

FISCAL NOTE
Requested by Legislative Council
12/22/2014

Bill/Resolution No.: HB 1062

- 1 A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2013-2015 Biennium		2015-2017 Biennium		2017-2019 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues	\$0	\$0	\$0	\$0	\$0	\$0
Expenditures	\$0	\$0	\$0	\$0	\$0	\$0
Appropriations	\$0	\$0	\$0	\$0	\$0	\$0

- 1 B. **County, city, school district and township fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

	2013-2015 Biennium	2015-2017 Biennium	2017-2019 Biennium
Counties	\$0	\$0	\$0
Cities	\$0	\$0	\$0
School Districts	\$0	\$0	\$0
Townships	\$0	\$0	\$0

- 2 A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

The NDPERS technical bill will not have a fiscal impact on NDPERS.

- B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.*

Name: Sparb Collins

Agency: NDPERS

Telephone: 701-328-3900

Date Prepared: 01/05/2015

2015 HOUSE GOVERNMENT AND VETERANS AFFAIRS

HB 1062

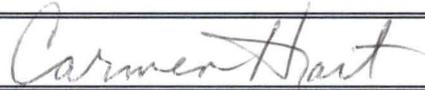
2015 HOUSE STANDING COMMITTEE MINUTES

Government and Veterans Affairs Committee Fort Union, State Capitol

HB 1062
1/22/2015
22360

- Subcommittee
 Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

Relating to the Highway Patrolmen's Retirement Plan and the PERS defined benefit plan defined contribution plan retirement benefits, health insurance plans, life insurance benefits, and employee assistance benefits coverage.

Minutes:

Attachment 1

Chairman Kasper opened the hearing on HB 1062.

Deb Knudsen, Manager of Benefits Planning and Research, providing testimony for Sparb Collins Executive Director of ND Public Employees Retirement System appeared in support of HB 1062. Attachment 1 (End 7:48)

Rep. Dockter EAP, what does that stand for?

Deb Knudsen Employee Assistance Program

Chairman Kasper Are we eligible for the EAP as legislators?

Deb Knudsen Yes

No Opposition

The hearing was closed.

2015 HOUSE STANDING COMMITTEE MINUTES

Government and Veterans Affairs Committee
Fort Union, State Capitol

HB 1062
1/30/2015
22886

- Subcommittee
 Conference Committee

Committee Clerk Signature

Carmen Hart

Explanation or reason for introduction of bill/resolution:

Relating to the Highway Patrolmen's Retirement Plan and the PERS defined benefit plan defined contribution plan retirement benefits, health insurance plans, life insurance benefits, and employee assistance benefits coverage

Minutes:

"Click to enter attachment information."

Chairman Kasper This is a house cleaning bill. We need it because of the IRS requirements to keep the retirement plan in order and in effect. The fiscal note shows zero.

Rep. Dockter made a motion for a DO PASS.

Rep. Wallman seconded the motion.

A roll call vote was taken. 14 Yeas, 0 Nays, 0 Absent.

Rep. Dockter will carry the bill.

Date: 1-30-15
 Roll Call Vote #: 1

**2015 HOUSE STANDING COMMITTEE
 ROLL CALL VOTES
 BILL/RESOLUTION NO. 1062**

House Government and Veterans Affairs Committee

Subcommittee

Amendment LC# or Description: _____

- Recommendation: Adopt Amendment
 Do Pass Do Not Pass Without Committee Recommendation
 As Amended Rerefer to Appropriations
 Place on Consent Calendar
- Other Actions: Reconsider _____

Motion Made By Dockter Seconded By Wallman

Representatives	Yes	No	Representatives	Yes	No
Chairman Jim Kasper	X		Rep. Bill Amerman	X	
Vice Chair Karen Rohr	X		Rep. Gail Mooney	X	
Rep. Jason Dockter	X		Rep. Mary Schneider	X	
Rep. Mary C. Johnson	X		Rep. Kris Wallman	X	
Rep. Karen Karls	X				
Rep. Ben Koppelman	X				
Rep. Vernon Laning	X				
Rep. Scott Louser	X				
Rep. Jay Seibel	X				
Rep. Vicky Steiner	X				

Total (Yes) 14 No 0

Absent 0

Floor Assignment Dockter

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE

HB 1062: Government and Veterans Affairs Committee (Rep. Kasper, Chairman)
recommends **DO PASS** (14 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING).
HB 1062 was placed on the Eleventh order on the calendar.

2015 SENATE GOVERNMENT AND VETERANS AFFAIRS

HB 1062

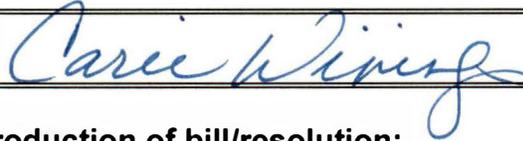
2015 SENATE STANDING COMMITTEE MINUTES

Government and Veterans Affairs Committee
Missouri River Room, State Capitol

HB 1062
3/13/2015
Job # 24804

- Subcommittee
 Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

A BILL for an Act to amend and reenact subsection 6 of section 39-03.1-01, sections 39-03.1-10.3 and 39-03.1-11.2, subsection 3 of section 39-03.1-14.1, subsection 1 of section 54-52-05, subsection 3 of section 54-52-17, subsection 1 of section 54-52-17.2, sections 54-52-17.14 and 54-52-28, subsection 1 of section 54-52.1-03, and sections 54-52.1-03.1, 54-52.1-03.4, 54-52.1-18, 54-52.6-09.4, and 54-52.6-21 of the North Dakota Century Code, relating to the highway patrolmen's retirement plan and the public employees retirement system defined benefit plan and defined contribution plan retirement benefits, health insurance plans, life insurance benefits, and employee assistance benefits coverage; and to provide for retroactive application.

Minutes:

Attachments 1

Chairman Dever: Opened the hearing in HB 1062.

Sparb Collins, Executive Director, North Dakota PERS: See Attachment #1 for testimony in support of the bill.

(5:55)Chairman Dever: Asked for other testimony on the bill and there was none present.

Chairman Dever: Closed the hearing on HB 1062.

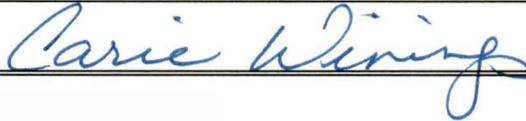
2015 SENATE STANDING COMMITTEE MINUTES

Government and Veterans Affairs Committee
Missouri River Room, State Capitol

HB 1062
3/13/2015
Job # 24809

- Subcommittee
 Conference Committee

Committee Clerk Signature



Minutes:

No Attachments

Chairman Dever: Opened HB 1062 for committee discussion.

Senator Poolman: Moved a Do Pass.

Senator Nelson: Seconded.

Chairman Dever: Asked for any further discussion and there was none.

A Roll Call Vote Was Taken: 7 yeas, 0 nays, 0 absent.

Motion Carried.

Senator Nelson will carry the bill.

Date: 3/13
 Roll Call Vote #: 1

**2015 SENATE STANDING COMMITTEE
 ROLL CALL VOTES
 BILL/RESOLUTION NO. 1062**

Senate Government and Veterans Affairs Committee

Subcommittee

Amendment LC# or Description: _____

Recommendation: Adopt Amendment
 Do Pass Do Not Pass Without Committee Recommendation
 As Amended Rerefer to Appropriations
 Place on Consent Calendar
 Other Actions: Reconsider _____

Motion Made By Poolman Seconded By Nelson

Senators	Yes	No	Senators	Yes	No
Chairman Dever	✓		Senator Marcellais	✓	
Vice Chairman Poolman	✓		Senator Nelson	✓	
Senator Cook	✓				
Senator Davison	✓				
Senator Flakoll	✓				

Total (Yes) 7 No 0

Absent 0

Floor Assignment Nelson

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE

HB 1062: Government and Veterans Affairs Committee (Sen. Dever, Chairman)
recommends **DO PASS** (7 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING).
HB 1062 was placed on the Fourteenth order on the calendar.

2015 TESTIMONY

HB 1062

1
HB 1062
1-22-2015

TESTIMONY OF NDPERS

HOUSE BILL 1062

Mr. Chairman, members of the committee my name is Deb Knudsen. I am the Manager of Benefits Planning and Research and am providing testimony for Sparb Collins, Executive Director of the North Dakota Public Employees Retirement System (PERS). I appear before you today on behalf of the PERS Board and in support of this bill.

Senate Bill 2060 provides for miscellaneous changes to the PERS statutes relating to the Highway Patrol Plan (Sections 1,2,3 & 4), the PERS Main Retirement Plan (Sections 5,6,7,8 & 9), the PERS Insurance Plan (Sections 10,11,12, & 13), the PERS Defined Contribution plan (Section 14 & 15), and Section 16 provides for an effective date for Sections 2, 8 & 14.

Highway Patrol Retirement Plan

Section 1 clarifies the definition of "salary" in the Highway Patrol Retirement System to exclude expense allowances. Historically expense allowances have not been included in salary but we feel making this clear in statute would be beneficial, so this amendment is offered.

Section 2 updates federal compliance provisions for qualified military service in the Highway Patrol retirement plan and is necessary to ensure that the plan remains "qualified" under IRS guidelines. Specifically it incorporates the provisions of the Heroes Earnings Assistance and Relief Tax Act (HEART) which states "*If a participating member dies on or after January 1, 2007 while performing qualified military service (as defined in section 414(u)(5) of the Internal Revenue Code), the deceased member's beneficiaries shall be entitled to any death benefits (other than credit for years of service for purposes of benefits) that would have been provided under the Plan if such participating member had resumed employment and then terminated employment on account of death. In addition, the period of such member's qualified military service shall be treated as vesting service under the Plan.*"

Section 3 of the bill provides for automatically updating federal compliance provisions of the HPRS regarding Internal Revenue Code sections 401(a)(17), 401(a)(9), 401(a)(31), 415(b) and (d), and 402(c)(4), as such sections are amended, in North Dakota Century

Code (NDCC) sections 39-03.1-11.2. This update also is necessary to ensure that the plan remains “qualified” under IRS guidelines.

Section 4 of the bill standardizes the calculation method for dual members and non-dual members of the Highway Patrol Retirement plan.

PERS Hybrid/Defined Benefit Retirement Plan

Section 5 of the bill relates to the PERS Hybrid/Defined Benefit Plan and designates that a member becomes a participating member upon employment rather than receipt of an application. The purpose of this is to put in statutory language that reflects PERS operating procedures and therefore avoid any future misunderstanding.

Section 6 of the bill provides clarifying language indicating that the three eligible years of employment required to reach normal retirement date for a National Guard Security Officer or Firefighter, a Peace Officer or Correctional Officer has to be earned within the PERS system and is not just specific to that retirement plan.

Section 7 of the bill states that dual membership does not apply to temporary employees. Dual membership allows those members to use the final average salary in any of the referenced systems to determine benefit payments. This change for temporary employees provides that final average salary is only calculated using PERS service. The changes in this section would be prospective.

Section 8 of the bill does for the PERS Hybrid/Defined Benefit system as section 2 above does for the Highway Patrol system--that is it updates federal compliance provisions for qualified military service and maintains the “qualified” status of the plan with the IRS.

Section 9 of the bill does for the PERS Hybrid/Defined Benefit system as section 3 above does for the Highway Patrol system--that is it updates federal compliance provisions and maintains the “qualified” status of the plan with the IRS.

Group Insurance Plan

Section 10 of the bill designates that a member becomes a participating member upon employment for basic life insurance and EAP coverage rather than receipt of an application. With electronic enrollment we do not need to wait for paper applications.

Section 11 clarifies that political subdivisions can only join the NDPERS insurance plan if permitted under federal law (ACA).

Section 12 clarifies that temp employees before January 2015 must enroll before that date to be eligible if they do not meet the new ACA eligibility provisions

Section 13 provides for two clarifications:

1. Based on current language, it appears that coverage can be made available to political subdivisions on an individual basis as an option to the PPO/Basic plan. This will make the High Deductible Health Plan (HDHP) available on a group basis.
2. Clarifies what will happen when a Health Savings Account (HSA) cannot be established for a member. Specifically it indicates an account will not be established.

Defined Contribution Plan

Section 14 of the bill does for the PERS Defined Contribution Plan as section 2 & 8 above does for the HP & Hybrid/Defined Benefit retirement systems--that is it updates federal compliance provisions for qualified military service and is required for "qualified" plan status with the IRS.

Section 15 of the bill does for the PERS Defined Contribution Plan as section 3 & 9 above does for the HP and Hybrid/Defined Benefit retirement systems--that is it updates federal compliance provisions and satisfies requirements for "qualified" plan status with the IRS.

General

Section 16 provides for retro application of Sections 2, 8 and 14 of this bill which are the federal compliance provisions.

Mr. Chairman, members of the committee this bill was reviewed by the Legislative Employee Benefits Committee and given a favorable recommendation.

Thank you, and this concludes my testimony.

3/13

#1
pg 1

TESTIMONY OF NDPERS

HOUSE BILL 1062

Mr. Chairman, members of the committee my name is Sparb Collins. I am the Executive Director of the North Dakota Public Employees Retirement System (NDPERS). I appear before you today on behalf of the PERS Board and in support of this bill. House Bill 1062 provides for miscellaneous changes to the PERS statutes relating to the Highway Patrol Plan (Sections 1,2,3 & 4), the PERS Main Retirement Plan (Sections 5,6,7,8 & 9), the PERS Insurance Plan (Sections 10,11,12, & 13), the PERS Defined Contribution plan (Section 14 & 15), and Section 16 provides for an effective date for Sections 2, 8 & 14.

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