

REGULAR CALENDAR

January 24, 2022

HOUSE OF REPRESENTATIVES

REPORT OF COMMITTEE

**The Majority of the Committee on Executive
Departments and Administration to which was referred
HB 1590-FN-LOCAL,**

**AN ACT relative to municipalities withdrawing from
the state retirement system. Having considered the
same, report the same with the following resolution:
RESOLVED, that it is INEXPEDIENT TO LEGISLATE.**

Rep. Stephen Pearson

FOR THE MAJORITY OF THE COMMITTEE

**MAJORITY
COMMITTEE REPORT**

Committee:	Executive Departments and Administration
Bill Number:	HB 1590-FN-LOCAL
Title:	relative to municipalities withdrawing from the state retirement system.
Date:	January 24, 2022
Consent Calendar:	REGULAR
Recommendation:	INEXPEDIENT TO LEGISLATE

STATEMENT OF INTENT

This bill established an incomplete procedure for political subdivisions to withdraw employees from the New Hampshire Retirement System (NHRS). The bill fails to deal with the debt that the political subdivision is still responsible for, it fails to recognize what the political subdivisions responsibility is to its employees upon leaving, and it fails to take into account the negative impact on the overall system moving forward. This was a such a concern to the committee that we decided this bill must be deemed inexpedient to legislate. There is also currently a method already established in statue for a community to withdraw from the system which makes this legislation unnecessary.

Vote 15-3.

Rep. Stephen Pearson
FOR THE MAJORITY

Original: House Clerk
Cc: Committee Bill File

REGULAR CALENDAR

Executive Departments and Administration

HB 1590-FN-LOCAL, relative to municipalities withdrawing from the state retirement system.
MAJORITY: INEXPEDIENT TO LEGISLATE. MINORITY: REFER FOR INTERIM STUDY.

Rep. Stephen Pearson for the **Majority** of Executive Departments and Administration.

This bill established an incomplete procedure for political subdivisions to withdraw employees from the New Hampshire Retirement System (NHRS). The bill fails to deal with the debt that the political subdivision is still responsible for, it fails to recognize what the political subdivisions responsibility is to its employees upon leaving, and it fails to take into account the negative impact on the overall system moving forward. This was a such a concern to the committee that we decided this bill must be deemed inexpedient to legislate. There is also currently a method already established in statue for a community to withdraw from the system which makes this legislation unnecessary. **Vote 15-3.**

Original: House Clerk

Cc: Committee Bill File

REGULAR CALENDAR

January 24, 2022

HOUSE OF REPRESENTATIVES

REPORT OF COMMITTEE

**The Minority of the Committee on Executive
Departments and Administration to which was referred
HB 1590-FN-LOCAL,**

**AN ACT relative to municipalities withdrawing from
the state retirement system. Having considered the
same, and being unable to agree with the Majority,
report with the recommendation that the bill be
REFERRED FOR INTERIM STUDY.**

Rep. Matthew Santonastaso

FOR THE MINORITY OF THE COMMITTEE

MINORITY COMMITTEE REPORT

Committee:	Executive Departments and Administration
Bill Number:	HB 1590-FN-LOCAL
Title:	relative to municipalities withdrawing from the state retirement system.
Date:	January 24, 2022
Consent Calendar:	REGULAR
Recommendation:	REFER FOR INTERIM STUDY

STATEMENT OF INTENT

This bill allows municipalities to withdraw from participation in the New Hampshire Retirement System (NHRS) for new hire Group 1 employees only. This is unlike the existing withdrawal option in statute, which requires complete withdrawal from the retirement system, full payment of that municipality's portion of the retirement systems debt, and provision of an equivalent pension for employees. We heard in testimony that the town of Grafton, which only has between two and four group 2 employees and one group 1 employee, has paid \$70,247 to the retirement system over the last 5 years. That is more than any one employee receives in wages for the year. It is also more than the town pays a year for sand. It's not an insignificant amount to Grafton. Since this bill only allows new hire group 1 employees to opt out, the bill should not be a hindrance to the retirement system. It would be no different than if a town decided to not take on new hires. If it is true that the existing retirement system can not persist without a constant influx of new investors, then it is difficult to believe that people who are often considered not prudent enough to invest for their own retirement could actually make a worse financial decision than to invest in a already bankrupt fund. It must be either that contributions to the retirement system are a wise investment for a worker's future or they are a tax to compensate for the debts of the past. It cannot be both. Designating this bill for interim study will allow a deeper look into the issue of municipal obligations to the accumulated retirement system liabilities, and pension options for small town employees.

Rep. Matthew Santonastaso
FOR THE MINORITY

Original: House Clerk
Cc: Committee Bill File

REGULAR CALENDAR

Executive Departments and Administration

HB 1590-FN-LOCAL, relative to municipalities withdrawing from the state retirement system.
REFER FOR INTERIM STUDY.

Rep. Matthew Santonastaso for the **Minority** of Executive Departments and Administration.

This bill allows municipalities to withdraw from participation in the New Hampshire Retirement System (NHRS) for new hire Group 1 employees only. This is unlike the existing withdrawal option in statute, which requires complete withdrawal from the retirement system, full payment of that municipality's portion of the retirement systems debt, and provision of an equivalent pension for employees. We heard in testimony that the town of Grafton, which only has between two and four group 2 employees and one group 1 employee, has paid \$70,247 to the retirement system over the last 5 years. That is more than any one employee receives in wages for the year. It is also more than the town pays a year for sand. It's not an insignificant amount to Grafton. Since this bill only allows new hire group 1 employees to opt out, the bill should not be a hindrance to the retirement system. It would be no different than if a town decided to not take on new hires. If it is true that the existing retirement system can not persist without a constant influx of new investors, then it is difficult to believe that people who are often considered not prudent enough to invest for their own retirement could actually make a worse financial decision than to invest in a already bankrupt fund. It must be either that contributions to the retirement system are a wise investment for a worker's future or they are a tax to compensate for the debts of the past. It cannot be both. Designating this bill for interim study will allow a deeper look into the issue of municipal obligations to the accumulated retirement system liabilities, and pension options for small town employees.

Original: House Clerk

Cc: Committee Bill File

HOUSE COMMITTEE ON EXECUTIVE DEPARTMENTS AND ADMINISTRATION

EXECUTIVE SESSION on HB 1590-FN-LOCAL

BILL TITLE: relative to municipalities withdrawing from the state retirement system.

DATE: January 24, 2022

LOB ROOM: 302-304

MOTIONS: INEXPEDIENT TO LEGISLATE

Moved by Rep. S. Pearson

Seconded by Rep. Goley

Vote: 15-3

CONSENT CALENDAR: NO

Statement of Intent: Refer to Committee Report

Respectfully submitted,

Rep John Sytek, Clerk



2022 SESSION

PEARSON-GOLEY

Executive Departments and Administration

Bill #: HB 1590 Motion: HB 1590 (ITL) AM #: _____ Exec Session Date: 1-24-22

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

15-3

MICHAEL SANTO

HOUSE COMMITTEE ON EXECUTIVE DEPARTMENTS AND ADMINISTRATION

PUBLIC HEARING ON HB 1590-FN-LOCAL

BILL TITLE: relative to municipalities withdrawing from the state retirement system.

DATE: January 13, 2022

LOB ROOM: 302-304 **Time Public Hearing Called to Order:** 3:15 p.m.

Time Adjourned: 4:05 p.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. Berezny

Rep. Gordon

Rep. Layon

Rep. Johnson

Rep. Turcotte

Rep. Prout

Rep. Cushman

Rep. Ammon

Rep. Harvey-Bolia

Sen. Giuda

TESTIMONY

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

Rep. Berezny, prime sponsor, introduced the bill and spoke in favor. He said the purpose of the bill was to enable small towns to balance their budgets and get personnel by leaving the retirement system. The cost of retirement contribution meant that the towns could not pay their employees more – employees who wanted more pay rather than a retirement benefit. He felt it would not have much of an impact on the retirement system because it would only affect new employees. He took Committee questions including concerns that a withdrawing town would not be contributing to the UAAL, unfunded actuarial accrued liability and that towns already had the right to withdraw from the NHRS.

Cindy Kudlik, a Grafton Selectman (her term), spoke in favor. She thanked the sponsors and described the impact of retirement contributions on her small town. She also explained that the intention was that this bill applied only to Group I and not to Group II. She took Committee questions.

Arthur Beaudry, representing the NH State Permanent Retired Fire Fighters Ass'n, spoke in opposition. He pointed out an issue of terminology ("employee") and how would the UAAL be paid back. He took Committee questions including whether the system was "broken" and "failing" as described by the previous speaker.

Rep. Gordon, co-sponsor, spoke in favor and said he was responding to his constituents' request and repeated similar considerations. He said that retirement was a contract and that the circumstances of present system were sufficiently different from the conditions when the contract was undertaken to warrant leaving. He took Committee questions.

Marty Karlon, representing the NHRS, spoke. The NHRS was taking no position at the time since it had not had an opportunity to examine the bill. He described the term "employee" and discussed the present withdrawal provision. He distinguished the "normal" cost and the UAAL cost of the contribution to the NHRS. He answered Committee questions particularly regarding the payoff of the UAAL.

Respectfully Submitted,

Rep Sytek

House Remote Testify

Executive Departments and Administration Committee Testify List for Bill HB1590 on 2022-01-13

Support: 3 Oppose: 29 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>
Giuda, Bob	Warren, NH bob.giuda@leg.state.nh.us	An Elected Official	Senate District 2	Support	No	No	1/5/2022 6:39 PM
Dargie, Paul	Milford, NH pauldargie@gmail.com	An Elected Official	Myself	Oppose	No	No	1/7/2022 3:08 PM
Johnson, Neil	Framington, NH neilj@Inbox.com	An Elected Official	Myself	Oppose	No	No	1/7/2022 4:32 PM
Almy, Susan	Lebanon, NH susan.almy@comcast.net	An Elected Official	Myself	Oppose	No	No	1/10/2022 6:42 PM
Hakken-Phillips, Mary	Hanover, NH Mhp4nhrep@gmail.com	An Elected Official	Myself	Oppose	No	No	1/10/2022 9:39 PM
Rich, Cecilia	Somersworth, NH cecilia.rich@leg.state.nh.us	An Elected Official	Myself	Oppose	No	No	1/11/2022 2:02 AM
Hamer, Heidi	Manchester, NH heidi.hamer@leg.state.nh.us	An Elected Official	Myself	Oppose	No	No	1/11/2022 7:46 AM
Bouchard, Donald	MANCHESTER, NH donaldjbouchard@gmail.com	An Elected Official	Myself	Oppose	No	No	1/11/2022 10:58 AM
Oxenham, Lee	Plainfield, NH leeoxenham@comcast.net	An Elected Official	Myself	Oppose	No	No	1/11/2022 11:41 AM
Weston, Joyce	Plymouth, NH jweston14@roadrunner.com	An Elected Official	Myself	Oppose	No	No	1/11/2022 1:05 PM
Tucker, Katherine	Wilmot, NH katherine.s.tucker@valley.net	A Member of the Public	Myself	Oppose	No	No	1/11/2022 2:33 PM
Telerski, Laura	Nashua, NH Laura.Telerski@Leg.State.NH.US	An Elected Official	Hillsborough 35	Oppose	No	No	1/11/2022 3:26 PM
Merchant, Rep. Gary	Claremont, NH gary.merchant@leg.state.nh.us	An Elected Official	Myself	Oppose	No	No	1/11/2022 8:44 PM

Doherty, David	Pembroke, NH ddoherty0845@gmail.com	A Member of the Public	Myself	Oppose	No	No	1/12/2022 8:30 AM
Ryll, Brian	Concord, NH brian@pffnh.org	A Lobbyist	Professional Fire Fighters of New Hampshire	Oppose	No	No	1/12/2022 11:46 AM
Malmberg, Jane	Walpole, NH jamalmberg033@gmail.com	A Member of the Public	Myself	Oppose	No	No	1/12/2022 12:33 PM
Frew, Jerome	Concord, NH jerry@nhsaa.org	A Lobbyist	NHSAA	Oppose	No	No	1/12/2022 12:47 PM
McCabe, Casey	Concord, NH info@nhretirementsecuritycoalition.com	A Lobbyist	NH Retirement Security Coalition	Oppose	No	No	1/12/2022 3:46 PM
Cranage, Amy	Grantham, NH cranhan@comcast.net	A Member of the Public	Myself	Oppose	No	No	1/12/2022 4:49 PM
Ammon, Keith	New Boston, NH keith.ammon@protonmail.com	An Elected Official	Hills 40	Support	No	No	1/12/2022 5:39 PM
Dolkart, Vivian	Grantham, NH viviandolkart@comcast.net	A Member of the Public	Myself	Oppose	No	No	1/12/2022 5:58 PM
Dolkart, Kenneth	Grantham, NH kenneth.dolkart@gmail.com	A Member of the Public	Myself	Oppose	No	No	1/12/2022 7:30 PM
Dewey, Karen	NEWPORT, NH pkdewey@comcast.net	A Member of the Public	Myself	Oppose	No	No	1/12/2022 7:34 PM
Robinson, Ellis	Grantham, NH Ellismmrobinson@gmail.com	A Member of the Public	Myself	Support	No	No	1/12/2022 10:36 PM
Wazir, Safiya	Concord, NH S.wazir@leg.state.nh.us	An Elected Official	Myself	Oppose	No	No	1/13/2022 7:16 AM
Karlon, Marty	Concord, NH marty.karlon@nhrs.org	State Agency Staff	NHRS	Neutral	No	No	1/13/2022 7:34 AM
Perez, Maria	Milford, NH mariaeli63@gmail.com	An Elected Official	Myself	Oppose	No	No	1/13/2022 8:24 AM
Aranzabal, Luis	Milford, NH luisaranzabal@yahoo.com	A Member of the Public	Myself	Oppose	No	No	1/13/2022 8:25 AM
arnold, irmgard	newmarket, NH kerr.arnold@comcast.net	A Member of the Public	Myself	Oppose	No	No	1/13/2022 10:12 AM
arnold, william	newmarket, NH kerr.arnold@comcast.net	A Member of the Public	Myself	Oppose	No	No	1/13/2022 10:29 AM
Brackett, Glenn	Hooksett, NH communications@nhaficio.org	A Lobbyist	NH. AFL-CIO	Oppose	No	No	1/13/2022 11:52 AM

Howes, Deb	Bow, NH president@aft-nh.org	A Lobbyist	American Federation of Teachers - NH	Oppose	No	No	1/13/2022 1:00 PM
Ahlberg, Ingrid	Newmarket, NH inkyjapan@yahoo.com	A Member of the Public	Myself	Oppose	No	No	1/13/2022 7:56 PM

Archived: Thursday, May 19, 2022 9:57:10 AM
From: [Len DiSesa](#)
Sent: Friday, January 28, 2022 1:21:00 PM
To: [~House Executive Departments and Administration](#)
Subject: HB 1535, NHRS Retiree COLA
Importance: Normal

Dear Committee Members,

I write this to you urging you to IEP this bill, and I write that as a current NHRS retiree collecting a pension. Certainly, COLAs are welcome as a hedge against inflation, but the funding mechanism for this bill is flawed, putting an unfair burden on municipal, school and county employers.

As you know, COLAs in the past have been funded by a special account set up and paid by the state, not local governments. Please do not add even more financial burdens on local budgets by moving this bill to a House vote.

Being a police officer is now more than ever a career with serious inherent risks, and the recent assassinations of two New York City police officers is a growing trend these past few years. As a retired police officer with over 25 years of service to New Hampshire, I would implore you not to put forth any legislation that would discourage individuals from choosing this much needed but difficult and hazardous career.

Putting even more of a burden on local governments as HB 1535 and HB 1590 do to fund a COLA or pull out from the burden of paying down the UAAL is shortsighted at best, and dangerous at worst. Communities only want the best candidate to police its streets, and a fair and well financed retirement system is an important enticement to attract that person.

Thank you in advance for your consideration to this e-mail request to IEP this bill.

Len DiSesa (Portsmouth Police Deputy Chief, Ret.)
Former NH State Representative, Dover, Ward 4

HB 1590-FN-LOCAL - AS INTRODUCED

2022 SESSION

22-2540

10/08

HOUSE BILL

1590-FN-LOCAL

AN ACT

relative to municipalities withdrawing from the state retirement system.

SPONSORS:

Rep. Berezhny, Graf. 9; Rep. Gordon, Graf. 9; Rep. Layon, Rock. 6; Rep. Johnson, Belk. 3; Rep. Turcotte, Straf. 4; Rep. Prout, Hills. 37; Rep. Cushman, Hills. 2; Rep. Ammon, Hills. 40; Rep. Harvey-Bolia, Belk. 4; Sen. Giuda, Dist 2

COMMITTEE:

Executive Departments and Administration

ANALYSIS

This bill establishes a procedure for political subdivision members of the retirement system to vote to withdraw from participation for its employees hired after the effective date of the vote.

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 municipalities withdrawing from the state retirement system.

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

1 1 Retirement System; Withdrawal by Political Subdivision. RSA 100-A:43 and 43-a are repealed
2 and reenacted to read as follows:

3 100-A:43 Withdrawal Authorized.

4 I. A political subdivision employer may withdraw from its participation in the New
5 Hampshire retirement system for all employees who begin service after the effective date of the
6 withdrawal.

7 II. Any employee in active service with the political subdivision on the effective date of the
8 withdrawal may remain in active service for purposes of the retirement system. The political
9 subdivision employer shall remain liable for payment of all contributions required under RSA 100-
10 A:16 for such employees who remain members of the retirement system.

11 100-A:43-a Withdrawal Procedure. The withdrawal authorized by RSA 100-A:43 may be
12 adopted using the following procedure:

13 I. In a town, other than a town that has adopted a charter pursuant to RSA 49-D, the
14 question of whether to withdraw from participation for new employees shall be placed on the
15 warrant of a special or annual town meeting, by the governing body or by petition under RSA 39:3.

16 II. In a city or town that has adopted a charter under RSA 49-C or RSA 49-D, the legislative
17 body may consider and act upon the question in accordance with its normal procedures for passage of
18 resolutions, ordinances, and other legislation. In the alternative, the legislative body of such
19 municipality may vote to place the question on the official ballot for any regular municipal election.

20 III. If a majority of those voting on the question vote "yes," the withdrawal of the employees
21 from the New Hampshire retirement system, and the effective date of the vote, shall be certified by
22 the governing body to the board of trustees of the retirement system.

23 2 Effective Date. This act shall take effect July 1, 2022.

**HB 1590-FN-LOCAL- FISCAL NOTE
 AS INTRODUCED**

AN ACT relative to municipalities withdrawing from the state retirement system.

FISCAL IMPACT: State County Local None

STATE:	Estimated Increase / (Decrease)			
	FY 2022	FY 2023	FY 2024	FY 2025
Appropriation	\$0	\$0	\$0	\$0
Revenue	\$0	\$0	\$0	\$0
Expenditures	\$0	Indeterminable	Indeterminable	Indeterminable
Funding Source:	<input checked="" type="checkbox"/> General state funds	<input type="checkbox"/> Education	<input checked="" type="checkbox"/> Highway	<input checked="" type="checkbox"/> Other - Various

**POLITICAL
 SUBDIVISIONS:**

Revenue	\$0	\$0	\$0	\$0
Expenditures	\$0	Indeterminable	Indeterminable	Indeterminable

*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 would establish a procedure for political subdivision participating employers of New Hampshire Retirement System (NHRS) to vote to withdraw from their participation in NHRS for their employees hired after the effective date of the vote of withdrawal. It allows members with the withdrawn employer to continue to participate in NHRS after withdrawal by the employer and requires the employer to make any required contributions on behalf of any employees who remain participating in NHRS. The bill also sets the procedure employers must follow to authorize any such withdrawal.

The NHRS states this bill would have an indeterminable increase on State and Political Subdivision expenditures. Costsharing contribution rates are determined under the assumption that employers continue to participate in the plan. This bill allows for a “partial” termination, meaning terminating employers would continue to fund only on the remaining active payroll which will eventually go to \$0. Current active members working for a withdrawn employer are allowed the option to withdraw, this will accelerate payroll going to \$0. Currently the NHRS retiree liability is not fully funded. The NHRS actuarial valuation states this bill could effect the NHRS retiree liability by putting more of a burden on employers that don't withdraw from the NHRS by increasing their contribution. The shift of burden could

potentially result in more employers choosing to withdraw from the plan to the point all employers withdraw. The bill does not address how the plan would be funded if every employer were to withdraw.

AGENCIES CONTACTED:

New Hampshire Retirement System