 150

Rep. Schuett

Rep. Goley

Rep. Soucy

Senate Executive Departments and Administration Committee

Cameron Lapine 271-2104

HB 173-FN, requiring the independent investment committee of the New Hampshire retirement system to report investment fees.

Hearing Date:

March 17, 2021

Time Opened:

10:15 a.m.

Time Closed:

10:24 a.m.

Members of the Committee Present: Senators Carson, Reagan, Ricciardi,

Cavanaugh and Prentiss

Members of the Committee Absent: None

Bill Analysis: This bill requires the quarterly report of the retirement system's independent investment committee to include a description of investment fees. The bill also requires independent investment committee reports to be available on the retirement system's Internet website.

Sponsors:

Rep. Schuett

Rep. Schultz

Rep. Ellison

Rep. M. Pearson

Rep. Merchant

Who supports the bill: Representative Dianne Schuett (Merrimack – District 20), Representative Jeff Goley (Hillsborough – District 8), Richard Gulla (SEA/SEIU L 1984), Karen Irwin, Casey McCabe (NH Retirement Security Coalition), Brian Hawkins (NEA-NH), Representative Gary Merchant (Sullivan – District 4), Robin Vogt, Representative Art Ellison (Merrimack – District 27), Cullen Tiernan (SEA/SEIU 1984), Brian Ryll (Professional Fire Fighters of NH), Virginia Clifford, and Avis Crane.

Who opposes the bill: None.

Who is neutral on the bill: Marty Karlon (NHRS).

Summary of testimony presented in support:

Representative Dianne Schuett

Merrimack - District 20

 Representative Schuett said HB 173-FN is an attempt to add transparency to the actions of the New Hampshire Retirement System (NHRS) independent investment committee. She said that investment accounts regularly provide information on earnings, as well as the costs involved with having those accounts handled. She said NHRS members should have access to information on what is spent to increase the funds.

- Rep. Schuett said that transparency is the surest way to judge the value of decisions being made.
- Rep. Schuett said that HB 173-FN is a re-file of HB 1326 (2020), which was included in an omnibus bill that was vetoed for other reasons.
- Rep. Schuett said that HB 173-FN passed House Executive Departments and Administration unanimously and pass the House on the Consent Calendar.
- Senator Carson asked if HB 173-FN was asking NHRS to include fees in their quarterly statements to members.
 - Rep. Schuett said that the idea was that they be posted online but said Mr. Karlon from NHRS could address any further actions NHRS might take, such as including it in their quarterly statements.

Richard Gulla

President, SEA/SEIU Local 1984

- Mr. Gulla said that he supports HB 173-FN.
- Mr. Gulla said that while he was representing SEA/SEIU members, he is also a NHRS member as a former Liquor Commission employee.
- Mr. Gulla said that because the NHRS is funded through public tax dollars, there is an expectation of complete transparency. He said that HB 173-FN creates a requirement to report fees on investment returns to NHRS trustees and members of the public.
- Mr. Gulla said that the return on investment of the NHRS trust fund is important to the stability of the fund, which affects property taxes. He said that property taxes are lower if the NHRS has strong returns.
- Mr. Gulla said that NHRS had a 1.1% return rate for FY 2020. He said that the assumed
 rate was 6.7% and the 1.1% rate was far off. He said it was illogical for a \$10 billion fund to
 return 1.1%. He said that it should be known how much went to managers and fees for
 consultants.
- Mr. Gulla said that transparency on fees would help to understand why NHRS performs the way it does and how much is being paid for the low performance.

Summary of testimony presented in opposition: None.

Neutral Information Presented:

Marty Karlon

NHRS

- Mr. Karlon said that NHRS has no position on HB 173-FN. He said that NHRS reports fees
 annually in the annual financial report. He said that they could be posted online quarterly
 and can add that report if HB 173-FN is passed.
- Senator Carson said it is good to know that NHRS already collects the information on fees.
 She asked if it would be difficult to break it out quarterly and include it in quarterly

statements.

- o Mr. Karlon said that because of the timing of billing and such, there would be a three-month lag in what is reported. He said that through March 31, for example, there would be no information until May or so. He said that NHRS would report the fees as NHRS received the information.
- Senator Carson asked if there would be information informing pensioners of the three-month lag.
 - o Mr. Karlon said that whatever the final format is, it would include a narrative explaining the fees and adding context. He said that it would not be a sheet of numbers and NHRS would try to contextualize the information for a layperson's understanding.

 cml

Date Hearing Report completed: March 18, 2021

Speakers

Senate Remote Testify

Senate Remote Testify

Executive Departments and Administration Committee Testify List for Bill HB173 of Support: 4 Oppose: 0 Neutral: 0 Total to Testify: 2

<u>Name</u>	Email Address	Phone	<u>Title</u>	Representing	Position	<u>Testifi</u>
Karlon, Marty	marty.karlon@nhrs.org	603.410.3594	State Agency Staff	NHRS	Neutral	Yes
Schuett, Dianne	dianne.schuett@leg.state.nh.us	603.224.0314	An Elected Official	Sponsor - (Merr. 20)	Support	Yes
Gulla, Richard	RGULLA@SEIU1984.ORG	603.856.4463	A Lobbyist	SEA/SEIU L 1984	Support	Yes
McCabe, Casey	Info@nhretirementsecuritycoalition.com	Not Given	A Lobbyist	The NH Retirement Security Coalition	Support	No
Vogt, Robin	robin.w.vogt@gmail.com	603.969.5720	A Member of the Public	Myself	Support	No
Ellison, Art	highland242@gmail.com	Not Given	An Elected Official '	Myself	Support	No
Tiernan, Cullen	ctiernan@seiu1984.org	540.746.5144	A Lobbyist	SEA / SEIU 1984	Support	No
Ryll, Brian	brian@pffnh.org	603-223-3304	A Lobbyist	Professional Fire Fighters of NH	Support	No
Goley, Rep. Jeff	Not Given	Not Given	An Elected Official	Myself	Support	No
Clifford, Virginia	vstmartin@comcast.net	Not Given	A Member of the Public	Myself	Support	No
Crane, Avis	Not Given	Not Given	A Member of the Public	Myself	Support	No

intra01/senate/remoteComMgt/

Testimony

BOLD PLAK. STRONG UNTON . FULLY INVOLVED MEMBERS

PROFESSIONAL FIRE FIGHTERS

OF NEW HAMPSHIRE

Senate Executive Departments and Administration New Hampshire Senate 107 North Main Street Concord, NH 03301

RE: Testimony in support of HB173 requiring the independent investment committee of the New Hampshire retirement system to report investment fees.

Dear Madame Chair and Members of the Committee,

My name is Brian Ryll and I serve as the President of the Professional Fire Fighters of New Hampshire, representing 42 Local Unions and 2,000 active and retired fire fighters statewide. Additionally, I am a Captain for the City of Portsmouth Fire Department. I am testifying today in support of HB173 requiring the independent investment committee of the New Hampshire retirement system to report investment fees.

This bill seeks to provide more transparency to the 48,000 active and 39,000 retired members of the NH Retirement System as well as the public at large. The bill before you requires that the independent investment committee report and publicly post on their website a description of all fees that are paid for any and all investment transactions. Right now, all that is shared is the total amount of fees. Providing further description and explanation of these fees will provide necessary and important transparency to how the \$9 billion dollar fund is being invested and the fees being paid to do so.

We believe that investment fees are one of many important factors that can impact the overall health and stability of the retirement system. Several others are also necessary to note in this context, especially one directly connected to investment fees. The NH Retirement System [NHRS] under the guidance of the Independent Investment Committee saw only a 1.1% return for FY2020. Pensions & Investments (https://www.pionline.com/section/returns-tracker) compared the FY2020 returns of 56 public employee pension plans, including New Hampshire. Their research showed, only 11 did worse than NH, 3 did the same, and 41 did better than NHRS's 1.1% return.

We are concerned at the amount of fees being paid when all that is returned is a 1.1% on \$9 billion dollars. The research shows that receiving a higher rate of return was in fact possible even given the state of the markets at the beginning of 2020. Passing HB173 would help show us what is working and what needs to be revisited, given the very real concern of meeting actuarial assumptions in order to provide benefits to members and keep employer rates stable.

This is a small change towards more transparency and is an important step in the right direction. We respectfully ask that the committee support HB173 requiring the independent investment committee of the New Hampshire retirement system to report investment fees.

Respectfully Submitted,

Brian Ryll

President

Professional Fire Fighters of New Hampshire

HB 173: To the Chair and members of ED&A, this bill is an attempt to add some transparency to the actions of the independent investment committee of the New Hampshire Retirement System (NHRS). Like me, I'm guessing some of you have some sort of investment account which regularly provides you with information not only on earnings but also what it costs you to have a financial advisor handle those investments for you. It seems only proper that the members of the system (NHRS) — and the employers who provide a portion of the money that the investment committee handles should have access to information on what is spent to hopefully increase the trust fund. That is the surest way to judge the value of the decisions being made by that body. Again, this is a redraft of HB 1326 from the 2020 session which House ED&A passed unanimously and then was passed by the House on consent calendar. As with the previous bill, it was approved by your committee and folded into an omnibus bill only to be vetoed, I believe for reasons of some of the other items contained in that huge piece of legislation. So I hope this committee will be favorable to this subject again. Rep. Dianne Schuett

Voting Sheets

Senate Executive Departments and **Administration Committee**

EXECUTIVE SESSION RECORD

2021 Session

				Γ	Bill#	HB 1	73-FN
Hearing date: 3-17-31				L		<u> </u>	
Executive Session date: 3-17-)	1						
Motion of: OTP						Vote	<u>. U-I</u>
Committee Member	Pres	ent	Mad	e by	Seco		Yes No
Sen. Carson, Chair	<u> </u>]		200	
Sen, Reagan, Vice Chair	X						
Sen. Ricciardi	\mathbf{X}	1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1			2		
Sen Cavanaugh	. ×		×				<u>N</u>
Sen. Prentiss	×						X
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Motion of:						Vote	
Committee Member	Presi	ent	Mad	e bv	Seco	nd	Yes No
Sen. Carson, Chair				Ť			Time Carlo C
Sen. Reagan, Vice Chair Sen. Ricciardi	1 2 3 1 2		* *.			, , , , , , , , , , , , , , , , , , ,	
Son Cayanaugh				7~~~	XXXIII (MARINE)		
Sen. Prentiss						:4045°	
Motion of:		<u>.</u>				Vote	:
Committee Member	Pres	ent	Mad	e by	Seco	nd	Yes No
Sen. Carson, Chair			, , , , , , , , , , , , , , , , , , ,	7			
Sen. Reagan, Vice Chair							
Sen. Ricciardi		- 10.5	s	minimum minimum			
Sen. Cavanaugh							
Sen. Prentiss							
	TEST MATERIAL PROPERTY.	<u> </u>		——————————————————————————————————————			
Reported out by: 5th. Carson	۸					-	
Notes:							
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Committee Report

STATE OF NEW HAMPSHIRE

SENATE

REPORT OF THE COMMITTEE

Wednesday, March 17, 2021

THE COMMITTEE ON Executive Departments and Administration

to which was referred HB 173-FN

AN ACT

requiring the independent investment committee of the New Hampshire retirement system to report investment fees.

Having considered the same, the committee recommends that the Bill

OUGHT TO PASS

BY A VOTE OF: 4-1

Senator Sharon Carson For the Committee

Cameron Lapine 271-2104

EXECUTIVE DEPARTMENTS AND ADMINISTRATION

HB 173-FN, requiring the independent investment committee of the New Hampshire retirement system to report investment fees.

Ought to Pass, Vote 4-1.

Senator Sharon Carson for the committee.

7/20/2021 Bill_Status

General Court of New Hampshire - Bill Status System

Docket of HB173

Docket Abbreviations

Bill Title: requiring the independent investment committee of the New Hampshire retirement system to report investment fees.

Official Docket of HB173.:

Date	Body	Description
1/4/2021	Н	Introduced (in recess of) 01/06/2021 and referred to Executive Departments and Administration HJ 2 P. 38
1/21/2021	. H	Public Hearing: 01/27/2021 02:00 pm Members of the public may attend using the following link: To join the webinar: https://zoom.us/j/92995497899 / Executive session on pending legislation may be held throughout the day (time permitting) from the time the committee is initially convened.
2/11/2021	Н	Committee Report: Ought to Pass (Vote 17-0; CC) HC 12 P. 5
2/24/2021	Н	Ought to Pass: MA VV 02/24/2021 HJ 3 P. 8
3/4/2021	S	Introduced 03/04/2021 and Referred to Executive Departments and Administration; SJ 7
3/10/2021	S	Remote Hearing: 03/17/2021, 10:15 am; Links to join the hearing can be found in the Senate Calendar; SC 15
3/17/2021	S	Committee Report: Ought to Pass, 03/25/2021; SC 16
3/25/2021	S	Ought to Pass: RC 24Y-0N, MA; OT3rdg; 03/25/2021; SJ 9
4/12/2021	S	Enrolled RC 24Y-0N, MA, (In recess of 04/08/2021); SJ 12
4/12/2021	Н	Enrolled (in recess of) 04/09/2021 HJ 7 P. 99
4/26/2021	Н	Signed by Governor Sununu 04/23/2021; Chapter 5; Eff: 06/22/2021

NH House	NH Senate

Other Referrals

Senate Inventory Checklist for Archives

Bill Number: $1873 - 10$ Sen	ate Committee: $EU \mathcal{A}$
Please include all documents in the order listed below and included with an "X" beside	indicate the documents which have been
Final docket found on Bill Status	
Bill Hearing Documents: {Legislative Aides}	
Bill version as it came to the committee All Calendar Notices Hearing Sign-up sheet(s) Prepared testimony, presentations, & other submit Hearing Report	,
All Calendar Notices	'
Hearing Sign-up sheet(s)	
Prepared testimony, presentations, & other submis	sions handed in at the public hearing
Hearing Report	
Revised/Amended Fiscal Notes provided by the Ser	ate Clerk's Office
Committee Action Documents: {Legislative Aides}	
All amendments considered in committee (including those	not adopted):
amendment # amendmen	
- amendment # amendmen	ut#
Executive Session Sheet	
Committee Report	
Floor Action Documents: {Clerk's Office}	
All floor amendments considered by the body during session	n (only if they are offered to the senate):
amendment # amendmen	nt#
amendment # amendmen	ut#
Post Floor Action: (if applicable) {Clerk's Office}	•
Committee of Conference Report (if signed off by all by the committee of conference):	l members. Include any new language proposed
Enrolled Bill Amendment(s)	
Governor's Veto Message	
All available versions of the bill: (Clerk's Office)	
as amended by the senate	as amended by the house
final version	
Completed Committee Report File Delivered to the	Senate Clerk's Office By:
Cameran M. FrDine	7/10/21_
Committee Aide	Date

Senate Clerk's Office