

Senate Executive Departments and Administration Committee

Cameron Lapine 271-2104

HB 356, relative to the city of Manchester employees' contributory retirement system.

Hearing Date: March 24, 2021

Time Opened: 9:56 a.m.

Time Closed: 10:02 a.m.

Members of the Committee Present: Senators Carson, Reagan, Cavanaugh and Prentiss

Members of the Committee Absent: Senator Ricciardi

Bill Analysis: The bill makes administrative changes and clarifications to the employees' contributory retirement system of the city of Manchester, including compliance with the applicable provisions of the Internal Revenue Code and related Treasury regulations, expanding the options available to the system's board whenever an elected trustee become unwilling or incapable of completing their term of election, and other technical changes.

Sponsors:

Rep. Long

Who supports the bill: Representative Carol McGuire (Merrimack – District 29), Representative Pat Long (Hillsborough – District 10), and Gerard Fleury.

Who opposes the bill: None.

Who is neutral on the bill: None.

Summary of testimony presented in support:

Representative Pat Long

Hillsborough – District 10

- Representative Long said that HB 356 came about through the recently retired Executive Director of the Manchester Employees' Contributory Retirement System (the System), Gerard Fleury.
- Rep. Long said that any changes made to the System need to be approved by the General Court in order to retain their tax-exempt status.
- Rep. Long said that the changes in HB 356 are administrative changes, dealing with the selection of replacement trustees and technical changes to the way the plan satisfies its obligations under federal tax law.

Representative Carol McGuire

Merrimack – District 29

- Representative McGuire echoed Rep. Long's comments.
- Rep. McGuire said that allowing the System to adopt the updated versions of Internal Revenue Service (IRS) codes through administrative rules, rather than the General Court, would save costs, save time, and save trouble.

Gerard Fleury

Former Executive Director, Manchester Employees' Contributory Retirement System

- Senator Cavanaugh asked about the language on Page 3, Lines 11 and 12 of HB 356, regarding the refunding of contributions.
 - Mr. Fleury said that the language was a reflection of what was needed in order to comply with federal regulations. He said that the medical subtrust exists with the understanding that contributions become the property of the City and employees are entitled to collect a subsidy in retirement but that is forfeited if the employee leaves before retirement. Mr. Fleury said that the language was needed to comply with IRS regulations.
- Mr. Fleury said that William Shea is the new Executive Director of the System.
- Mr. Fleury said that the first element of HB 356 dealt with how to replace members of the Board of Trustees when they cannot complete their term. He said the existing language was unclear if the Board could appoint a temporary member or if the seat had to be vacant until a new election can be held. He said that HB 356 allows the Board to appoint a new member until the next regularly scheduled election.
- Mr. Fleury said that the second element of HB 356 ensured that the System can keep up with changes to the IRS code and maintain their status as a qualified plan, preserving the tax-exempt status of the fund, without having to find a legislator to sponsor a bill and then have the bill pass through the General Court and be signed by the Governor.
- Mr. Fleury said that legal counsel for the System worked with the IRS on drafting HB 356.

Summary of testimony presented in opposition: None.

Neutral Information Presented: None.

cml

Date Hearing Report completed: March 25, 2021