FIRST ENGROSSMENT

Sixty-sixth Legislative Assembly of North Dakota

ENGROSSED SENATE BILL NO. 2048

Introduced by

Government and Veterans Affairs Committee

(At the request of the Public Employees Retirement System)

1 A BILL for an Act to amend and reenact section 54-52-02.9, subsection 2 of section 54-52-05,

2 section 54-52-06, subsection 6 of section 54-52.6-02, and section 54-52.6-09 of the North

3 Dakota Century Code, relating to increased employer and employee contributions under the

4 public employees retirement system defined benefit and defined contribution plans.

5 BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

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

8 54-52-02.9. Participation by temporary employees.

9 A temporary employee may elect, within Within one hundred eighty days of beginning 10 employment, a temporary employee may elect to participate in the public employees retirement 11 system and receive credit for service after enrollment. The Monthly, the temporary employee 12 shall pay monthly to the fund an amount equal to eight and twelve-hundredths percent times the 13 temporary employee's present monthly salary. The amount required to be paid by athe 14 temporary employee increases by two percent times the temporary employee's present monthly 15 salary beginning with the monthly reporting period of January 2012, and; with an additional two 16 percent increase, beginning with the reporting period of January 2013, and; with an additional 17 increase of two percent, beginning with the monthly reporting period of January 2014; and with 18 an additional increase of two percent, beginning with the monthly reporting period of January 19 2021. TheIn addition, the temporary employee shall also pay the required monthly contribution 20 to the retiree health benefit fund established under section 54-52.1-03.2. This contribution must 21 be recorded as a member contribution pursuant to section 54-52.1-03.2. An employer may not 22 pay the temporary employee's contributions. AThe temporary employee may continue to 23 participate as a temporary employee in the public employees retirement system until 24 termination of employment or reclassification of the temporary employee as a permanent

19.0131.02000

Sixty-sixth Legislative Assembly 1 employee. AThe temporary employee may not purchase any additional credit, including 2 additional credit under section 54-52-17.4 or past service under section 54-52-02.6. 3 SECTION 2. AMENDMENT. Subsection 2 of section 54-52-05 of the North Dakota Century 4 Code is amended and reenacted as follows: 5 2. Each member must be assessed and required to pay monthly four percent of the 6 monthly salary or wage paid to the member, and such assessment must be deducted 7 and retained out of such salary in equal monthly installments commencing with the 8 first month of employment. Member contributions increase by one percent of the 9 monthly salary or wage paid to the member beginning with the monthly reporting 10 period of January 2012, and; with an additional increase of one percent, beginning 11 with the monthly reporting period of January 2013, and; with an additional increase of 12 one percent, beginning with the monthly reporting period of January 2014; and with an 13 additional increase of one percent, beginning with the monthly reporting period of 14 January 2021. 15 SECTION 3. AMENDMENT. Section 54-52-06 of the North Dakota Century Code is 16 amended and reenacted as follows: 17 54-52-06. Employer's contribution to retirement plan - Report to legislative assembly. 18 1. Each governmental unit shall contribute an amount equal to four and 19 twelve-hundredths percent of the monthly salary or wage of a participating member. 20 Governmental unit contributions increase by one percent of the monthly salary or 21 wage of a participating member beginning with the monthly reporting period of 22 January 2012, and; with an additional increase of one percent, beginning with the 23 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 2021.
 For those members who elect to exercise their rights under section 54-52-17.14, the

20 <u>2.</u> For those members who elect to exercise their rights under section 54-52-17.14, the
 27 employing governmental unit, or in the case of a member not presently under covered
 28 employment the most recent employing governmental unit, shall pay the associated
 29 employer contribution. If the employee's contribution is paid by the governmental unit
 30 under subsection 3 of section 54-52-05, the employer unit shall contribute, in addition,
 31 an amount equal to the required employee's contribution. Each governmental unit

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1 shall pay the contribution monthly, or in the case of an election made pursuant to 2 section 54-52-17.14 a lump sum, into the retirement fund from its the governmental. 3 unit's funds appropriated for payroll and salary or any other funds available for these 4 purposes. Any governmental unit failing to pay the contributions monthly, or in the 5 case of an election made pursuant to section 54-52-17.14 a lump sum, is subject to a 6 civil penalty of fifty dollars and, as interest, one percent of the amount due for each 7 month of delay or fraction thereof a month after the payment became due. In lieu of 8 assessing a civil penalty or one percent per month, or both, interest at the actuarial 9 rate of return may be assessed for each month the contributions are delinquent. If 10 contributions are paid within ninety days of the date they the contributions became due, 11 penalty and interest to be paid on delinguent contributions may be waived. 12 An employer is required to shall submit contributions for any past eligible employee <u>3.</u>

- who was employed after July 1, 1977, for which contributions were not made if the
 employee would have been eligible to become vested had the employee participated
 and if the employee elects to join the public employees retirement system. Employer
 contributions may not be assessed for eligible service that an employee has waived
 pursuant to subsection 1 of section 54-52-05.
- 18 <u>4.</u> The board shall report to each session of the legislative assembly the contributions
 19 necessary, as determined by the actuarial study, to maintain the fund's actuarial
 20 soundness.
- SECTION 4. AMENDMENT. Subsection 6 of section 54-52.6-02 of the North Dakota
 Century Code is amended and reenacted as follows:
- 23 6. A participating member who becomes a temporary employee may still participate in 24 the defined contribution retirement plan upon filing an election with the board within 25 one hundred eighty days of transferring to temporary employee status. The 26 participating member may not become a member of the defined benefit plan as a 27 temporary employee. The temporary employee electing to participate in the defined 28 contribution retirement plan shall pay monthly to the fund an amount equal to eight 29 and twelve-hundredths percent times the temporary employee's present monthly 30 salary. The amount required to be paid by athe temporary employee increases by two 31 percent times the temporary employee's present monthly salary beginning with the

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1 monthly reporting period of January 2012, and; with an additional increase of two 2 percent, beginning with the monthly reporting period of January 2013, and; with an 3 additional increase of two percent, beginning with the monthly reporting period of 4 January 2014; and with an additional increase of two percent, beginning with the 5 monthly reporting period of January 2021. The In addition, the temporary employee 6 shall also pay the required monthly contribution to the retiree health benefit fund 7 established under section 54-52.1-03.2. This contribution must be recorded as a 8 member contribution pursuant to section 54-52.1-03.2. An employer may not pay the 9 temporary employee's contributions. AThe temporary employee may continue to 10 participate as a temporary employee until termination of employment or 11 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:

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54-52.6-09. Contributions - Penalty.

- 15 1. Each participating member shall contribute monthly four percent of the monthly salary 16 or wage paid to the participant, and this assessment must be deducted from the 17 participant's salary in equal monthly installments commencing with the first month of 18 participation in the defined contribution retirement plan established under this chapter. 19 Participating member contributions increase by one percent of the monthly salary or 20 wage paid to the participant beginning with the monthly reporting period of 21 January 2012, and; with an additional increase of one percent, beginning with the 22 reporting period of January 2013, and; with an additional increase of one percent, 23 beginning with the monthly reporting period of January 2014: and with an additional 24 increase of one percent, beginning with the monthly reporting period of January 2021. 25 2. The employer shall contribute an amount equal to four and twelve-hundredths percent 26 of the monthly salary or wage of a participating member. Employer contributions 27 increase by one percent of the monthly salary or wage of a participating member 28 beginning with the monthly reporting period of January 2012, and; with an additional 29 increase of one percent, beginning with the monthly reporting period of January 2013. 30 and; with an additional increase of one percent, beginning with the monthly reporting
- 31 period of January 2014; and with an additional increase of one percent, beginning with

1 the monthly reporting period of January 2021. If the employee's contribution is paid by 2 the employer under subsection 3, the employer shall contribute, in addition, an amount 3 equal to the required employee's contribution. Monthly, the employer shall pay such 4 contribution into the participating member's account from the employer's funds 5 appropriated for payroll and salary or any other funds available for such purposes. If 6 the employer fails to pay the contributions monthly, the employer is subject to a civil 7 penalty of fifty dollars and, as interest, one percent of the amount due for each month 8 of delay or fraction thereof after the payment became due. In lieu of assessing a civil 9 penalty or one percent per month, or both, interest at the actuarial rate of return may 10 be assessed for each month the contributions are delinguent. If contributions are paid 11 within ninety days of the date the contributions became due, penalty and interest to be 12 paid on delinquent contributions may be waived.

13 3. Each employer, at its the employer's option, may pay the employee contributions 14 required by this section for all compensation earned after December 31, 1999. The 15 amount paid must be paid by the employer in lieu of contributions by the employee. If 16 the employer decides not to pay the contributions, the amount that would have been 17 paid will continue to be deducted from the employee's compensation. If contributions 18 are paid by the employer, they the contributions must be treated as employer 19 contributions in determining tax treatment under this code and the federal Internal 20 Revenue Code. Contributions paid by the employer may not be included as gross 21 income of the employee in determining tax treatment under this code and the federal 22 Internal Revenue Code until they the contributions are distributed or made available. 23 The employer shall pay these employee contributions from the same source of funds 24 used in paying compensation to the employee. The employer shall pay these 25 contributions by effecting an equal cash reduction in the gross salary of the employee 26 or by an offset against future salary increases or by a combination of a reduction in 27 gross salary and offset against future salary increases. Employee contributions paid 28 by the employer must be treated for the purposes of this chapter in the same manner 29 and to the same extent as employee contributions made before the date on which 30 employee contributions were assumed by the employer. An employer shall exercise

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- 1 <u>itsthe employer's</u> option under this subsection by reporting <u>itsthe employer's</u> choice to
- 2 the board in writing.