

Fifty-ninth
Legislative Assembly
of North Dakota

HOUSE BILL NO. 1072

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 sections 54-52-02.9, 54-52-27, and 54-52.1-03.2 and
2 subsection 2 of section 54-52.1-03.3 of the North Dakota Century Code, relating to the retiree
3 health benefit fund.

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

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

7 **54-52-02.9. Participation by temporary employees.** A temporary employee may
8 elect, within one hundred eighty days of beginning employment, to participate in the public
9 employees retirement system and receive credit for service after enrollment. The temporary
10 employee shall pay monthly to the fund an amount equal to eight and twelve-hundredths
11 percent times the temporary employee's present monthly salary. The temporary employee
12 shall also pay the required monthly contribution to the retiree health benefit fund established
13 under section 54-52.1-03.2 ~~one percent times the temporary employee's present monthly~~
14 ~~salary~~. This contribution must be recorded as a member contribution pursuant to section
15 54-52.1-03.2. An employer may not pay the temporary employee's contributions. A temporary
16 employee may continue to participate as a temporary employee in the public employees
17 retirement system until termination of employment or reclassification of the temporary employee
18 as a permanent employee. A temporary employee may not purchase additional credit under
19 section 54-52-17.4.

20 **SECTION 2. AMENDMENT.** Section 54-52-27 of the North Dakota Century Code is
21 amended and reenacted as follows:

22 **54-52-27. Purchase of sick leave credit.** At termination of eligible employment a
23 member is entitled to credit in the retirement system for each month of unused sick leave, as
24 certified by the member's employer, if the member or the member's employer pays an amount

1 equal to the member's final average salary, times the number of months of sick leave
2 converted, times the percent of employer and employee contributions to the retirement program
3 of the member, plus ~~one percent~~ the required contribution for the retiree health benefits
4 program. Hours of sick leave equal to a fraction of a month are deemed to be a full month for
5 purposes of conversion to service credit. A member may convert all of the member's certified
6 sick leave or a part of the member's certified sick leave. All conversion payments must be
7 made within sixty days of termination of employment and before the member receives a
8 retirement annuity unless the member has submitted an approved payment plan to the board.

9 **SECTION 3. AMENDMENT.** Section 54-52.1-03.2 of the North Dakota Century Code
10 is amended and reenacted as follows:

11 **54-52.1-03.2. Retiree health benefits fund - Appropriation.**

12 1. The board shall establish a retiree health benefits fund account with the Bank of
13 North Dakota for the purpose of prefunding and providing hospital benefits
14 coverage and medical benefits coverage under the uniform group insurance
15 program for retired eligible employees or surviving spouses of retired eligible
16 employees and their dependents as provided in this chapter. The state shall
17 contribute monthly to the retiree health benefits fund an amount equal to one and
18 forty-five hundredths percent of the monthly salaries and wages of all participating
19 members of the highway patrolmen's retirement system under chapter 39-03.1,
20 and one and forty-five hundredths percent of the monthly salaries of all supreme or
21 district court judges who are participating members of the public employees
22 retirement system under chapter 54-52. Each governmental unit that contributes to
23 the public employees retirement system fund under section 54-52-06 or the
24 retirement plan under chapter 54-52.6 shall contribute monthly to the retiree health
25 benefits fund an amount equal to one and forty-five hundredths percent of the
26 monthly salaries or wages of all participating members of the public employees
27 retirement system under chapter 54-52 or chapter 54-52.6, except for nonteaching
28 employees of the superintendent of public instruction who elect to participate in the
29 public employees retirement system pursuant to section 54-52-02.13. For
30 nonteaching employees of the superintendent of public instruction who elect to
31 participate in the public employees retirement system pursuant to section

54-52-02.13, the superintendent of public instruction shall contribute monthly to the retiree health benefits fund an amount equal to three and ~~one-tenth~~ fifty-five hundredths percent of the monthly salaries or wages of those nonteaching employee members, beginning on the first of the month following the transfer under section 54-52-02.13 and continuing thereafter for a period of eight years, after which time the superintendent of public instruction shall contribute one and forty-five hundredths percent of the monthly salary or wages of those nonteaching employee members. The employer of a national guard security officer or firefighter shall contribute monthly to the retiree health benefits fund an amount equal to one and forty-five hundredths percent of the monthly salaries or wages of all national guard security officers or firefighters participating in the public employees retirement system under chapter 54-52. Job service North Dakota shall reimburse monthly the retiree health benefits fund for credit received under section 54-52.1-03.3 by members of the retirement program established by job service North Dakota under section 52-11-01. The board, as trustee of the fund and in exclusive control of its administration, shall:

- a. Provide for the investment and disbursement of moneys of the retiree health benefits fund and administrative expenditures in the same manner as moneys of the public employees retirement system are invested, disbursed, or expended.
 - b. Adopt rules necessary for the proper administration of the retiree health benefits fund, including enrollment procedures.
2. All moneys deposited in the fund established under subsection 1, not otherwise appropriated, are hereby appropriated to the board for the purpose of making investments for the fund and to make contributions toward hospital and medical benefits coverage for eligible retired employees or surviving spouses of eligible retired employees and their dependents under the uniform group insurance program.
 3. If a member terminates employment because of death, permanent and total disability, or any voluntary or involuntary reason prior to retirement, the member or the member's designated beneficiary is entitled to the member's account balance

at termination. If a member's account balance is withdrawn, the member
relinquishes all rights to benefits under the retiree health benefits fund.

SECTION 4. AMENDMENT. Subsection 2 of section 54-52.1-03.3 of the North Dakota
Century Code is amended and reenacted as follows:

2. The board shall calculate the allowable monthly credit toward hospital and medical
benefits coverage for a person eligible under subsection 1 in an amount equal to
~~four~~ five dollars ~~and fifty cents~~ multiplied by the member's or deceased member's
number of years of credited service under the highway patrolmen's retirement
system, the public employees retirement system, the retirement program
established by job service North Dakota under section 52-11-01, or the judges
retirement program established under chapter 27-17. For a member of the public
employees retirement system receiving an early retirement benefit or the surviving
spouse of that member, or a former participating member of the defined
contribution retirement plan who is receiving a periodic distribution and would not
meet the normal retirement provisions of the public employees retirement system,
the allowable monthly credit must be reduced by three percent if the member
terminates employment within one year prior to attaining the age of sixty-five and
an additional reduction factor of six percent shall apply for each year the member
terminates employment prior to attaining the age of sixty-four. For a member of the
highway patrolmen's retirement system receiving an early retirement benefit or the
surviving spouse of that member, the allowable monthly credit must be reduced by
three percent if the member terminates employment within one year prior to
attaining the age of fifty-five and an additional reduction factor of six percent shall
apply for each year the member terminates employment prior to attaining the age
of fifty-four. For a member of the retirement program established by job service
North Dakota under section 52-11-01 receiving an early retirement benefit or a
discontinued service annuity under the plan provisions of that retirement program
or the surviving spouse of that member, the allowable monthly credit must be
reduced by three percent if the member terminates employment within one year
prior to attaining the age of sixty-five and an additional reduction factor of six

- 1 percent applies for each year the member terminates employment prior to attaining
- 2 the age of sixty-four.