

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

6 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

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

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

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

22 2. Each member must be assessed and required to pay monthly four percent of the
23 monthly salary or wage paid to the member, and such assessment must be deducted
24 and retained out of such salary in equal monthly installments commencing with the

1 first month of employment. Member contributions increase by one percent of the
2 monthly salary or wage paid to the member beginning with the monthly reporting
3 period of January 2012,~~and;~~ with an additional increase of one percent, beginning
4 with the monthly reporting period of January 2013,~~and;~~ with an additional increase of
5 one percent, beginning with the monthly reporting period of January 2014; and with an
6 additional increase of one percent, beginning with the monthly reporting period of
7 January 2022.

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

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

21 **SECTION 4. AMENDMENT.** Subsection 6 of section 54-52.6-02 of the North Dakota
22 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 a temporary employee increases by two
31 percent times the temporary employee's present monthly salary beginning with the

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 2022. The temporary employee also shall ~~also~~
6 pay the required monthly contribution to the retiree health benefit fund established
7 under section 54-52.1-03.2. This contribution must be recorded as a member
8 contribution pursuant to section 54-52.1-03.2. An employer may not pay the temporary
9 employee's contributions. A temporary employee may continue to participate as a
10 temporary employee until termination of employment or reclassification of the
11 temporary employee as a permanent employee.

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

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

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

Sixty-seventh
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- 1 employer shall exercise its option under this subsection by reporting its choice to the
- 2 board in writing.