

FISCAL NOTE
Requested by Legislative Council
01/05/2017

Bill/Resolution No.: HB 1148

- 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.*

	2015-2017 Biennium		2017-2019 Biennium		2019-2021 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.*

	2015-2017 Biennium	2017-2019 Biennium	2019-2021 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).*

Bill allows firefighters of political subdivisions to participate in the NDPERS retirement plans.

- 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.*

If the demographics and normal cost rate of any transferring group are similar to the existing group, there would be no impact to the system.

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.*

N/A

- 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.*

The bill would have minimal effect on NDPERS administrative resources. Employer contributions for firefighters of political subdivisions may increase depending on their current contribution rate. For those in the NDPERS main system the rate would increase from 7.12% to either 9.81% or 7.93% depending on which Law Enforcement Plan they choose.

- 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.*

N/A

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Agency: NDPERS

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Date Prepared: 01/19/2017

2017 HOUSE POLITICAL SUBDIVISIONS

HB 1148

2017 HOUSE STANDING COMMITTEE MINUTES

Political Subdivisions Committee Prairie Room, State Capitol

HB 1148
1/13/2017
Job # 26870

- Subcommittee
 Conference Committee

Carmen Hick

Explanation or reason for introduction of bill/resolution:

Relating to a public employee retirement plan for
firefighters

Minutes:

1

Chairman Klemin: Opened the hearing on HB 1148.

Rep. Todd Porter: During the last interim I introduced a bill to the Employee Benefits Interim committee that is in front of you today. The bill allows political subdivisions to opt into PERS retirement system for firefighters. Currently it exists for law enforcement but it does not exist for firefighters. The program is at no expense to the state. All the funds come from the political subdivision that opts into the program. It's optional to the political subdivision and it allows firefighters to take advantage of the PERS retirement system as we do with law enforcement.

Rep. Johnson: What do they have now?

Rep. Porter: The Hodge Podge of retirement programs. Whatever that city or municipality has in place. It varies across the board.

Rep. Guggisberg: Right now the paid fire department in the state have different plans. In Fargo we have a separate firefighter pension. Benefits are a little different and the cost is different than this would be.

Rep. Johnson: May I ask Rep. Guggisberg another question?

Chairman Klemin: That might be better to ask Rep. Guggisberg during discussion.

Rep. Beadle: You mentioned you brought this into an interim committee was there a reason why you didn't enter it as a committee bill?

Rep. Porter: The process that is laid out is that individual sponsors introduce bill that change employee benefits system. So it wasn't an agency bill, it was my bill on behalf of city of

Mandan and the committee hears it and they have to decide that it is worthy to come to the full session.

Rep. K. Koppelman: How does this fit in the patchwork of city employees around the state? You mentioned that law enforcement has this now, but what about other city employees?

Rep. Porter: The local political subdivisions inside of first responder type careers and jobs are not at the same level as the person behind a desk. You reach a certain age that you become incapable of dragging someone unconscious out of a burning building so if you haven't been promoted up to the ranks of being behind a desk, that you can no longer perform the functions of that job. So we treat inside of our retirement systems law enforcement and firefighters differently that their retirement age is brought down to 55 years old. That is how it's different inside the mix of saying well the person that sits in the road grader is treated differently. But they are different jobs and different stress levels and different physical requirements that we have changed and elevated over time.

Rep. K. Koppelman: There may be other types of retirement programs available for those folks but they have a normal expected retirement age. Because what you described that your position is that firefighters as well as law enforcement need to be in PERS because they do evaluate it based on that standard?

Rep. Porter: Not everyone uses the PERS system to gain that. The city of Bismarck has a retirement system for their law enforcement officers that gains that on its own. The city of Fargo has their own retirement program that gains that on their own. These smaller departments and smaller agencies don't have the numbers accumulated inside the system, where they need the ability to be in a bigger system, to actuarially make that sound.

Rep. K. Koppelman: Firefighters are an interesting mix across North Dakota, my city is larger than yours in population but we have a large volunteer department. We have a fulltime chief and there might be another staff member or two. How does that affect those folks and it there any kind of benefit structure for them?

Rep. Porter: There is not in this bill, it specifically talks about fulltime. This is full time firefighter bill. The volunteers would still fall under the auspices if that local political subdivision wanted to do something for them specially. The city of Mandan's Department is a mix like West Fargo. There are paid staff and there are volunteers. This only deals with the paid staff.

Rep. K. Koppelman: So that I assume as in Mandan or any other similar city if there is a fulltime person or a small group of fulltime people those folks would qualify under this? But not the volunteers?

Rep. Porter: That is correct.

Chairman Klemin: When we talk about this would it apply to paid staff. Does this apply to paid staff in the fire department who are not firefighters, such as the secretary or other occupations?

Rep. Porter: I believe that the language is clear, that they are in a firefighter job description in order to qualify for this. Support staff would not qualify based on the verbiage. That is something you could certainly ask PERS to make sure that it is the right verbiage.

Chairman Klemin: Going back to the definition of firefighter on page 5 line 4 subsection 7. What about those participating in another plan would they be able to participate in both plans then?

Rep. Porter: That verbiage is, I believe, just in regards to them being able to participate concurrently on the law enforcement side of the PERS plan and on the firefighter's side of the PERS plan. I don't think it entails anything about having a personal retirement or a part time job where they get retirement dollars from a different employer.

Steve Nardello: Fire Chief for the City of Mandan and representing the North Dakota Fire Chiefs Association. (Attachment #1). Right now the city of Mandan has 59 as the retirement age for police and firefighters.

Rep. Guggisberg: Your firefighter is in the regular PERS so they would retire (unable to hear the rest of the question)

Mr. Nardello: That is incorrect. What we are in is a contribution for the city of Mandan. You are eligible for retirement at 59 ½ but there is no defined benefit. To be able to retire at 59 ½ would depend on the volunteer contribution of the employee and then the cities contribution.

Rep. Johnson: 59 ½ is not mandatory, right?

Mr. Nardello: You are correct. It is not mandatory; it is all based again on their ability to retire if they have the funding. In the city of Mandan, the employees have to contribute a minimum of 4% and the city will contribute 10%. But if they only contribute 4% and the city 10% at the age 59 ½ it's most likely they won't be able to retire with the funds they have collected.

Rep. Johnson: So you go from a defined contribution to a defined benefit but you are also going from a retirement age of 59 ½, but then you are going to have to meet the rule of 85.

Mr. Nardello I don't believe there is a rule for the police officer retirement system.

Vice Chairman Hatlestad: Do you have a test for firefighters that says you will retire and you are not physically capable anymore?

Mr. Nardello Yes we do. In the city of Mandan, we have an annual physical fitness test the firefighters must pass. If they don't pass we give them the opportunity to rectify whether it is a medical condition or physically unfit. Then we retest them again.

Rep. K. Koppelman: Going from a defined contribution to a defined benefit is typically a huge jump and a positive thing if you are the retiree. I realize the fiscal note is zero, the movement has been the other way, from defined benefit to defined contribution. Because so many pensions are under water and not able to perform and not provide the benefits they

committed to. That being the case if that change was to occur in NDPERS would that lessen your desire to make this move?

Mr. Nardello: We had many discussions about this, and yes you are correct throughout the country defined pension systems are in question as to the stability. However, we did look at the state of North Dakota it seems that it gets managed very well and that it is very stable. I spoke with my firefighters who basically asked that I pursue this bill. They would be willing themselves if it becomes to the point where they have to contribute more they would. They would be willing to do that to know that they can retire at the age of 55, because in fact we do have two firefighters that are 60 or over and they are finding it difficult to get up early in the morning and respond to emergencies.

Rep. K. Koppelman: When you look at that situation of people transitioning especially people at middle career or older, how does that shift work? You have money in a retirement plan now, and I assume that stays where it is, does your PERS benefit begin to accrue at the time of the change? So if you are 53 when that happens you don't have that many years what does your benefit look like when you retire?

Mr. Nardello: After July 17 it is mandatory but I think what that bill is stating is that if your municipality adopts it any firefighter that is hired after date must enroll. Those prior to that date can choose to stay where they are at and continue to contribute to the defined contribution. They can freeze that defined contribution and then begin in PERS if they choose. I think it is 2% per year if you are in PERS. So they would have a choice what they wanted to do. Just so the committee members know this would affect me too.

Chairman Klemin: Other testimony in support of HB 1048? Testimony in opposition of HB 1048? We do have questions for PERS representative.

Sharon Schriemister, Chief Operating Officer for PERS:

Chairman Klemin: There is a fiscal note attached to the bill which shows there is no fiscal effect for revenues or expenditures but down under part 3B, are you familiar with this fiscal note?

Ms. Schriemister: Yes, sir.

Chairman Klemin: Down under 3B of this fiscal note there is a description of the expenditures and it says it would have minimal effect on NDPERS administrative resources that employee contributions may increase depending on their current contribution rate. It goes on to say that the rate would increase depending on which Law Enforcement Plan they choose. Is there more than one Law Enforcement Plan that they can be opted into?

Ms. Schriemister: Yes, at PERS we have two Law Enforcement Plans. One is called Law Enforcement with prior service and the other without prior service. We have employees who might be in the PERS main system, all the office workers and state employees are in that system. We have political subdivisions who might be in our PERS main system and then they choose to go into the Law Enforcement system for their law enforcement personnel. If they choose to do that they may go into the Law Enforcement with prior service, which

means they have law enforcement personnel who have been participating in the PERS main system. By joining that system, they are going to be bringing over all that other service where they served as a law enforcement person and contributed to PERS. So the assets that were contributed in the main system will come over to that Law Enforcement Plan and they get recognition of that prior service. You will see that the contribution rate for that plan is higher than the other Law Enforcement Plan. The other Law Enforcement Plan without prior service would recognize an employer who comes in who is just going to start from the day they join to start recognizing service for benefit purposes. That employer contribution rate is lower.

Chairman Klemin: Rep. Koppelman asked about what happens to the funds that are currently in a non-PERS plan at the fire department? What happens to those funds can they choose to roll them over into PERS?

Ms. Schriemister: Yes, it would be an option. In this case because in the city of Mandan they have a defined contribution plan that is not administrated by PERS. So their only option is to come into the Law Enforcement Plan without prior service because there is no PERS service to recognize. If the firefighters choose to join their service would start occurring from the day they joined going forward to their retirement date. We do have provisions that allow for a purchase for service. In this case if they wanted us to recognize that past service, where they had served as a firefighter, we would be able to come up with a cost and it is an actuarial cost. We look at their demographic information and actuarially assumptions to come up with that cost. But they can then deposit that money into PERS and get recognize for that past service. But that is on an individual basis.

Rep. Johnson: In NDPERS there is a regular PERS which most state employees are part of then you have a two Law Enforcement Plans? Rep. Porter alluded to those who start after July 31 would be in the one without prior service. You said there was an ability to transfer between funds but if the fund programs are different, I am assuming they are because law enforcement typically retire earlier, in these law enforcement funds if there is not a rule of 85 or something similar and if a person transfers in, I can't imagine there is not a cost associated because the multipliers would be different, the rules are different. Can you help me understand that?

Ms. Schriemister: Under the PERS main system we have the one we are most familiar with and that has the standard retirement age of 65 or the rule of 85. There are some new provisions in there that for new employees hired that's been changed to a rule of 90. The Law Enforcement Plan has a different retirement age of 55. The benefit calculation is the same between the main plan and the Law Enforcement Plan. The only difference is that the Law Enforcement Plan has an earlier normal retirement age. Instead of being 65 in the main plan it's 55, meaning you can get your benefit reduced actuarially for retiring early. So it's just sets the normal retirement date at an earlier age. They also can retire early like at 50 in the main plan it's 55 that we can retire early. The only difference between the two plans on the benefit side is the normal retirement age of when a person can start drawing a pension without reductions. The contribution rates are set to reflect that. So in the PERS main plan the employer contribution rate is 7.12% of pay. In the Law Enforcement Plan those have been determined actuarial without prior service the contribution is 7.93%. The Law Enforcement with prior service is 9.81%. The employer contribution rates have been set to recognize that different retirement age. There is also an employee contribution, and that is

set at 5.5 %, in the PERS main plan is currently set at 7%. The reason that is lower is that we haven't needed to increase that for funding purposes, these plans are on a better funded status than the main plan.

Rep. Johnson: What percent are they funded? You always hear we are not 100% funded, but is it 80% compared to the main plan?

Ms. Schriemister: Yes, as of our last actuarial valuation, which we do every year as of June 30, based on our market value of assets the PERS main plan is funded at 70%. The Law Enforcement Plan with prior service is about 79% and without prior service is 98%. With the Law Enforcement Plans are significantly smaller than the PERS main plan. With Law Enforcement with prior service we currently have 18 political subdivisions who have elected to offer that with about 500 participants. The Law Enforcement without prior service we have 5 political subdivisions and there are about 100 participants. These funding ratios can change, they are more fluctuating based on actual experience of the group because it is a much smaller population.

Rep. Johnson: Is the multipliers the same in all the funds?

Ms. Schriemister: Yes, 2%. The Law Enforcement also has the rule of 85.

Rep. Zubke: When you calculate them actuarially cost do you ever test them at a later date to see if they have negatively impacted the fund? Or if it has positively impacted the fund?

Ms. Schriemister: We do; we are required to do an experience study of our actuarial assumptions every 5 years. We just completed one back in 2015. We look at all of our assumptions on mortality, retirement rate, salary increases, and that type of thing and we look back over a 5-year period to see how our assumptions met with our actual experience. Based on that we evaluate whether we need to make changes or whether we have seen positive experience or negative experience that warrants a change in those assumptions.

Rep. K. Koppelman: You mentioned that people can buy back prior service with a local fire departments retirement plan outside of PERS. If a firefighter is 50, 51 or 52 coming into this, maybe they can't afford the buy-in or the requirement will be too high based on what they have available in their prior retirement plan, I assume there is an option to dig into their own funds to supplement that? If they say they can't do that what's the benefit for them of getting into PERS at that age? The fact that they can retire early where they couldn't have before even though they might not have accrued that much retirement in those few years?

Ms. Schriemister: The question on service purchase, there are different provisions a member can use their own after tax funds to buy that service. Or they can roll money in from an eligible source or a combination of the two. Regarding what is the benefit of someone who comes in in their 50's and isn't able to bring in their prior service, they would need to weigh that, they would always have their defined contribution plan to supplement. But what they would get is once they meet the eligibility, because the eligibility is that you need to meet the age requirement of 55 plus you must have at least 3 years of service in the plan. They would need to at least accrue the 3 years as a firefighter. Once they meet these requirements they would get the benefit which would be their average salary times their

years, in this case 3 years, times a 2% multiplier. Then that would be a benefit that would be guaranteed for life. It would be a smaller benefit because one of the factors would be their service would be small. Another provision is that when you are in the PERS retirement plans you also are contributing to the retiree health insurance credit plan. Which provides a credit upon retirement that you can use to offset premiums. That is based on service, it's a formula, so it would be very small amount but it is a benefit that would be available for your lifetime.

Rep. K. Koppelman: So the benefit might be smaller financially but experiential it might be great if they can, let's take the 51-year-old, in their current situation they cannot retire until 59 ½ so they are looking at the extra 7 to 9 years of service as a requirement before they can tap into any of their retirement. If they were to opt in at 51 or 52 to this plan they do their 3 years they could actually retire 4 ½ years early. It would be a lower retirement benefit had they served the extra 4 ½ years but that is huge benefit for early retirement. Not financially but in terms of being able to retire at an earlier age.

Ms. Schriemister: There would be benefit that would be available at an earlier age.

Chairman Klemin: This program for firefighters under PERS is optional with the political subdivision. The political subdivision would have to determine what they are going to do this plan or continue on with any other plan they might have?

Ms. Schriemister: That is correct.

Chairman Klemin: Once a political subdivision determines they want to opt into this plan with PERS is it optional with an individual firefighter, whether they can continue on the old plan or do they have to participate in PERS at that point?

Ms. Schriemister: It's optional upon the initial joining. So people who are currently employed they have the option whether they want to join the PERS plan or stay with their current plan. Any new employee would be mandatory participation in the PERS plan.

Chairman Klemin: It's a phase in plan for current employees verses new firefighters?

Ms. Schriemister: Correct.

Chairman Klemin: It only applies to firefighters in the fire department, it does not apply to other paid staff who are not firefighters?

Ms. Schriemister: That is correct.

Chairman Klemin: Ms. Schriemister is here behalf of PERS in a neutral capacity and is neither for nor against this bill. Closed the hearing on HB 1148

Rep. Maragos: Made a do pass motion.

Rep. Hanson: Second the motion.

Rep. Johnson: Why were firefighters merely overlooked and not included when this all came about?

Rep. Guggisberg: I think the reason is because there are only 6 fulltime fire departments in the state and they had other plans. So I'm guessing there wasn't a need for it. Now Mandan is hiring more fulltime firefighters.

Chairman Klemin: Do you say 6?

Rep. Guggisberg: Yes, I'm guessing. With Fargo, Bismarck, Minot, Grand Forks 50 to 120 firefighters and a few others having paid staff.

Rep. K. Koppelman: The cities you named that have fulltime department that employ many firefighters do you think there is a likelihood they may want to opt into this? Or is this more designed for the Mandan kind of situations?

Rep. Guggisberg: I don't see this being a large number of employees in our lifetime because fire departments don't grow real fast. Personally every time we slid down that pole and hit the ground and then have to climb up into that truck, the joints every year get a little harder to move. That is not even talking about what we do on the scene of a fire. I think it's important that we can retire early if we can.

Rep. Johnson: Young folks don't look at retirement plans they are more looking at health care; do you see this as possible a recruitment tool?

Rep. Guggisberg: Recruitment maybe but retention definitely. I heard from a law enforcement officer last year that when we start on the police force we take an oath and a promise and they look at it as the cities promise to make sure they have a stable retirement.

Do pass motion carried 14 yes, 0 no, 1 absent.

Rep. Guggisberg will carry it.

Date: 1-13-17
 Roll Call Vote: 1

2017 HOUSE STANDING COMMITTEE
 ROLL CALL VOTES
 BILL/RESOLUTION NO. HB 1148

House Political Subdivisions 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 Rep. Maragos Seconded By Rep. Hanson

Representatives	Yes	No	Representatives	Yes	No
Chairman Klemin	/		Rep. Guggisberg	/	
Vice Chairman Hatlestad	/		Rep. Hanson	/	
Rep. Beadle	/				
Rep. Becker	/				
Rep. Ertelt	/				
Rep. Johnson	/				
Rep. Koppelman	/				
Rep. Longmuir	/				
Rep. Maragos	/				
Rep. Pyle	/				
Rep. Simons	/				
Rep. Toman	/				
Rep. Zubke	/				

Total (Yes) 14 No 0

Absent 1

Floor Assignment Rep. Guggisberg

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

REPORT OF STANDING COMMITTEE

HB 1148: Political Subdivisions Committee (Rep. Klemin, Chairman) recommends **DO PASS** (14 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). HB 1148 was placed on the Eleventh order on the calendar.

2017 SENATE GOVERNMENT AND VETERANS AFFAIRS

HB 1148

2017 SENATE STANDING COMMITTEE MINUTES

Government and Veterans Affairs Committee Sheyenne River Room, State Capitol

HB 1148
3/3/2017
Job Number 28662

- Subcommittee
 Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

A BILL for an Act to amend and reenact sections 54-52-01, 54-52-02.1, and 54-52-06.3 and subsections 3 and 4 of section 54-52-17 of the North Dakota Century Code, relating to a public employee retirement plan for firefighters.

Minutes:

Attachments: 1

Vice Chair Davison: Opened the hearing on HB 1148.

Representative Porter, District 34: Testified as sponsor and in support of the bill. This bill comes to you from the Interim Public Employees Committee because it is a change to the North Dakota PERS. This bill allows for political subdivisions to opt into North Dakota PERS for firefighters. That is in place for police officers. My fire department in Mandan asked for this to be looked at because they just recently opted in with their police department into the PERS program and PERS retirement system which is specifically set up for law enforcement. So it is a separate pool. There is no expense to the state. It is all covered by the political subdivision paying into it. It is just managed by NDPERS. The big area of change is that inside of this fund for law enforcement and for firefighters, it does change the retirement age to an age that is lower than what our current retirement plan inside of a city may be. To be 65 and still strapping on a breathing apparatus and going into a fire is outside of the realm of what happens. And the same for law enforcement to be chasing a bad guy down at age 64 at three in the morning. We have always worked at a lesser rule inside of law enforcement public safety. NDPERS had no problem with the bill. To the political subdivisions it is not any kind of a mandate or requirement that they join. It is completely optional to them. If they vote as a city commission or a fire district to join this, then it is an opt in for them.

(4:11) Jason Catrambone, Fire Chief, Williston: See Attachment #1 for testimony in support of the bill.

(7:00) Vice Chairman Davison: PERS has been available to you for a long time, and I do not see in the testimony is why now?

Jason Catrambone: My understanding is that we are up to 14 paid or combination of paid/volunteer departments in the state. There were not that many in the past. A lot of cities

developed their own plans or through association years ago. As the city of Williston, we are part of PERS, but we are part of the standard PERS system with our firefighters. Most of our firefighters come in now at the rule of 90. Which means that, if we are lucky to keep our folks, we will have late 50's and early 60's aged fire fighters in years to come. That would be a significant issue for us down the road. So, early on, cities did their own thing or departments did their own thing but as it has grown and expanded, we are looking at statewide options for paid career firefighters.

Vice Chairman Davison: It sounds like the reason why is that you can retire at an earlier age. Is that correct?

Jason Catrambone: Yes.

Vice Chairman Davison: When someone makes a choice to come to the city of Williston to be a firefighter, they have the option of going into the firefighter's pension fund?

Jason Catrambone: No, right now the only option we have now is PERS.

Vice Chairman Davison: So why don't you have the ability to go into the firefighters pension fund? Can't you join that?

Jason Catrambone: We do not have one established. My understanding is that in Fargo and Grand Forks they have one through an association.

Vice Chairman Davison: In Fargo there is a pension plan, so that must be just for the firefighters.

Jason Catrambone: That is my understanding and there are two different levels of that from over the years where it has changed.

Vice Chairman Davison: Has there been some discussion of how you could be in that at all?

Jason Catrambone: that is a private association that has been just for Fargo and it has been funded through the years just to support their retirement system.

Senator Marcellais: On page 5, line 10, it states that the term does not include a firefighter employee of the National Guard, why is that?

Jason Catrambone: I would defer to NDPERS on that. I believe they have their own section in code.

Senator Marcellais: Has this been brought before the PERS board?

Sharon Schiermeister, Chief Operating Officer, Public Employee's Retirement System: This bill was before the legislative employee benefits committee. It was not a PERS sponsored bill. As part of that process, we sent to our actuary for actuarial review. The PERS

board does not have a position on the bill. We are neutral. It does not have an actuarial impact on the plan.

Vice Chairman Davison: Which PERS retirement plan would they go in?

Sharon Schiermeister: They would go into the law enforcement plan, which is covered under PERS. We have several plans that we administer. The city of Williston is on the main PERS plan, which is the plan that the bulk of our members are in. In 2004, legislation was passed to create the law enforcement plan. The benefit is to have a lower retirement date, but it does have higher contributions to fund that lower retirement date. This bill would put the firefighters into the law enforcement plan that is currently in place.

Vice Chairman Davison: Is this plan currently fully funded?

Sharon Schiermeister: We do have two law enforcement plans. There is the law enforcement with prior service and one without prior service. It is an option of the political subdivision of which plan they want to go into. As of our last actuarial evaluation last July, our funding on an actuarial value for the law enforcement plan with prior service is funded at about 74% and without prior service is 92%. They are on a track to become fully funded in the future.

Vice Chairman Davison: You feel like there is no impact on the fund then?

Sharon Schiermeister: Correct. Our actuary did do an analysis of this. The impact depends on the population coming in, but there would be no expectation that it would be any different than the group coming in at this point.

Vice Chairman Davison: No further testimony was present. Closed the hearing on HB 1148.

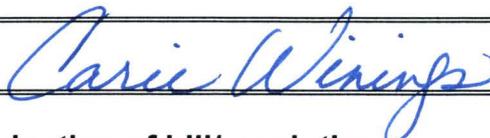
2017 SENATE STANDING COMMITTEE MINUTES

Government and Veterans Affairs Committee
Sheyenne River Room, State Capitol

HB 1148
3/9/2017
Job Number 28945

- Subcommittee
 Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

A BILL for an Act to amend and reenact sections 54-52-01, 54-52-02.1, and 54-52-06.3 and subsections 3 and 4 of section 54-52-17 of the North Dakota Century Code, relating to a public employee retirement plan for firefighters.

Minutes:

No Attachments

Chairman Poolman: Opened HB 1148 for committee discussion. This related to employee retirement plan for firefighters.

Vice Chairman Davison: This bill really focused on the Williston Fire Dept. and the Williston Fire Chief testified. A lot of fire departments, like the Fargo Fire Department, have a self-funded retirement. I was not aware of that. I was confused as to why they were asking to get on PERS and why they would not want to get on the firefighter's retirement. Then I realized from his answer that each fire department in each of the bigger cities have their own self-funded retirement. I texted my firefighting friend in Fargo that is retired and he responded rapidly so that I was understanding it. Certainly, I think there needs to be an option for other fire departments within the state. PERS testified that day that there would be no fiscal impact on PERS and they were open to having the ability to have the firefighters join their defined benefit plan.

Vice Chairman Davison: Moved a Do Pass.

Senator Meyer: Seconded.

Chairman Poolman: Is there any further discussion?

Senator Bekkedahl: I was not at the hearing, but maybe I can give some more information. We are currently ramping up our firefighting in Williston from 1 station, all volunteers, to 3 stations with professional staff. They will come under the PERS system within the Williston city umbrella. They are asking for the ability to have in law here to join the system as well as to have the ability to have a retirement age to match the peace officers of 55.

Vice Chairman Davison: It was brought up. I do not know the answer. I thought the PERS bill almost allowed them to retire sooner. Maybe they were talking about something else.

Senator Marcellais: He said 20 years.

Senator Bekkedahl: that is why you see in the fiscal note some different rates than for the contributions on behalf of these employees. It is a higher rate because there is an earlier potential retirement.

Senator Marcellais: The only question I had during the testimony is where it is stated that the term does not include a firefighter employee of the North Dakota National Guard and it was explained that they cannot double dip on both retirement systems.

A Roll Call Vote Was Taken: 6 yeas, 0 nays, 0 absent.

Motion Carried.

Senator Davison will carry the bill.

2017 SENATE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 1148

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 Dawison Seconded By Meyer

Senators	Yes	No	Senators	Yes	No
Chairman Poolman	✓		Senator Marcellais	✓	
Vice Chairman Davison	✓				
Senator Bekkedahl	✓				
Senator Meyer	✓				
Senator Vedaa	✓				

Total (Yes) 6 No 0

Absent 0

Floor Assignment Dawison

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

REPORT OF STANDING COMMITTEE

HB 1148: Government and Veterans Affairs Committee (Sen. Poolman, Chairman)
recommends **DO PASS** (6 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING).
HB 1148 was placed on the Fourteenth order on the calendar.

2017 TESTIMONY

HB 1148

#1
1-13-17
HB 1148

Political Subdivisions Committee

Testimony regarding House Bill 1148

Steve Nardello, Fire Chief City of Mandan

January 13, 2017

Good Morning Chairman Klemin and members of the Committee. My name is Steve Nardello, Fire Chief for the City of Mandan and representing the North Dakota Fire Chiefs Association. I am here today to support House Bill 1148 and to give a brief summary of how this Bill benefits firefighters and the communities that they serve.

As I am sure all of you are aware, emergency service occupations can be very stressful and very physically demanding when called to work at a moment's notice. When an emergency page goes to full-time firefighters, they are required to don their protective gear and respond on a fire truck in a minute or less and then immediately begin vigorous work once they arrive on location. Most full-time firefighters in North Dakota work 24 hour shifts, which means that, when they are sleeping and an emergency assignment comes in they, must, get out of bed, dress, don protective gear, and respond on a truck in less than a minute. This strenuous and stressful regiment begins to take a toll on the human body in very short time therefore it is very important to provide the opportunity for firefighters to retire an earlier age than most normal occupations.

House Bill 1148 will add "Firefighters" to the current North Dakota Public Employee Retirement System for Law Enforcement that would allow firefighters to retire at the age of 55, which currently exists for law enforcement officers. Although enrollment into the pension system is not mandatory, it would be my hope that most municipalities use this valuable option as a tool to assist in providing firefighters an earlier retirement choice when they feel that they are no longer able to perform firefighting duties as well as providing excellent fire protection to their communities.

Testimony on House Bill 1148
Senate Government and Veterans Affairs Committee

By Jason Catrambone

March 2, 2017

Madame Chairman and members of the committee, my name is Jason Catrambone, Fire Chief for the City of Williston. I am also currently serving on the Board of Directors for the North Dakota Fire Chief's Association.

I am here today to support House Bill 1148 and to give a brief summary of how this Bill benefits firefighters and the communities that they serve.

As I am sure all of you are aware, emergency service occupations can be very stressful and very physically demanding when called to work at a moment's notice. We are in a profession where from a desk or a kitchen table or even a bed we are asked to respond at a moment's notice to an unknown hazard or emergency situation. When an emergency page goes to career firefighters, they are required to don their protective gear and respond on a fire truck in a minute or less and then immediately begin vigorous work once they arrive on location. Most Career firefighters in North Dakota

work a form of 24 hour shifts, which means that they live and respond from the fire station almost half the year. This strenuous and stressful regiment takes a toll on the human body in very short time therefore it is very important to provide the opportunity for firefighters to retire at an earlier age than most normal occupations.

On average a firefighter carries 60 to 80 additional pounds in gear alone to do their job. They work in extreme heat and cold. They push their bodies to the limits to serve others. They work in what OSHA considers an Immediate Danger to Life and Health atmosphere on a regular basis their whole career. As a firefighter studies show we are more susceptible to certain cancers, have a high rate pf pts, and continually ask our bodies to perform on a level equivalent of a professional athlete in uncontrolled enviroments. All of this takes a toll over time.

House Bill 1148 will add "Firefighters" to the current North Dakota Public Employee Retirement System for Law Enforcement that would allow firefighters to retire at the age of 55, which currently exists for law enforcement officers. Although enrollment into the pension system is not mandatory, it would be a tool for municipalities to use. This valuable option can assist in providing firefighters an earlier retirement choice when they feel that they are no longer able to perform firefighting duties.