Sixty-seventh Legislative Assembly of North Dakota

Introduced by

(At the request of the Public Employees Retirement System)

A BILL for an Act to amend and reenact subsection 1 of section 54-52-02.9, subsection 2 of section 54-52-05, subsection 1 of section 54-52-06, subsection 6 of section 54-52.6-02, and section 54-52.6-09 of the North Dakota Century Code, relating to increased employer and employee contributions under the public employees retirement system defined benefit and defined contribution plans; and to provide a penalty.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Subsection 1 of section 54-52-02.9 of the North Dakota Century Code is amended and reenacted as follows:

1. Within one hundred eighty days of beginning employment, a temporary employee may elect to participate in the public employees retirement system and receive credit for service after enrollment. Monthly, the temporary employee shall pay to the fund an amount equal to eight and twelve hundredths percent times the temporary employee's present monthly salary. The amount required to be paid by a temporary employee increases by two percent times the temporary employee's present monthly salary beginning with the monthly reporting period of January 2012; and, with an additional two percent increase of two percent, beginning with the reporting period of January 2013; with an additional increase of two percent, beginning with the monthly reporting period of January 2014; and with an additional increase of two percent, beginning with the monthly reporting period of January 2022.

SECTION 2. AMENDMENT. Subsection 2 of section 54-52-05 of the North Dakota Century Code is amended and reenacted as follows:

2. Each member must be assessed and required to pay monthly four percent of the monthly salary or wage paid to the member, and such assessment must be deducted and retained out of such salary in equal monthly installments commencing with the
first month of employment. Member contributions increase by one percent of the monthly salary or wage paid to the member beginning with the monthly reporting period of January 2012; with an additional increase of one percent, beginning with the monthly reporting period of January 2013; and with an additional increase of one percent, beginning with the monthly reporting period of January 2014; and with an additional increase of one percent, beginning with the monthly reporting period of January 2022.

SECTION 3. AMENDMENT. Subsection 1 of section 54-52-06 of the North Dakota Century Code is amended and reenacted as follows:

1. Each governmental unit shall contribute an amount equal to four and twelve-hundredths percent of the monthly salary or wage of a participating member. Governmental unit contributions increase by one percent of the monthly salary or wage of a participating member beginning with the monthly reporting period of January 2012; with an additional increase of one percent, beginning with the reporting period of January 2013; and with an additional increase of one percent, beginning with the monthly reporting period of January 2014; and with an additional increase of one percent, beginning with the monthly reporting period of January 2022. For a participating member who first enrolls after December 31, 2019, the governmental unit shall contribute an additional amount equal to one and fourteen hundredths percent of the monthly salary or wage of the participating member.

SECTION 4. AMENDMENT. Subsection 6 of section 54-52.6-02 of the North Dakota Century Code is amended and reenacted as follows:

6. A participating member who becomes a temporary employee may still participate in the defined contribution retirement plan upon filing an election with the board within one hundred eighty days of transferring to temporary employee status. The participating member may not become a member of the defined benefit plan as a temporary employee. The temporary employee electing to participate in the defined contribution retirement plan shall pay monthly to the fund an amount equal to eight and twelve hundredths percent times the temporary employee's present monthly salary. The amount required to be paid by a temporary employee increases by two percent times the temporary employee's present monthly salary beginning with the
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monthly reporting period of January 2012, and; with an additional increase of two
percent, beginning with the monthly reporting period of January 2013, and; with an
additional increase of two percent, beginning with the monthly reporting period of
January 2014; and with an additional increase of two percent, beginning with the
monthly reporting period of January 2022. The temporary employee also shall also-

pay the required monthly contribution to the retiree health benefit fund established
under section 54-52.1-03.2. This contribution must be recorded as a member
contribution pursuant to section 54-52.1-03.2. An employer may not pay the temporary
employee's contributions. A temporary employee may continue to participate as a
temporary employee until termination of employment or reclassification of the
temporary employee as a permanent employee.

SECTION 5. AMENDMENT. Section 54-52.6-09 of the North Dakota Century Code is
amended and reenacted as follows:

54-52.6-09. Contributions - Penalty.

1. Each participating member shall contribute monthly four percent of the monthly salary
or wage paid to the participant, and this assessment must be deducted from the
participant's salary in equal monthly installments commencing with the first month of
participation in the defined contribution retirement plan established under this chapter.
Participating member contributions increase by one percent of the monthly salary or
wage paid to the participant beginning with the monthly reporting period of
January 2012; with an additional increase of one percent, beginning with the reporting
period of January 2013; and with an additional increase of one percent, beginning with
the monthly reporting period of January 2014; and with an additional increase of
one percent, beginning with the monthly reporting period of January 2022.

2. The employer shall contribute an amount equal to four and twelve hundredths percent
of the monthly salary or wage of a participating member. Employer contributions
increase by one percent of the monthly salary or wage of a participating member
beginning with the monthly reporting period of January 2012; with an additional
increase of one percent, beginning with the monthly reporting period of January 2013;
and with an additional increase of one percent, beginning with the monthly reporting
period of January 2014; and with an additional increase of one percent, beginning with
the monthly reporting period of January 2022. For members first enrolled after December 31, 2019, the employer contribution includes an additional increase of one and fourteen hundredths percent. If the employee's contribution is paid by the employer under subsection 3, the employer shall contribute, in addition, an amount equal to the required employee's contribution. Monthly, the employer shall pay such contribution into the participating member's account from the employer's funds appropriated for payroll and salary or any other funds available for such purposes. If the employer fails to pay the contributions monthly, the employer is subject to a civil penalty of fifty dollars and, as interest, one percent of the amount due for each month of delay or fraction of a month after the payment became due. In lieu of assessing a civil penalty or one percent per month, or both, interest at the actuarial rate of return may be assessed for each month the contributions are delinquent. If contributions are paid within ninety days of the date the contributions became due, penalty and interest to be paid on delinquent contributions may be waived.

3. Each employer, at its option, may pay the employee contributions required by this section for all compensation earned after December 31, 1999. The amount paid must be paid by the employer in lieu of contributions by the employee. If the employer decides not to pay the contributions, the amount that would have been paid will continue to be deducted from the employee's compensation. If contributions are paid by the employer, they must be treated as employer contributions in determining tax treatment under this code and the federal Internal Revenue Code. Contributions paid by the employer may not be included as gross income of the employee in determining tax treatment under this code and the federal Internal Revenue Code until they are distributed or made available. The employer shall pay these employee contributions from the same source of funds used in paying compensation to the employee. The employer shall pay these contributions by effecting an equal cash reduction in the gross salary of the employee or by an offset against future salary increases or by a combination of a reduction in gross salary and offset against future salary increases. Employee contributions paid by the employer must be treated for the purposes of this chapter in the same manner and to the same extent as employee contributions made before the date on which employee contributions were assumed by the employer.
employer shall exercise its option under this subsection by reporting its choice to the board in writing.