

**REGULAR CALENDAR**

**February 7, 2022**

**HOUSE OF REPRESENTATIVES**

**REPORT OF COMMITTEE**

**The Majority of the Committee on Executive Departments and Administration to which was referred HB 1417-FN-LOCAL,**

**AN ACT relative to payment by the state of a portion of retirement system contributions of political subdivision employers. Having considered the same, report the same with the following resolution: RESOLVED, that it is INEXPEDIENT TO LEGISLATE.**

**Rep. Jennifer Rhodes**

**FOR THE MAJORITY OF THE COMMITTEE**

## **MAJORITY COMMITTEE REPORT**

Committee:	<b>Executive Departments and Administration</b>
Bill Number:	<b>HB 1417-FN-LOCAL</b>
Title:	<b>relative to payment by the state of a portion of retirement system contributions of political subdivision employers.</b>
Date:	<b>February 7, 2022</b>
Consent Calendar:	<b>REGULAR</b>
Recommendation:	<b>INEXPEDIENT TO LEGISLATE</b>

### **STATEMENT OF INTENT**

This bill would require the state to pay 7.5 % of retirement system contributions of other employers, namely cities, towns, school districts and counties, for teachers, fire and police. Cities, towns, and schools have full authority on how many employees they wish to hire and the salary for each of them; making the state pay a percentage of payroll opens the door to state control. This proposed legislation will not accelerate the payoff of pension debt, since the total amount paid towards pensions does not change. It does shift a portion of the payment from property taxes to other taxes. In 2011 the portion of retirement costs (formerly paid by the state on a gradually declining percentage) was shifted to the employees, requiring the employees to pay this cost. This proposed legislation will make the state responsible for an unknown and uncontrolled financial obligation without any advice.

Vote 10-8.

Rep. Jennifer Rhodes  
FOR THE MAJORITY

Original: House Clerk  
Cc: Committee Bill File

## REGULAR CALENDAR

Executive Departments and Administration

**HB 1417-FN-LOCAL**, relative to payment by the state of a portion of retirement system contributions of political subdivision employers. **MAJORITY: INEXPEDIENT TO LEGISLATE. MINORITY: OUGHT TO PASS.**

Rep. Jennifer Rhodes for the **Majority** of Executive Departments and Administration. This bill would require the state to pay 7.5 % of retirement system contributions of other employers, namely cities, towns, school districts and counties, for teachers, fire and police. Cities, towns, and schools have full authority on how many employees they wish to hire and the salary for each of them; making the state pay a percentage of payroll opens the door to state control. This proposed legislation will not accelerate the payoff of pension debt, since the total amount paid towards pensions does not change. It does shift a portion of the payment from property taxes to other taxes. In 2011 the portion of retirement costs (formerly paid by the state on a gradually declining percentage) was shifted to the employees, requiring the employees to pay this cost. This proposed legislation will make the state responsible for an unknown and uncontrolled financial obligation without any advice. **Vote 10-8.**

Original: House Clerk

Cc: Committee Bill File

**REGULAR CALENDAR**

**February 7, 2022**

**HOUSE OF REPRESENTATIVES**

**REPORT OF COMMITTEE**

**The Minority of the Committee on Executive  
Departments and Administration to which was referred  
HB 1417-FN-LOCAL,**

**AN ACT relative to payment by the state of a portion of  
retirement system contributions of political subdivision  
employers. Having considered the same, and being  
unable to agree with the Majority, report with the  
recommendation that the bill OUGHT TO PASS.**

**Rep. Michael O'Brien**

**FOR THE MINORITY OF THE COMMITTEE**

## **MINORITY COMMITTEE REPORT**

Committee:	<b>Executive Departments and Administration</b>
Bill Number:	<b>HB 1417-FN-LOCAL</b>
Title:	<b>relative to payment by the state of a portion of retirement system contributions of political subdivision employers.</b>
Date:	<b>February 7, 2022</b>
Consent Calendar:	<b>REGULAR</b>
Recommendation:	<b>OUGHT TO PASS</b>

### **STATEMENT OF INTENT**

In 1967 the State enticed cities and towns to combine several pension systems into what is currently know today as the New Hampshire Retirement System (NHRS). To come to this combined system, the state agreed to contribute 40% of the municipal costs for teachers, fire fighters, and police officers. In 1977 the state pulled back from paying 40% to 35% which remained in effect for decades. In 2010, the contribution was amended again to 30% and 25% in 2011. In 2012 it was supposed to be reinstated to 35% but was eliminated completely in the 2011 budget process. Although changes were made over the years, at no time was it understood by the municipalities that this agreement by the state came with a sunset or termination date. Instead, it was understood that the state would continue as a contributing partner indefinitely. It is also important to note that the down shifting of costs from the state to the municipalities did not impact the System's unfunded actuarial accrued liability (UAAL) at all. Several other changes were made including changing the funding methodology in 2008 and amortizing the debt over a 30-year period that has put us on a path to ensure sound funding. Also, other legislation was introduced in 2011, specifically impacting the members of the system who now pay more for lesser benefits. The state has walked away from a promise it made, and all this bill would do is partially reinstate the promise of the state to its political subdivisions. It would provide much needed relief to the subdivisions and help offset the need for increased property taxes.

Rep. Michael O'Brien  
FOR THE MINORITY

Original: House Clerk  
Cc: Committee Bill File

## REGULAR CALENDAR

Executive Departments and Administration

**HB 1417-FN-LOCAL**, relative to payment by the state of a portion of retirement system contributions of political subdivision employers. **OUGHT TO PASS.**

Rep. Michael O'Brien for the **Minority** of Executive Departments and Administration. In 1967 the State enticed cities and towns to combine several pension systems into what is currently know today as the New Hampshire Retirement System (NHRS). To come to this combined system, the state agreed to contribute 40% of the municipal costs for teachers, fire fighters, and police officers. In 1977 the state pulled back from paying 40% to 35% which remained in effect for decades. In 2010, the contribution was amended again to 30% and 25% in 2011. In 2012 it was supposed to be reinstated to 35% but was eliminated completely in the 2011 budget process. Although changes were made over the years, at no time was it understood by the municipalities that this agreement by the state came with a sunset or termination date. Instead, it was understood that the state would continue as a contributing partner indefinitely. It is also important to note that the down shifting of costs from the state to the municipalities did not impact the System's unfunded actuarial accrued liability (UAAL) at all. Several other changes were made including changing the funding methodology in 2008 and amortizing the debt over a 30-year period that has put us on a path to ensure sound funding. Also, other legislation was introduced in 2011, specifically impacting the members of the system who now pay more for lesser benefits. The state has walked away from a promise it made, and all this bill would do is partially reinstate the promise of the state to its political subdivisions. It would provide much needed relief to the subdivisions and help offset the need for increased property taxes.

Original: House Clerk

Cc: Committee Bill File

**HOUSE COMMITTEE ON EXECUTIVE DEPARTMENTS AND ADMINISTRATION**

**EXECUTIVE SESSION on HB 1417-FN-LOCAL**

**BILL TITLE:** relative to payment by the state of a portion of retirement system contributions of political subdivision employers.

**DATE:** February 7, 2022

**LOB ROOM:** 302-304

**MOTIONS: INEXPEDIENT TO LEGISLATE**

Moved by Rep. Rhodes

Seconded by Rep. T. Lekas

Vote: 10-8

**CONSENT CALENDAR: NO**

**Statement of Intent:** Refer to Committee Report

Respectfully submitted,

Rep John Sytek, Clerk



2021 SESSION *BA LER*

**Executive Departments and Administration**

Bill #: *HB 1417* Motion: *ITL* AM #: \_\_\_\_\_ Exec Session Date: *2-7-22*

<u>Members</u>	<u>YEAS</u>	<u>Nays</u>	<u>NV</u>
McGuire, Carol M. Chairman	<i>X</i>		
<del>Roy, Terry</del> Vice Chairman <i>RHODES</i>	<i>X</i>		
Sytek, John Clerk	<i>X</i>		
Pearson, Stephen C.	<i>X</i>		
Yakubovich, Michael	<i>X</i>		
Lekas, Tony	<i>X</i>		
Alliegro, Mark C.	<i>X</i>		
Bailey, Glenn	<i>X</i>		
Lanzara, Tom E.	<i>X</i>		
Santonastaso, Matthew	<i>X</i>		
Goley, Jeffrey P.		<i>X</i>	
Schuett, Dianne E.		<i>X</i>	
Jeudy, Jean L.		<i>X</i>	
Schmidt, Peter B.			
<del>Schultz, Kristina M.</del> <i>MARSH</i>		<i>X</i>	
Fellows, Sallie D.		<i>X</i>	
Fontneau, Timothy J.		<i>X</i>	
Grote, Jaci L.		<i>X</i>	
O'Brien, Michael B.		<i>X</i>	
<b>TOTAL VOTE:</b>			

*108*

*MAR 0's*



HOUSE COMMITTEE ON EXECUTIVE DEPARTMENTS AND ADMINISTRATION

PUBLIC HEARING ON HB 1417-FN-LOCAL

**BILL TITLE:** relative to payment by the state of a portion of retirement system contributions of political subdivision employers.

**DATE:** January 13, 2022

**LOB ROOM:** 302-304                      **Time Public Hearing Called to Order:** 10:00 a.m.

**Time Adjourned:** 10:20 a.m.

**Committee Members:** Reps. McGuire, Rhodes, Sytek, S. Pearson, Yakubovich, T. Lekas, Alliegro, Bailey, Lanzara, Santonastaso, Goley, Schuett, P. Schmidt, Marsh, Fellows, Grote and O'Brien

**Bill Sponsors:**

Rep. Cushing  
Sen. Rosenwald

Rep. Cote

Rep. Edgar

**TESTIMONY**

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

Rep. Edgar, co-sponsor, introduced the bill and spoke in favor. He recounted the history of state funding a portion of the employer contribution. He said that the state originally was going to pay 40% but has dropped to zero, "reneging" on its promise. He said that this bill would help. He also answered that this could be considered a down shifting.

Katherine Heck, Government Finance Advisor for the NHMAss'n, spoke in favor as it would reduce property tax burden.

Arthur Beaudry, representing the NH State Permanent Retired Fire Fighters Ass'n, spoke in favor. He described the history, the consequences on municipal budgets and collective bargaining due to limited funds.

Respectfully Submitted,

Rep. Sytek



# House Remote Testify

## Executive Departments and Administration Committee Testify List for Bill HB1417 on 2022-01-13

Support: 28 Oppose: 1 Neutral: 1 Total to Testify: 0

Export to Excel

<u>Name</u>	<u>City, State</u> <u>Email Address</u>	<u>Title</u>	<u>Representing</u>	<u>Position</u>	<u>Testifying</u>	<u>Non-Germane</u>	<u>Signed Up</u>
Rosenwald, Cindy	Concord, NH cindy.rosenwald@leg.state.nh.us	An Elected Official	SD 13	Support	No	No	1/7/2022 2:52 PM
Dargie, Paul	Milford, NH pauldargie@gmail.com	An Elected Official	Myself	Support	No	No	1/7/2022 3:06 PM
Johnson, Neil	Framington, NH neilj@Inbox.com	An Elected Official	Myself	Support	No	No	1/7/2022 4:31 PM
Kudlik, Cindy	Grafton, NH CindyKudlik@protonmail.com	An Elected Official	Myself	Support	No	No	1/9/2022 2:03 AM
Howland, Curtis	Manchester, NH howland@priss.com	A Member of the Public	Myself	Oppose	No	No	1/10/2022 1:27 PM
Almy, Susan	Lebanon, NH susan.almy@comcast.net	An Elected Official	Myself	Support	No	No	1/10/2022 6:41 PM
Hakken-Phillips, Mary	Hanover, NH Mhp4nhrep@gmail.com	An Elected Official	Myself	Support	No	No	1/10/2022 9:37 PM
Rich, Cecilia	Somersworth, NH cecilia.rich@leg.state.nh.us	An Elected Official	Myself	Support	No	No	1/11/2022 2:00 AM
Hamer, Heidi	Manchester, NH heidi.hamer@leg.state.nh.us	An Elected Official	Myself	Support	No	No	1/11/2022 7:45 AM
Bouchard, Donald	MANCHESTER, NH donaldjbouchard@gmail.com	An Elected Official	Myself	Support	No	No	1/11/2022 10:58 AM
Oxenham, Lee	Plainfield, NH leeoxenham@comcast.net	An Elected Official	Myself	Support	No	No	1/11/2022 11:40 AM
Weston, Joyce	Plymouth, NH jweston14@roadrunner.com	An Elected Official	Myself	Support	No	No	1/11/2022 1:04 PM
Tucker, Katherine	Wilmot, NH katherine.s.tucker@valley.net	A Member of the Public	Myself	Support	No	No	1/11/2022 2:32 PM

Telerski, Laura	Nashua, NH Laura.Telerski@Leg.State.NH.US	An Elected Official	Hillsborough 35	Support	No	No	1/11/2022 3:25 PM
Merchant, Rep. Gary	Claremont, NH gary.merchant@leg.state.nh.us	An Elected Official	Myself	Support	No	No	1/11/2022 8:43 PM
Karlon, Marty	Concord, NH marty.karlon@nhrs.org	State Agency Staff	NHRS	Neutral	No	No	1/12/2022 7:55 AM
Doherty, David	Pembroke, NH ddoherty0845@gmail.com	A Member of the Public	Myself	Support	No	No	1/12/2022 8:30 AM
Ryll, Brian	Concord, NH brian@pffinh.org	A Lobbyist	Professional Fire Fighters of New Hampshire	Support	No	No	1/12/2022 11:42 AM
Frew, Jerome	Concord, NH jerry@nhsaa.org	A Lobbyist	NHSAA	Support	No	No	1/12/2022 12:44 PM
Christina, Barrett	Concord, NH bchristina@nhsba.org	A Lobbyist	New Hampshire School Boards Association	Support	No	No	1/12/2022 1:14 PM
Cranage, Amy	Grantham, NH cranhan@comcast.net	A Member of the Public	Myself	Support	No	No	1/12/2022 4:48 PM
Dolkart, Vivian	Grantham, NH viviandolkart@comcast.net	A Member of the Public	Myself	Support	No	No	1/12/2022 5:56 PM
Dolkart, Kenneth	Grantham, NH kenneth.dolkart@gmail.com	A Member of the Public	Myself	Support	No	No	1/12/2022 7:29 PM
Dewey, Karen	NEWPORT, NH pkdewey@comcast.net	A Member of the Public	Myself	Support	No	No	1/12/2022 7:34 PM
Wazir, Safiya	Concord, NH S.wazir@leg.state.nh.us	An Elected Official	Myself	Support	No	No	1/13/2022 7:16 AM
Perez, Maria	Milford, NH mariaeli63@gmail.com	An Elected Official	Myself	Support	No	No	1/13/2022 8:22 AM
Aranzabal, Luis	Milford, NH luisaranzabal@yahoo.com	A Member of the Public	Myself	Support	No	No	1/13/2022 8:23 AM
arnold, irmgard	newmarket, NH kerr.arnold@comcast.net	A Member of the Public	Myself	Support	No	No	1/13/2022 10:10 AM
arnold, william	newmarket, NH kerr.arnold@comcast.net	A Member of the Public	Myself	Support	No	No	1/13/2022 10:27 AM
Ahlberg, Ingrid	Newmarket, NH inkyjapan@yahoo.com	A Member of the Public	Myself	Support	No	No	1/13/2022 7:54 PM

**Archived:** Thursday, May 19, 2022 9:57:06 AM

**From:** Regina Barnes

**Sent:** Monday, February 7, 2022 9:12:57 PM

**To:** ~House Executive Departments and Administration

**Cc:** Local2664president@gmail.com; Renny Cushing; Jennifer Rhodes; Carol McGuire; John Sytek

**Subject:** Support for HB 1417

**Importance:** Normal

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Good evening to the House Executive Departments and Administration,

HB 1417 would get the state of NH to contribute once again the NH retirement system, this is a positive for NH municipalities and their NHRS members. This bill would assist the local Hampton Firefighters and Officers tremendously and I hope it will finally be passed in 2022, it is about time.

As you all are aware, the state of NH used to contribute 40% to NHRS, now it is 0. In my view, this has hurt us locally in Hampton as I am sure it has hurt many other communities. Although HB 1417 would only reinstate a contribution of 7.5%, it is better than nothing.

I hope that the committee decides to recommend this bill to the entire house in 2022. I realize that this bill has already been heard back in January, but I would be more than happy to come and speak with anyone of you at your convenience regarding the municipal effect, which I am afraid is overlooked many times when passing state legislation.

Thank you all for your service to the state of NH.

Best,

Regina Barnes  
Hampton, NH

HB 1417-FN-LOCAL - AS INTRODUCED

2022 SESSION

22-2819

10/11

HOUSE BILL

***1417-FN-LOCAL***

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

SPONSORS: Rep. Cushing, Rock. 21; Rep. Cote, Hills. 31; Rep. Edgar, Rock. 21; Sen. Rosenwald, Dist 13

COMMITTEE: Executive Departments and Administration

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ANALYSIS

This bill provides that the state shall pay 7.5 percent of contributions of retirement system employers other than the state for group I teachers and group II members.

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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 Two*

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 2022."

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

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

9 (b) The contributions of each employer for benefits under the retirement system on  
10 account of group II members shall consist of a percentage of the earnable compensation of its  
11 members to be known as the "normal contribution," and an additional amount to be known as the  
12 "accrued liability contribution;" provided that beginning with state fiscal year [2013] **2024** and for  
13 each state fiscal year thereafter, any employer [~~shall pay the full amount of such total contributions~~]  
14 ***other than the state, shall pay 92.5 percent of such total contributions, and 7.5 percent***  
15 ***thereof shall be paid by the state; and provided further that, in case of group II members***  
16 ***employed by the state, the state shall pay both normal and accrued liability contributions.***  
17 The rate percent of such normal contribution, including contributions on behalf of group II members  
18 whose group II creditable service is in excess of 40 years, in each instance shall be fixed on the basis  
19 of the liabilities of the system with respect to the particular members of the various member  
20 classifications as shown by actuarial valuations, except as provided in subparagraph (i).

21 (c) The contributions of each employer for benefits under the retirement system on  
22 account of group I members shall consist of a percentage of the earnable compensation of its  
23 members to be known as the "normal contribution," and an additional amount to be known as the  
24 "accrued liability contribution;" provided that beginning with state fiscal year [2013] **2024** and for  
25 each state fiscal year thereafter, ***in the case of teachers,*** any employer [~~shall pay the full amount of~~  
26 ~~such total contributions~~] ***other than the state, shall pay 92.5 percent of such total***  
27 ***contributions, and 7.5 percent thereof shall be paid by the state; and provided further that,***  
28 ***in case of teacher members employed by the state, the state shall pay both normal and***  
29 ***accrued liability contributions.*** The rate percent of such normal contribution in each instance  
30 shall be fixed on the basis of the liabilities of the system with respect to the particular members of

**HB 1417-FN-LOCAL - AS INTRODUCED**

**- Page 2 -**

1 the various member classifications as shown by actuarial valuation, except as provided in  
2 subparagraph (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, 2023.



**HB 1417-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 2022	FY 2023	FY 2024	FY 2025
<b>Appropriation</b>	\$0	\$0	\$0	\$0
<b>Revenue</b>	\$0	\$0	\$0	\$0
<b>Expenditures</b>	\$0	\$0	\$27.79 million	\$28.47 million
<b>Funding Source:</b>	<input checked="" type="checkbox"/> General	<input type="checkbox"/> Education	<input type="checkbox"/> Highway	<input type="checkbox"/> Other

**POLITICAL  
SUBDIVISIONS:**

<b>Revenue</b>	\$0	\$0	\$0	\$0
<b>Expenditures</b>	\$0	\$0	(\$27.79 million)	(\$28.47 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:**

The bill requires the state to pay 7.5 percent of contributions of retirement system employers other than the state for group I teachers and group II members beginning in FY 2024.

The New Hampshire Retirement System (NHRS) states the proposed change affects the pension contribution rate, but not the medical subsidy contribution rate. The NHRS indicates this bill does not impact the NHRS unfunded actuarial accrued 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. Because this bill shifts the impact from political subdivisions to the state the fiscal impact of this bill is an increase in general fund expenditures and decrease political subdivision expenditures by \$27.79 million in FY 2024 and \$28.47 million in FY 2025. The fiscal impact for both the state and the political subdivision will go beyond FY 2025. See tables below for more detail of fiscal impact.

**Net Impact on State Employer Contributions (\$s in millions)**

	<b>Employees</b>	<b>Teachers</b>	<b>Police</b>	<b>Fire</b>	<b>Total</b>
<b>FY 2022</b>	0.00	0.00	0.00	0.00	0.00
<b>FY 2023</b>	0.00	0.00	0.00	0.00	0.00
<b>FY 2024</b>	0.00	18.54	6.00	3.25	27.79
<b>FY 2025</b>	0.00	18.96	6.17	3.34	28.47
<b>FY 2026</b>	0.00	19.39	6.34	3.43	29.16

**Net Impact on Political Subdivision Employer Contributions (\$s in millions)**

	<b>Employees</b>	<b>Teachers</b>	<b>Police</b>	<b>Fire</b>	<b>Total</b>
<b>FY 2022</b>	0.00	0.00	0.00	0.00	0.00
<b>FY 2023</b>	0.00	0.00	0.00	0.00	0.00
<b>FY 2024</b>	0.00	(18.54)	(6.00)	(3.25)	(27.79)
<b>FY 2025</b>	0.00	(18.96)	(6.17)	(3.34)	(28.47)
<b>FY 2026</b>	0.00	(19.39)	(6.34)	(3.43)	(29.16)

**AGENCIES CONTACTED:**

New Hampshire Retirement System