2023 HOUSE GOVERNMENT AND VETERANS AFFAIRS

HB 1486

2023 HOUSE STANDING COMMITTEE MINUTES

Government and Veterans Affairs Committee
Pioneer Room, State Capitol

HB 1486
1/26/2023

Relating to the closure of the public employees retirement system main plan, the deferred compensation program, and expansion of the defined contribution retirement plan, to a transfer from the legacy earnings fund to the public employees retirement system main plan and the public employees retirement system defined benefit and defined contribution retirement plans, and relating to public employees retirement system retirement plan contribution rates upon reaching full funding.

Vice Chairman Satrom called the meeting to order at 8:30 AM.

Vice Chairman Bernie Satrom, Reps. Landon Bahl, Claire Cory, Jeff A. Hoverson, Jorin Johnson, Karen Karls, Scott Louser, Carrie McLeod, Karen M. Rohr, Vicky Steiner, Steve Vetter, and Mary Schneider present. Chairman Schauer not present.

Discussion Topics:
- Benefit plans
- Retirement contribution plans
- Economic decline
- Reserved funds in political subdivisions
- Retirement benefits
- Assumed rate of return

Jennifer Clark introduced HB 1486 spoke for neutral opinion on HB 1486 # 25632

Representative Kasper, spoke in favor of and proposed an amendment to bill (#23.0372.01001) #27758

Scott Miller, Executive Director of North Dakota Public Employees Retirement System, testimony in opposition to bill (#16905).

Aaron Burst, on behalf of the North Dakota Association of Counties, spoke in opposition

Pam Sharp, representative of the Coalition for Retirement Stability, spoke in opposition to bill.

Nick Archuleta, president of North Dakota United, testimony in opposition to bill (#16860).

Matt Gardner, Executive Director for the North Dakota League of Cities, verbally testified in opposition to bill.

Alexis Baxley, North Dakota School Board Association, verbally testified in opposition to bill

Darren Schimke, President of the Professional Fire Fighters of North Dakota, testimony in opposition to bill. (#16972)

Sharron Shiermeister, testimony in opposition to bill. (#15643)

Janel Moos, Advocacy for AARP, verbally testified in opposition to bill.

Additional written testimony:

- David Krebsbach, Vice Chancellor of Administrative Affairs and CFO, NDUS (#16690)
- Maureen Storstad, Finance and Administrative Services Director, Grand Forks, (#16841)
- Josh Askvig, State Director AARP, North Dakota (#16917)
- Tina Fisk, West Fargo City Administrator, (#16953)
- Francis Schwindt, Retired State Employee, (#17042)

Vice Chairman Satrom adjourned the meeting at 9:27 AM.

Phillip Jacobs, Committee Clerk By: Leah Kuball

2023 HOUSE STANDING COMMITTEE MINUTES

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Relating to the closure of the public employees retirement system main plan, the deferred compensation program, and expansion of the defined contribution retirement plan, to a transfer from the legacy earnings fund to the public employees retirement system main plan and the public employees retirement system defined benefit and defined contribution retirement plans, and relating to public employees retirement system retirement plan contribution rates upon reaching full funding.

Vice Chairman Satrom called the meeting to order at 11:25 AM.

Chairman Austen Schauer, Vice Chairman Bernie Satrom, Reps. Landon Bahl, Claire Cory, Jeff A. Hoverson, Jorin Johnson, Karen Karls, Scott Louser, Carrie McLeod, Karen M. Rohr, Vicky Steiner, Steve Vetter, Mary Schneider. All present

Discussion Topics:

- Committee work

Chairman Schauer called for a discussion on HB 1486.

Vice Chairman Satrom moved a do not pass on HB 1486.

Seconded by Rep. Bahl.

Roll Call Vote:

Representatives	Vote
Representative Austen Schauer	Y
Representative Bernie Satrom	Y
Representative Landon Bahl	Y
Representative Claire Cory	Y
Representative Jeff A. Hoverson	N
Representative Jorin Johnson	Y
Representative Karen Karls	Y
Representative Scott Louser	Y
Representative Carrie McLeod	Y
Representative Karen M. Rohr	Y
Representative Mary Schneider	Y
Representative Vicky Steiner	Y
Representative Steve Vetter	Y

Motion carries 12-1-0. Bill carrier: Rep. Louser

Chairman Schauer adjourned the meeting at 11:29 AM.

Phillip Jacobs, Committee Clerk

REPORT OF STANDING COMMITTEE

HB 1486: Government and Veterans Affairs Committee (Rep. Schauer, Chairman) recommends **DO NOT PASS** (12 YEAS, 1 NAY, 0 ABSENT AND NOT VOTING). HB 1486 was placed on the Eleventh order on the calendar.

TESTIMONY

HB 1486

Testimony in opposition to HB 1486
House Government and Veterans Affairs

Good morning Mr. Chairman and members of the committee. My name is Sharon Schiermeister. I am a retired state employee and I am opposed to closing the PERS defined benefit retirement (DB) plan. As a retiree, I rely on my PERS pension to cover my monthly living expenses. I am also counting on receiving that payment for my lifetime, as was promised to me when I started my employment with the State. Closing the DB plan could put my future retirement payments in jeopardy. I appreciate that the Interim Retirement Committee recognized the importance of providing funding to ensure that all retirement benefits are paid. The bill before you today includes three provisions to fund the DB plan. If this bill should move forward, it is critical that this funding remain in place so all promised benefits can be paid.

My testimony today is not just from concern as a retired state employee, but as a former employee of the North Dakota Public Employees Retirement System, or PERS. I worked for PERS just short of 33 years and retired in 2019. During my career, I served as the Chief Financial Officer, Chief Operating Officer and was the Interim Executive Director prior to Mr. Miller being hired in 2018. During those years, I had the opportunity to see many changes to the retirement plan and I feel that this historical perspective may be helpful to you as you consider this important decision before you today.

The Public Employees Retirement System began on July 1, 1966. During the 1965 Legislative Session, the Legislature passed a bill establishing the initial retirement system and setting it up as a money purchase or defined contribution plan. This system was set up to provide a member with a lump sum payment upon retirement, which consisted of contributions plus earnings, subject to fluctuations in the investment markets.

The PERS defined benefit retirement plan was created in 1977 when the money purchase plan that had started in 1966 was closed by the legislature after determining the State should move to a defined benefit plan. A defined benefit plan provides an employee with a life time pension, which is calculated using the employee’s years of service and salary. If an employee leaves employment prior to retirement, they are able to withdraw the employee share of contributions, plus interest.

The PERS defined contribution (DC) retirement plan was created by the 1999 Legislative Assembly as an option for non-classified state employees. It was felt that a DC plan offered more portability for employees who may not stay with State government for their career. Portability allows an employee to take their retirement account with them to a new employer. In a DC plan, the employee has the ability to vest in the employer contribution over a short period of years. Vesting allows the employee to take both the employee and employer contributions, plus earnings, when they leave employment. The DC plan began January 1, 2000. There were 620 employees originally eligible to join the plan. Of that total, 239 elected to transfer from the DB plan into the new DC plan, or 39%. In 2001, eligible employees were given another opportunity to transfer from the DB plan into the DC plan. This resulted in only 4 more employees moving to the DC plan out of a total of 422 employees who would have been eligible to transfer.

Legislation was also passed in 1999 to create the Portability Enhancement Provision, or PEP, for the defined benefit plan. As mentioned above, if an employee leaves the DB plan before retiring, they were only entitled to the employee contributions, not the employer contributions. To improve the portability of the DB plan, PEP allows the employee to vest in a portion of the employer contribution if they also participate in a supplemental savings plan. Employees who use PEP are then able to take a portion of the employer contribution, along with their employee contributions, plus interest, when they leave employment.

In 2013, legislation was passed to give all state employees hired from October 1, 2013 through July 31, 2017, the option to choose between joining the DB plan or the DC plan. During this period, there were 5,090 new hires, of which 146, or 2.87%, elected to join the DC plan. This provision of the law was allowed to sunset, as no legislation was submitted to keep the DC option open for all state employees.

In 2015, legislation was passed to give members of the DC plan a one-time opportunity to transfer back into the DB plan, with the requirement to pay an additional 2% employee contribution into the DB plan. This opportunity window was from November 2015 – February 2016. At that time, there were

226 members in the DC plan, of which 170, or 75%, elected to transfer back into the DB plan.

Recovery Plan
In the 2008/2009 fiscal year the financial market had a major correction that was preceded by the tech market collapse in 2001-2002. However, the most significant effect occurred in 2008/2009 when the PERS plan lost about 24.5%. The financial consultant to the State Investment Board, which manages the PERS assets, reported that out of 224 years of US stock performance only 4 years were worse than the returns in 2008. What the plan experienced was truly a unique and significant event. As a result of this dramatic downturn in the financial markets, the long term funded status of PERS was affected and projections showed the plan could become insolvent in approximately 2040. After a significant amount of study, a proposal was brought forward to increase the contributions by 8% over the period from January 2012 to January 2015 which was projected to close this funding deficit. It became known as the PERS 4-year recovery plan and was based upon the concept that the recovery should be shared between the employer and employee. As proposed, the State would pay approximately 25%, the political subdivision employers would pay 25% and the employees would pay the remaining 50%. Essentially, this was a 50/50 split between employers and employees. It was proposed to be spread over 4 years to reduce the effect of the increase in any given year on either party. The Teachers Fund For Retirement (TFFR) also had a similar recovery plan. This proposal came together in SB 2108 that was considered during the 2011 session. This proposal was intended to accomplish three objectives:

1. To stop the downward trend in the funded status of the plan
2. To stabilize the plan
3. To put the plan on a course back to 100% funded status

That session, the Legislature approved the first two years of the recovery plan which included the 2012 and 2013 contribution increases. This stopped the downward trend in the funded status and stabilized the plan. It should be noted that the Legislature passed the full 4 year recovery plan for TFFR and they are now projected to be fully funded by the year 2044.

In 2013 PERS proposed the last two years of the recovery plan contribution increases in SB 2059. It received a favorable recommendation from the Legislative Employee Benefits Committee and was included in the

Governors Executive Budget Recommendation. The bill introduced by PERS did not pass, but the third year of the recovery plan was added to HB 1452 in conference committee and passed.

In 2015 PERS proposed in HB 1080 the last year of the recovery plan contribution increases along with some benefit modifications. This included changes to the final average salary calculation, early retirement benefit reduction and changing the Rule of 85 to Rule of 90 with minimum retirement age of 60. The bill was given “no recommendation” by the Legislative Employee Benefits Committee, and was included in the Governors Executive Budget Recommendation. The bill did not pass; however, the benefit changes were added in conference committee on the OMB bill at the end of the session and passed.

PERS submitted HB 1053 in 2017 for the last year of the recovery plan contribution increases. The bill received a favorable recommendation from the Legislative Employee Benefits Committee but was not included in the Governors Executive Budget Recommendation due to the fiscal constraints facing the State. The bill did not pass.

PERS submitted 3 bills in the 2019 session to address the funding concerns of the plan. This included SB 2048 for the last year of the recovery plan contribution increases, SB 2047 to reduce the benefit multiplier for new employees, and SB 2046 to discontinue the Retiree Health Insurance Credit (RHIC) program for new employees and direct the 1.14% employer contribution to the DB plan. These bills all received a favorable recommendation from the Legislative Employee Benefits Committee and the contribution increase was included in the Governors Executive Budget Recommendation. The bills to reduce the multiplier and discontinue the RHIC passed, but the contribution increase bill did not pass.

PERS submitted 2 bills in the 2021 session to address the funding concerns of the plan. This included SB 2042 to have employers pay the actuarial determined contribution and SB 2046 for the last year of the recovery plan contribution increases. Both bills received a favorable recommendation from the Legislative Employee Benefits Committee and the contribution increase was included in the Governors Executive Budget Recommendation. Both bills failed to pass.

I believe this history tells us the following:

1. **State Employees do not have a strong desire to be in a Defined Contribution plan.**
    - Less than 40% of eligible employees made the initial move into the DC plan
    - Less than 3% of all new state employees elected to join the DC plan when given the option
    - 75% of the DC plan participants moved back into the DB plan when given the opportunity, and agreed to pay 2% more in employee contributions

2. **Past Legislatures have not fully funded the PERS DB retirement plan resulting in employees contributing more than 50% of the cost.**
    - Only 3 years of the 4-year proposed recovery plan have been approved, despite requests being submitted repeatedly over the past 10 years.
    - Employees have taken on a greater share of the recovery through contribution increases and benefit reductions

In summary, I do not feel that closing the DB plan and replacing it with a DC plan is the right solution and would encourage a no vote on HB 1486. It is my understanding that SB 2239 would sustain the DB plan and address the funding concerns, while offering a DC plan as an option for new employees. I would encourage your support of that bill. Thank you for the opportunity to provide testimony.

NORTH DAKOTA UNIVERSITY SYSTEM

ACCESS. INNOVATION. EXCELLENCE.

HB1486

House Government and Veterans Affairs Committee

January 26, 2023

David Krebsbach, Vice Chancellor of Administrative Affairs and CFO, NDUS
701.328.4116 | david.krebsbach@ndus.edu

Chair Schauer and members of the House Government and Veterans Affairs Committee. My name is David Krebsbach, and I serve as the Vice Chancellor of Administrative Affairs & Chief Financial Officer for the North Dakota University System (NDUS). I am providing testimony on behalf of the NDUS and its eleven institutions related to HB1486 and to request an appropriation be added to the bill.

HB1486 closes the NDPERS Defined Benefit plan (DB) to new members effective January 1, 2025. Existing DB participants will remain in the plan; however, the NDUS and its 11 institutions will be obligated to pay amounts in addition to the regular retirement contributions for about 20 years. HB1486 does not include a state appropriation with which to make these increased payments.

NDUS has approximately 2,400 employees participating in the DB Plan. These individuals work in the Technical & Paraprofessional, Office Support, Crafts/Trades and Services broadband classifications. The estimated minimum cost of the additional contributions for these employees is $9.9 million for the biennium. 2023-2025 per institution amounts are as follows:

	PERS Defined Benefit Plan Closure HB1486		
	HB1486 - Fiscal Note 2023-25 - NDUS Cost		
NDUS Entity	**General Fund**	**Special Fund**	**Total**
NDUSO	$ 268,447	$ 106,421	$ 374,868
BSC	218,318	311,092	529,410
LRSC	101,034	133,283	234,317
WSC	59,667	79,145	138,812
UND	850,910	2,872,097	3,723,007
SMHS	280,778	432,511	713,289
NDSU	688,018	2,101,742	2,789,760
NDSCS	272,586	314,243	586,829
DSU	108,153	124,728	232,881
MaSU	143,007	222,511	365,518
MiSU	192,753	283,077	475,830
VCSU	114,268	113,566	227,834
DCB	66,849	59,184	126,033
Forest Service	172,284	5,558	177,842
Total	**$ 3,537,072**	**$ 7,159,158**	**$ 10,696,230**
	Effective Date 1/1/2025		

The NDUS cannot absorb such a significant expense without a state appropriation that covers the total cost of this change. The alternative would be to use special funding sources, which for higher education are derived from tuition paid by students & their families. Raising the cost of education when families are already struggling to cover increasing prices of fuel, housing, and food would not benefit anyone and may lead to decreased enrollment in post-secondary education. This could in turn negatively impact the number of qualified employees in the ND workforce at a time when employees are desperately needed.

If HB1486 is moved forward, the NDUS respectfully requests the addition of a general fund appropriation to cover the $10.7 million of increased contributions.

The NDUS would gladly provide additional information to the committee if requested.

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CITY OF GRAND FORKS NORTH DAKOTA

City of Grand Forks
(701) 746-4636

TESTIMONY ON HOUSE BILL 1486
Government and Veterans Affairs Committee
January 26, 2023

Maureen Storstad, Finance and Administrative Services Director
City of Grand Forks, ND

Mr. Chairman and members of the committee, my name is Maureen Storstad, and I am the Finance and Administrative Services Director for the City of Grand Forks. Thank you for the opportunity to provide testimony and express the City of Grand Forks' opposition to this legislation.

The NDPERS retirement system Main Plan is an excellent defined benefit pension plan and it is our top retention and recruitment tool for the City of Grand Forks.

The City of Grand Forks, in general, has supported previous efforts to support the NDPERS Main Plan to bring this plan to a healthier funding percentage level, and we would continue to support the NDPERS Main Plan if the State were to consider keeping this plan open to new employees. The City of Grand Forks has supported past legislation to incrementally increase contribution rates over the last 12+ years as the City has been able to manage these incremental increases through budget planning.

House Bill 1486 closes this plan and requires an employer contribution to meet both the normal contribution costs, plus the actuarial amount determined to amortize the unfunded accrued liability of the Main Plan over a closed period of 246 months. This will make it extremely difficult for budget planning purposes as it presents an unknown. The City of Grand Forks has great concern as to this bill's financial impact.

These types of pension plans need to be viewed with a long-term perspective. As long as the plan remains open, there is not a need to be fully funded today, but to show a plan that reflects a positive trajectory toward fully funding. I believe the State still has this ability with the existing NDPERS Main Plan as long as it is not closed to new employees.

The City of Grand Forks is against House Bill 1486, which closes the NDPERS Main Plan to new employees. As stated previously, it is the most important recruitment and retention tool that we have as a municipality.

The narrative that exists to support these two bills is that this younger generation of employees doesn't care about defined benefit pensions and that employees just want a benefit that is portable as jobs are seen as short-term ventures. In speaking with our Human Resource Director, Tangee Bouvette, that has not been the experience with City of Grand Forks employees. City employees do care about defined benefit pension plans. The City's typical job applicant are individuals that are looking for long-term career paths that can provide financial stability along with work-life integration. Providing for a secure retirement is a key component of a sustainable career for employees providing essential community services.

In reviewing the information presented by Milliman at the July 21st, 2022 interim legislative committee meeting, a baseline was presented along with a revised projection at the newly adopted, more conservative, 6.5% assumed rate of return. This was used in comparison and showed the impact of closing the plan to new employees. It is very expensive to close a defined benefit plan as new employees do not contribute toward funding of the plan as the plan was intended. Therefore, the numbers show, based on performance numbers at the time, the following:

- Keep NDPERS Main Pension Plan open at 6.5% assumed earnings rate:

  74% funded after 30 years (basically holds its own, but funding percentage does not improve) (This is with no additional annual cash infusion)

  87% funded after 30 years with a positive trajectory (with $25M additional annual cash infusion)

- Close the NDPERS Main Pension Plan to new employees and same 6.5% assumed earning rate:

  43% funded after 30 years (with $25M additional annual cash infusion)

Based on the data presented and summarized above, it is much more costly to close the NDPERS Main Pension Plan than it would be to keep the plan open to new employees and get the plan on a healthier trajectory toward becoming fully funded.

The City of Grand Forks opposes the closure of the NDPERS Main Pension Plan. We would support making incremental contribution changes to the NDPERS plan and monitoring funding every two years, in order to get this plan on a positive trajectory toward healthier funding. It is for the reasons stated above that we oppose the passage of House Bill 1486 as this bill is not in the best interests of the City of Grand Forks. Thank you for your time and consideration. We respectfully ask for a DO NOT PASS on House Bill 1486.

Great Public Schools NORTH DAKOTA UNITED *Great Public Service*

Testimony Before the House GVA Committee
HB 1486
Thursday, January 26, 2023

Good morning, Chairman Schauer and members of the House Government and Veterans Affairs Committee. For the record, my name is Nick Archuleta, and I am the president of North Dakota United. On behalf of our 11,500 dedicated public servants, I rise to respectfully urge a do not pass recommendation on HB 1486.

Mr. Chairman, our reasons for opposing HB 1486 are the same as those opposing HB 1040. In fact, the only difference between the two bills is that HB 1486 requires political subdivisions to pay their share of the fund's liability. The core reason for our opposition remains the same: this bill, in our view, unnecessarily closes the PERS Defined Benefit Plan rather than simply setting it on a trajectory to fully funded status.

Furthermore, Mr. Chairman and members of the Committee: at $5.5B over the next 20 years, the cost to close the plan is just too great. Additionally, we worry that future legislatures will not be able, or will not choose, to allocate the necessary level of funding over the course of the next two decades. If that concern is realized, current members of the plan may be negatively impacted despite the promise that closing the plan would only affect future state employees.

For those reasons and the reality that the DB plan is preferred by public employees regardless of age and experience, and that the DB plan is an excellent tool to attract and retain skilled public employees are the main reasons we stand in opposition to HB 1486 and respectfully urge a do not pass recommendation.

Testimony in Opposition to House Bill No. 1486

Scott Miller, Executive Director

NORTH DAKOTA
PUBLIC EMPLOYEES
RETIREMENT SYSTEM

$4.5 Billion More Expensive

- This is the present value of how much MORE expensive over the next 22 years it will be to close the Defined Benefit plan and have all new employees go into the new Defined Contribution plan, than it is to maintain the current DB plan
- Unfortunately, you cannot require future Legislatures to maintain adequate funding

Contributions to the DB Plan and DC Plan			
	Present Value of Total Employer Contributions for 2023 to 2045[1]	Difference from Baseline	Difference from Baseline - ADEC Funding
Baseline	$1,628,872,628		
Baseline - ADEC Funding	$2,451,546,855	$822,674,227	
Bill 280 - 6.50% Investment Return	$3,237,625,450	$1,608,752,821	$ 786,078,595
Bill 280 - 5.50% Investment Return	$4,494,009,269	$2,865,136,641	$ 2,042,462,414
Bill 280 - 4.50% Investment Return	$6,165,090,492	$4,536,217,864	$ 3,713,543,637

Credentialed Actuaries

The board shall arrange for actuarial and medical advisers for the system. The board shall cause a qualified, competent actuary to be retained on a consulting basis. The actuary shall make an annual valuation of the liabilities and reserves of the system and a determination of the contributions required by the system to discharge its liabilities and pay the administrative costs under this chapter, and to recommend to the board rates of employer and employee contributions required, based upon the entry age normal cost method, to maintain the system on an actuarial reserve basis; once every

- NDCC section 54-52-04(4), above, requires the NDPERS Board to retain and use a credentialed actuary to do these analyses.
- The Retirement Committee did <u>not</u> have Milliman, its actuary, analyze these bills.
- Any alternative numbers you may have seen are not from a credentialed actuary.
- The NDPERS Board could not rely on anyone other than a credentialed actuary to do these analyses, both from a statutory perspective and a fiduciary responsibility perspective.

Assumed Rate of Return

- The recommendation to use a 4.5% discount rate to value the liabilities and determine the ultimate cost of this proposal came from the NDPERS Board’s actuary after significant discussion
- The recommendation is based on several factors:
  - We have about 22 years to accumulate the total amount we will need to pay all future benefits
  - Once the Main PERS Plan is 100% funded, contributions will drop significantly
  - However, at that time we will be paying significant retirement benefits, which will be increasing; those payments will need to be made from the trust, rather than contributions
  - Once we start using trust monies to make payments, we will need to sell illiquid investments – we cannot pay a benefit with a tree, or an office building
  - That will naturally constrain our asset allocation and drive it toward a low risk, fixed income allocation

$457 Million Increase

- The total of additional State and Political Subdivision contributions for the 2023-25 biennium, including the $250 million from the general fund and $70 million from the Legacy Earnings fund
- Next biennium the additional contributions will be $619 million
- State Employer contribution goes up an additional 20.0%, to 28.26% of compensation
- Political Subdivision contribution goes up 20.2%, to 28.46% of compensation
- Agencies with federally-funded positions will need to find alternate funding sources

	2023-2025 Biennium	2025 - 2027 Biennium
State Agencies (20.0% increase)	$ 73,653,046	$ 294,612,286
Counties (20.2% increase)	19,574,972	78,299,888
Cities (20.2% increase)	12,753,642	51,014,568
School Districts (20.2% increase)	26,351,228	105,404,911
Other Political Subs (20.2% increase)	5,037,375	20,149,500
Lump Sum Deposits	320,000,000	70,000,000
Total	$ 457,370,263	$ 619,481,153

Traditional defined contribution plans - disadvantages

- Inefficient use of taxpayer money

- Milliman, the Retirement Committee's own actuarial expert, called Defined Contribution plans an "inefficient use of taxpayer money"
  - Milliman Presentation to Retirement Committee, slide 22 (April 11, 2022).
- Why is it "inefficient"?

- Inefficient use of taxpayer money: need almost twice as much $$s to fund same level of benefits as a DB plan* Still a Better Bang for the Buck: An Update on the Economic Efficiencies of Defined Benefit Pensions, National Institute on Retirement Security, December 2014

- Said another way, you can only get half the benefit in a DC plan for the same cost

Traditional defined benefit plans - advantages

▪ Efficient use of taxpayer dollars

- The Retirement Committee's own actuarial expert called Defined Benefit plans an "efficient use of taxpayer dollars"
  - Milliman Presentation to Retirement Committee, slide 16, April 11, 2022
- Employees would receive about twice the retirement benefit in a DB plan for the same cost as a DC plan

$14,700 vs. $3,944-7,640

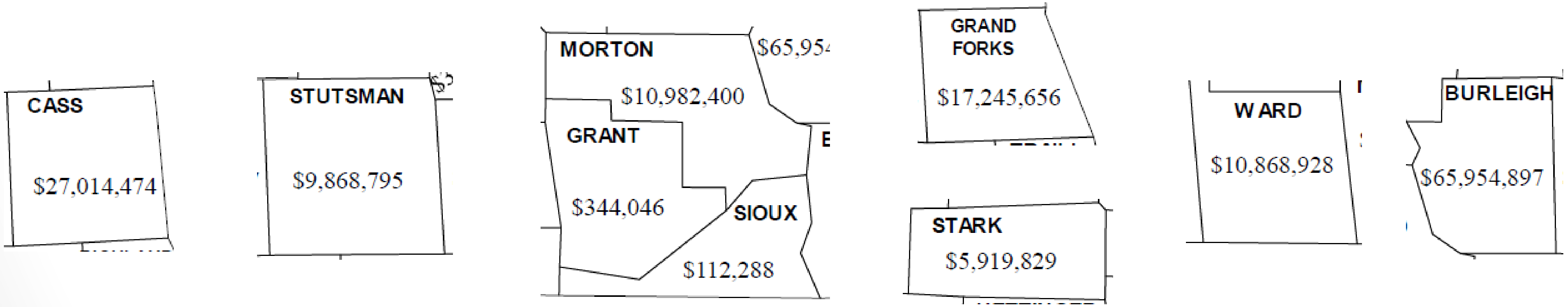
- The average benefit in the DB plan under the Main 2020 Plan versus the average projected benefit under the new DC plan
  - Using average retiree numbers from 2021 valuation (21 years of service, final average salary of $40,000), a 1.75% multiplier, and a DC plan return of 6% compounded annually
  - Depending on the final account balance and whether the individual takes out 3.4% or 4.0% per year
- DC plans are especially difficult for public safety personnel
  - Limited disability and early retirement funds

$200 Million

- NDPERS currently pays out over $200 million in benefits to DB retirees in the State of North Dakota. Every year.
- Total retirement payments to all beneficiaries are over $236 million per year.
- Total employer contributions last year were just under $97 million. Clearly, the return on those contributions is massive.

$100 Million

- Future annual benefits will be cut in half as a result of moving to a DC plan; a DC plan can only provide about half the benefit of a DB plan for the same cost, which will affect all the North Dakota communities you represent
- Similar reduction in economic benefit for your communities



2.87%

- The percent of new employees that elected to join the DC plan from 2013-2017 when it was open and available to all new state employees
- Only 2.36% of 20-somethings elected to join the DC plan at that time
- Current state employees also strongly prefer a DB plan:

Based on the information provided, I prefer to have a defined contribution (DC) retirement plan rather than a defined benefit (DB) retirement plan.* *As stated earlier in this survey a DC plan is similar to the well-known 401(k) and a DB plan is commonly referred to as a pension.	3840	2.18	3%
Based on the information provide, I prefer to have a Defined benefit (DB) Retirement Plan rather than a Defined Contribution (DC) Retirement Plan.* *As defined earlier in this survey a DB is commonly referred to as a pension and a DC is similar to the well-known 401(k).	3858	3.95	42%

Source: 2022 HRMS Survey of Current State Employees

Percent that "Strongly Agree"

Average Rating

75%

- The percent of DC plan members who came back to the DB plan when given the opportunity to do so
- Those members agreed to pay an extra 2% of employee compensation to come back to the DB plan

15.26% vs. 9.26%

- The current DC plan has a mandatory contribution rate for new employees of 15.26%: 7% employee and 8.26% employer
- The new DC plan only has a mandatory contribution rate of 9.26%: 4% employee and 5.26% employer
  - Employee must elect to contribute more, up to 7% employee and 8.26% employer
  - In Oklahoma, only 43% of employees elect to contribute more than the minimum
- Notably, a recent study by the consulting firm Aon and the National Institute on Retirement Security found that a contribution rate of 17% of compensation is necessary for someone to retire at age 67, and 23% to retire at age 62
  - "The Real Deal for the Public Sector: Retirement Income Adequacy Among U.S. Public Sector Employees", Eric Atwater, Tyler Bond, Dan Doonan, Emily Swickard (Dec. 2022).

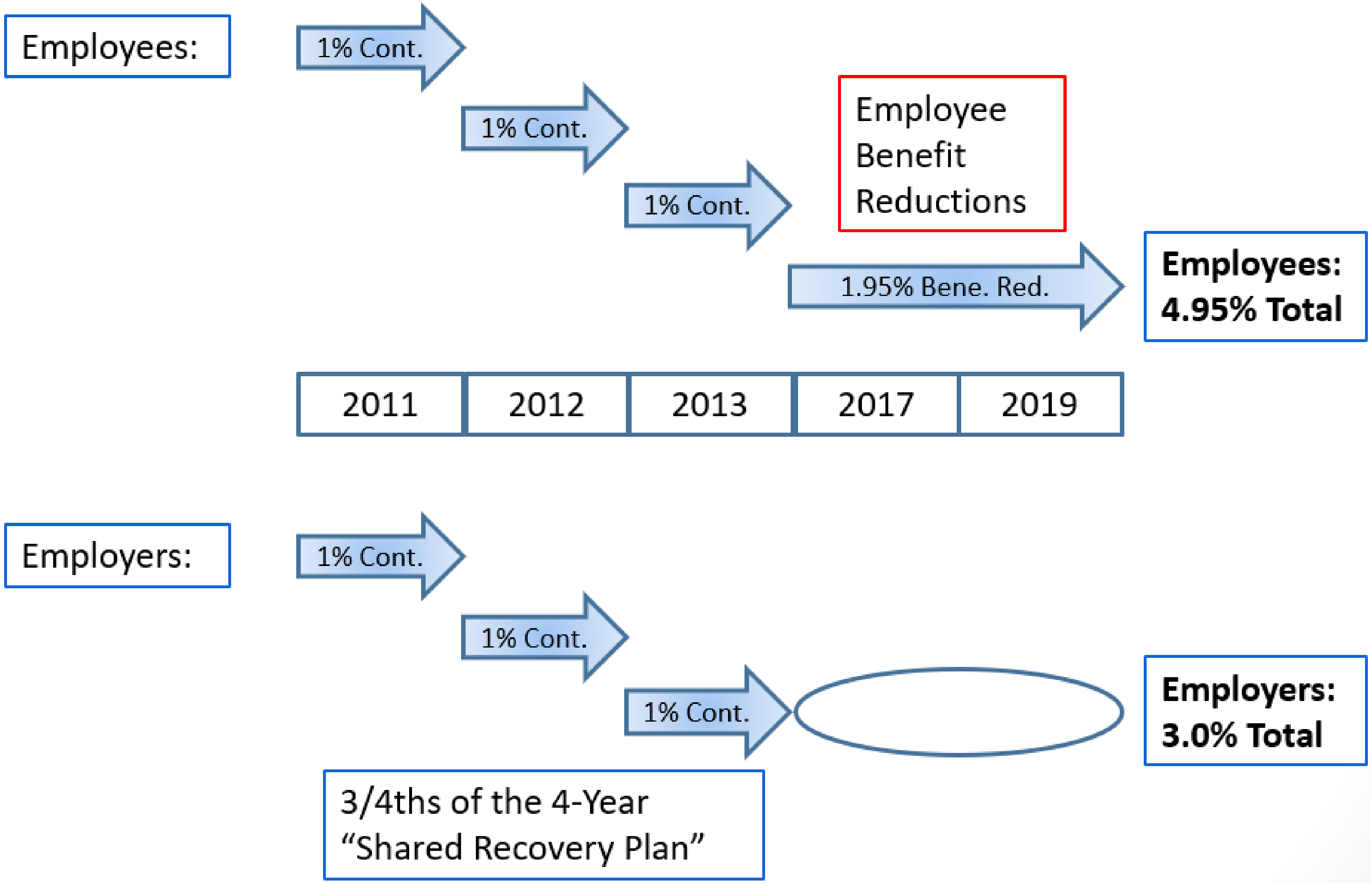
Employees must stay at least 2 years to vest

- The vesting schedule for employer contributions to the DC plan:
  - Under two years of service, 0%
  - Two years of service, 50%
  - Three years of service, 75%
  - Four years of service, 100%
- Always 100% vested in employee contributions

Annuity Default?

- "The qualified default investment alternative must include an in-plan annuity."
- We know of only one qualifying product, from TIAA
  - A complex product participants may not understand
  - Requires the selection of a named fund manager in addition to the underlying investments
  - Moving to a different provider may be difficult, making procurement problematic
  - Likely markedly more expensive than a target date fund
- Note this also places the fiduciary responsibility for setting this default with the Legislative Assembly rather than the Board
  - Investment costs are a primary source of fiduciary litigation
- This requirement basically creates a poor cash balance plan, not a DC plan

Employees Did Their Part



Other States' Experience

- West Virginia – DB closure was far too expensive, and re-opened the DB plan
- Michigan – Closed the DB plan when it was 109% funded, with a $734 million surplus; in September 2019 it was 65% funded with a $6.6 Billion unfunded liability
- Alaska – closed the DB plan in 2005 and has paid billions of dollars more than anticipated; recruitment and retention issues for teachers and public safety have led to significant pressure to re-open the DB plan
- Oklahoma – closed the DB plan in 2018 and created a new DC plan somewhat similar to this bill, and has already had legislative efforts to re-open the DB plan
  - Employer contribution is 16.5% spread over both DB and DC employees
  - Costing the state more than if they had maintained the DB plan
  - Only 43% of new employees elect to contribute above the minimum
  - 87% of members who leave employment take a direct distribution rather than roll-over
  - Recruitment and retention has become a "major issue that is being discussed"

Conclusion: An Inefficient Decision

- $4.5 billion more expensive over the next 20 years
  - Future Legislatures cannot be required to adequately fund this decision
- DC plans are an “inefficient use of taxpayer money”; DB plans are “efficient”
- DC plans provide half the benefit for the same cost as a DB plan
- Retirement adequacy under the new DC plan is questionable, especially for public safety employees
- The new DC plan may result in significantly lower savings than the existing DC plan
- Employees who leave before completing 2 years of service will not take any of the employer contribution with them
- Neither new employees nor current employees have shown a desire for a DC plan
- The economic benefit to our communities could be halved, if not worse
- Recruitment and retention may become major issues for the state and political subs

Questions?

Email scottmiller@nd.gov
Call (701) 328-3901

AARP North Dakota

House Bill 1486
January 26, 2023
House Government and Veterans Affairs
Josh Askvig, State Director AARP North Dakota

Chair Schauer and members of the committee,

I'm Josh Askvig, State Director for AARP North Dakota. AARP is a nonprofit, nonpartisan organization representing the interests of Americans age 50 and older and their families, with nearly 38 million members nationwide and our 83,000 members in North Dakota. We're here today to offer testimony in opposition to House Bill 1486.

Financial and health security are key components of our advocacy agenda. AARP strongly believes that all individuals have the right to be self-reliant and live with dignity in retirement. We further believe that Americans of all ages are faced with a crisis where the goal of achieving an adequate and secure retirement is becoming increasingly difficult.

Following the Great Recession, there was widespread discussion and consideration around converting from traditional defined benefit plans to defined contribution plans. Yet, nearly every state retained a traditional pension as a component of the primary retirement benefit for most public employees. We followed this bill during the Interim Retirement Committee, offered similar comments during that process and have listened to the subsequent discussions.

Upon review we urge the state to exercise similar caution as other states who have explored this change. Modifying retirement plan designs can have unintended outcomes. These following cost related reasons should be noted:

- ***Does not reduce legacy plan liabilities.*** Closing off the pension plan to new employees does not resolve any existing unfunded obligations. In fact, it diverts contributions that would otherwise go into the plan and earned investment income; it requires higher contributions as a percentage of payroll for the legacy plan; and, as the actuarial analysis on this bill and others has shown, necessitates accelerated near-term additional payments to eliminate the unfunded pension liability. (Enduring Challenges: Examining the Experiences of States that Closed Pension Plans, NIRS, August 2019)

- ***Increases benefit costs.*** For any given level of retirement income, defined contribution plans cost significantly more than a traditional pension. Pension plans have economies of scale that cost less to administer. Their pooled assets can achieve higher investment returns due to professional management, more diversified portfolios, longer time-horizons and lower fees. Longevity risk is also pooled, which is inherently less expensive than what individuals would need to accumulate to ensure they do not outlive their savings. (Still a Better Bang for the Buck, National Institute on Retirement Security, December 2014). Furthermore, two plans are more costly than one. Higher administrative costs of a new defined contribution plan would be in addition to the traditional pension that must still be maintained for current workers and retirees. (Look Before you Leap: The Unintended Consequences of Pension Freezes, NIRS, October 2008)

- ***Creates workforce challenges and expenses.*** Retaining employees promotes the efficient delivery of public services, allowing taxpayers to maximize the training and experience invested in public employees and an orderly progression of personnel. Pension plans are an important workforce management tool to meet this objective. State and local governments that closed their traditional pensions saw increased turnover, workforce challenges, and training expenses. (Retirement Reform Lessons: The Experience of Palm Beach Public Safety Pensions, NIRS, February 2018; The Cost of Teacher Turnover in Alaska, Center for Alaska Education Policy Research, March 2017)

Beyond the costs of switching from a traditional pension to a defined contribution plan, additional policy considerations when transitioning pension plans for new public employees in North Dakota.

- ***Traditional pensions are economic drivers for Main Street America.*** Economic gains attributable to pensions in the U.S. are substantial. Their long-time horizon enables monthly benefits to be distributed on time and in full, even during market shocks and economic declines, to retirees in virtually every community across the country. In North Dakota, retiree spending of these benefits in 2018 generated $805.8 million in total economic output, supporting 4,610 jobs across the state. Pension spending also added $110.7 million to government coffers at the federal, state and local levels. (AARP-In-The-States-Snapshot-ND-Public-Employee-Retirement-System 2021). Additionally, North Dakota's rural and small towns benefit from public defined benefit pension plans as most retirees remain in their communities and contribute to the economic stability of the region as their income is both stable and predictable. (Fortifying Main Street: The Economic Benefit of Public Pension Dollars in Small Towns and Rural America, Linea Solutions and NIRS, March 2020).

- ***Defined contribution plans can increase retirement insecurity and reliance on social safety nets***. Moving away from defined benefit plans means that individuals must face the risk of poor investment returns, the risk that they might outlive their assets, and the risk that inflation will erode the value of their income in retirement. **(**Defined Contribution Plans and the Public Sector: An Update, Center for State and Local Government Excellence, April 2014). Defined contribution plans do not provide predictable benefits sufficiently to ensure some retirees will not need access to other government assistance programs (Medicaid, TANF, etc.). Defined contribution plan participants experience different retirement plan success depending on such factors as their level of contribution and investment knowledge and their understanding and appetite for risk.

- ***Most Americans support pensions to retain public employees and compensate for lower pay and higher risks.*** Most Americans believe providing pensions is a good way to recruit and retain public employees. They additionally appreciate that public workers help finance the cost of these benefits and that pensions compensate for comparatively lower pay and higher risk in many public sector jobs. (Americans' Views of State and Local Employee Retirement Plans, NIRS, March 2021).

We urge you to vote no on HB 1486.

Thank you.

Testimony on HB 1486
Presented to the House Government and Veteran Affairs Committee
Prepared by Tina Fisk, West Fargo City Administrator
Thursday, Jan. 26, 2023

The City of West Fargo would like to take this opportunity to submit testimony in opposition of HB 1486. The fiscal note indicates political subdivisions participating in the NDPERS retirement system will pay an additional 20.2% in employer contributions. This bill would have a significant fiscal impact on cities like the City of West Fargo who participate in the plan.

Local governing bodies take tremendous pride in building and managing effective budgets that are fiscally responsible for the residents they are serving. Often times, these budgets include tough decisions regarding competing interests and needs of residents. No Commissioner or Council Member takes this lightly. One of the most consistent struggles is balancing the level of service our residents expect with the expense of staffing for that level of service.

We all can agree that we do need to address issues with ND PERS. It has been an incredible tool that has helped the City of West Fargo recruit and retain talent in a competitive job market. We need to look for solutions that will continue to help political subdivisions find talent for jobs that are often difficult to fill. However, creating a new, significant recurring expense for cities that taxpayers will have to fund should not be the solution.

For these reasons, we ask this committee for a DO NOT PASS recommendation on HB 1486.

Tina Fisk, City Administrator
City of West Fargo

Professional Fire Fighters of North Dakota

Darren Schimke, President | 218-779-4122 | dschimke@wiktel.com

1/26/2023

House Government and Veterans Affairs Committee

Mr. Chairman and members of the House Government and Veterans Affairs Committee,

My name is Darren Schimke, President of the Professional Fire Fighters of North Dakota. I rise before you on behalf of the PFFND in opposition of HB 1486.

Valued by employers as a workforce management tool to recruit and retain talent, offering defined benefit (DB) pension benefits is one way that employers send a loud signal to employees that they are committed to a long-term relationship. This provides a meaningful incentive for employees to stay in their job. Employees value pensions as a path of economic security in retirement. Decreasing plan benefits negatively affect that security.

It's important to remember that one of the main reasons many entities throughout the State attract and retain its public employees is largely because these workers understand the long-term value of their pensions.

As a 30-year employee of the City of Grand Forks Fire Department, I have witnessed firsthand the negative effects of decreases made to a retirement plan. In 1994, the City proposed decreases to the benefit multiplier and extending the average final years' salary from 5 to 10, along with an increase in employee contribution. After a lengthy negotiation period, compromises were made within all of the above-mentioned areas and implemented. In January 1996, the City choose to close the DB plan, which was in existence since 1970, to all new hires and opened a DC (Defined Contribution) retirement plan for new hires. Approximately 5 years after the DC implementation and as the Grand Forks firefighter's Local 242 union president, I noticed within my own department, and hearing from other departments, that we were all experiencing major turnover. The majority of these departures were not due to retirements, as years prior, but for seeking employment elsewhere. At the time, the Grand Forks Police Dept FOP President told me that the number one reason for leaving employment stated during exit interviews was "better retirement benefits". The same reasons were being stated during exit interviews at the Fire Department, according to our then Fire Chief, Peter O'Neill. As the President of the City Employee Representative Group, I then inquired with the group's members about the morale of their departments. It was staggering to hear how low it was and the actions that were being taken to demonstrate low morale by employees. This was also being demonstrated within the fire department to a certain degree. With that concern and reading about the ND PERS Retirement plan in the Grand Forks Herald, I inquired with the Human Resource Department and the Finance Department about joining the ND PERS Retirement Plan. A few of my many selling points were plan longevity, plan stability, and recruitment/retention success stories. Long story short, the City of Grand Forks joined the ND PERS plan and the DC plan participants are now in a DB plan along with all new hires. Within a few short years, I can honestly say the level of morale rose drastically. We understand that things change and adjustments need to be made from time to time. In fact, we have supported past plan adjustment increase bills that originated from right here.

I currently serve on the City of Grand Forks Pension and Insurance Committee and one of the issues we deal with is the closed DB plan that was started in 1970. When this plan closed in 1996, new plan participants ceased. As the plan's retiree participants grow, the increased cost to the City to date is far greater than any projection that was presented to us in 1996. I have reason to believe, based on my real-world example that the projected $5.5 Billion cost for the State to close this DB plan will become larger. This cost could be used in so many other important priorities like mental health, workforce recruitment or infrastructure.

With the ever-growing competition within the fire service, to be a best place to work, employers must signal to the firefighters that they are valued over the long-term. Cuts within pension benefits sends the exact opposite message. Firefighters are an important cog within public safety and we feel that everything should be done to keep good firefighters working here.

Thank you for the opportunity to stand in front of you today and now I will take any questions that you may have.

Darren Schimke

Testimony in opposition to HB 1486

House Government and Veterans Affairs Committee

January 26, 2023

Good morning Mr. Chairman and members of the Committee. My name is Francis Schwindt and I live in Bismarck. I am a retired State employee. I am opposed to HB 1486 as I am concerned with the long term viability and stability of the PERS Retirement Fund. Reducing the number of contributing members to the Fund will only exacerbate the unfunded liability currently facing the program.

Past legislative sessions have had many opportunities to correct the unfunded liability. While some steps have been taken, they were never large enough to correct the problem. Attempts have been made in the past to allow a defined contribution system as an option, but very few employees have chosen that option and remained with it.

The funding included in this Bill would help solve the unfunded liability. However, similar funding with an optional – rather than a required - defined contribution program is included in SB 2239. The Fiscal Note for SB 2239 is significantly less than the Fiscal Note for HB 1486. I would encourage a no vote on HB 1486.

Thank you for the opportunity to provide testimony.

North Dakota Legislative Council

Legislative Council

Prepared for Representative Kasper
LC# 23.9532.02000
January 2023

HOUSE BILL NO. 1486 - SUMMARY

This memorandum summarizes House Bill No. 1486 (2023) as introduced. In general, the bill provides for closure of the Public Employees Retirement System (PERS) main system defined benefit (DB) plan for new hires; routing of new hires into a defined contribution (DC) plan; a general fund appropriation to PERS to pay down the unfunded liability on the main system DB plan; and funding from the legacy earnings fund to pay down the unfunded liability on the main system DB plan and to cover administrative services.

CLOSURE OF THE DEFINED BENEFIT PLAN

The bill provides for closure of the DB plan to new hires effective January 1, 2025. This closure does not affect the:

- Judges retirement plan;
- Public safety plans;
- Highway patrolmen's retirement plan;
- Teachers' retirement plan;
- Higher education retirement plan; or
- Job service retirement plan.

This closure affects all other state employees, including appointed and elected officials and temporary employees, and the 374 political subdivisions that have elected to participate in the PERS DB plan. The state and political subdivision employees participating in the DB plan will continue to participate in the DB plan. Effective January 1, 2025, new state and participating political subdivision employees will be routed to participate in the DC plan; they will not participate in the DB plan.

Employer Contribution

State and political subdivision employers are required to pay an actuarially determined employer contribution rate that is calculated based on a closed period of 20.5 years. This rate is the amount required to cover both the normal cost plus the actuarially determined amount required to amortize the unfunded accrued liability of the plan over 20.5 years. This rate is set in November of each even-numbered year to allow agencies to submit budgets for the upcoming legislative session.

Employee Eligibility

The bill provides once an individual becomes a participating member of the PERS main system DB plan, the individual will stay in that plan even if the individual is rehired after December 31, 2024. However, an employee who moves from a different PERS plan, such as the judges plan or public safety plan, to a main system position would move into the DC plan.

DEFINED CONTRIBUTION PLAN

The bill provides that effective January 1, 2025, new state and participating political subdivision hires automatically will be routed to participate in the DC plan under North Dakota Century Code Chapter 54-52.6. Currently, participation in the DC plan is limited to nonclassified state employees who at the time of hire opt to participate in the DC plan instead of the DB plan.

Contribution

The bill provides DC plan participants an opportunity at the time of hire to select the amount of employee contribution under the DC plan. This is a one-time opportunity to select the amount of employee contribution under the DC plan. There will be an automatic employee contribution of 4 percent of wages and an automatic employer contribution of 5.26 percent for a total of a 9.26 percent contribution. The employee has the option of contributing an additional amount up to 3 percent, with an equal employer match, for up to an additional 6 percent.

If a state employee does not maximize the 3 percent additional contribution at the time of hire, the employee can utilize the PERS deferred compensation (457) plan under Chapter 54-54.2. Under the 457 plan, the employee may contribute up to that 3 percent amount with an equal employer match. This option under the 457 plan can be utilized at any time after hire. This option does not apply to political subdivision employees.

Employer Contribution for DB Plan

In addition to the employer contribution for the employee's DC plan, each state and political subdivision employer shall contribute to the DB plan an amount equal to the amount of the actuarially determined employer contribution rate minus the amount of the DB plan and 457 employer contribution amounts. If an employer uses federal funds to pay any of the employee's wages, the employer shall use state or political subdivision funds to pay this additional contribution.

Plan Design

The DC plan the new hires are routed into is based on the existing DC plan, but there are some differences. First, the employee and employer have a variable contribution rate, based on the employee's contribution decision made at the time of hire. Additionally, the investment option for the new DC plan must include one or more annuity products as part of the investment menu. Additionally, PERS shall create a default investment option that must include an in-plan annuity. The existing DC plan has an investment menu but does not provide for annuity products. Finally, PERS or a PERS vendor is required to provide a DC plan participant with education and advice regarding the DC plan program and investing.

LEGACY EARNINGS FUND

The bill revises the existing legacy funding in place, replacing the legacy sinking and interest fund mechanism with legacy earnings fund money. Existing funding resulted in $48 million being transferred to PERS for the 2021-23 biennium. The legacy earnings fund would provide for $70 million to be transferred to PERS each biennium for administrative expenses for the DB and DC plans and for the unfunded liability of the main system DB plan. This funding would continue until the DB plan reaches 90 percent funding. The funding stream would resume if the DB plan funding level falls below 70 percent.

GENERAL FUND APPROPRIATION

The bill provides a $250 million general fund appropriation and transfer to PERS for the 2023-25 biennium for the purpose of reducing the unfunded liability of the PERS main system plan.

SECTION-BY-SECTION SUMMARY
North Dakota Century Code

Section 1

Provides for elimination of the legacy sinking and interest fund mechanism to fund the unfunded liability of the PERS main system plan.

Section 2

Amends a Teachers' Fund for Retirement provision that allows for multiple plan eligibility to make it clear the new hires are not eligible for multiple fund calculations.

Section 3

Provides for $70 million of legacy earnings fund money to be transferred to PERS to fund the main system unfunded liability and to be used for administrative expenses of the DB and DC plans.

Section 4

Provides for the definition of "deferred member" and amends the definition of "eligible employee" to distinguish between pre-January 2025 employees and post-2024 employees.

Section 5

Provides for post-2024 elected and appointed state officials to join the DC plan and clarifies if an official is a participating member or deferred member in the DB plan at the time of appointment, the official will continue in the DB plan.

Section 6

Provides a temporary employee may elect to participate in the DC plan; and clarifies a temporary employee who is a participating member of the DB plan who becomes a permanent employee will continue in the DB plan.

Section 7

Provides a newly elected county official may elect to participate in the DC plan.

Section 8

Provides political subdivision appointed officials may elect to participate in the DC plan.

Section 9

Provides for closure of the PERS main system DB plan for new hires; clarifies once an employee participates in the DB retirement plan, even if rehired at a later date, remains in the DB plan; provides all new hires are required to participate in the DC retirement plan; and clarifies if a DC retirement plan member joins one of the enumerated DB retirement plans, the member is eligible to participate in that enumerated DB retirement plan.

Section 10

Section 10 is a housekeeping change.

Section 11

Provides the employer contribution rates are changed to an actuarially determined rate for state and political subdivision employers so both the state and the political subdivisions pay their share of the unfunded liability. The actuarial rate is amortized over 20.5 years and is based on the PERS fund valuation from the previous even-numbered year.

Section 12

Clarifies how funds paid into the PERS retirement plans may be used by PERS.

Section 13

Clarifies Section 9 applies to dual-eligible language relating to the higher education alternative plan, Highway Patrolmen's retirement plan, and Teachers' Fund for Retirement plan.

Section 14

Provides the 457 plan may be used by DC members who do not utilize their full 3 percent optional contribution in the DC plan.

Section 15

Defines the terms "governmental unit," "normal retirement age," and "temporary employee" and revises the definitions for the terms "deferred member," "eligible employee," "employee," "employer," and "participating member." These definitions recognize political subdivisions and temporary employees will be participating in the DC plan.

Section 16

Closes the opportunity for nonclassified state employees to elect to participate in the existing DC retirement plan. This does not affect existing nonclassified state employees already participating in the DC plan.

Section 17

Provides except for those employees who already have participated in the DB retirement plan, all new main system plan hires will be routed to participate in the DC retirement plan.

Section 18

Closes the opportunity for nonclassified state employees to elect to participate in the existing DC retirement plan.

Section 19

Clarifies PERS shall follow federal guidelines regarding qualified default investment alternatives; directs PERS to provide an investment menu of investment options and, in doing so, meet certain requirements; and requires PERS to use a qualified default investment alternative that includes an in-plan annuity.

Section 20
Directs PERS to select one or more annuity providers to provide annuity options under the DC retirement plan and provides guidelines for PERS to consider in selecting annuity providers to ensure the financial health and stability of the annuity provider.

Section 21
Closes the opportunity for nonclassified state employees to elect to participate in the existing DC retirement plan.

Section 22
Provides for the employer and employee contribution rates for the DC retirement plan, requiring an employee contribute at least 4 percent of wages and allowing an optional contribution of up to an additional 3 percent. The employer required contribution is 5.26 percent of wages, and matching contributions for any additional contribution made by the employee.

Section 23
Provides state and political subdivision employers are required to pay an additional contribution based on the actuarially determined employer contribution, less the amount of the employer contribution under Section 22. Additionally, if an employer uses federal funds to pay any or all of an employee's wages, the employer shall use state or political subdivision funds to pay this additional contribution.

Section 24
Provides a temporary employee may elect to participate in the DC plan.

Section 25
Closes the opportunity for nonclassified state employees to elect to participate in the existing DC retirement plan.

Section 26
Clarifies distribution under the DC plan may include annuities.

Section 27
Directs PERS or its vendor to educate participating members regarding the DC retirement plan.

Section 28
Clarifies the use of the term "deferred member."

Section 29
Directs PERS to make an annual report to the Employee Benefits Programs Committee on the status of the DC retirement plan.

Section 30
Repeals the section that decreases DB plan contributions upon the funds reaching 100 percent funding.

Special Clauses

Section 31
Provides a $250 million general fund appropriation to PERS for the purpose of reducing the unfunded liability of the PERS main system plan.

Section 32
Clarifies the actuarially determined employer contribution rate applies to employer contributions beginning January 2025, using a contribution rate based on the July 1, 2022, actuarial analysis.

Section 33
Provides the legacy fund provisions of Sections 1 and 3 and the general fund appropriation become effective July 1, 2023, and the remainder of the bill becomes effective January 1, 2025.

23.0372.01001
Title.

Prepared by the Legislative Council staff for
Representative Kasper
January 25, 2023

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1486

Page 30, line 28, replace "Subdivision a of subsection" with "Subsection"

Renumber accordingly