

**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

1           54-52-02.13, the superintendent of public instruction shall contribute monthly to the  
2           retiree health benefits fund an amount equal to three and ~~one-tenth~~ fifty-five  
3           hundredths percent of the monthly salaries or wages of those nonteaching  
4           employee members, beginning on the first of the month following the transfer under  
5           section 54-52-02.13 and continuing thereafter for a period of eight years, after  
6           which time the superintendent of public instruction shall contribute one and  
7           forty-five hundredths percent of the monthly salary or wages of those nonteaching  
8           employee members. The employer of a national guard security officer or firefighter  
9           shall contribute monthly to the retiree health benefits fund an amount equal to one  
10          and forty-five hundredths percent of the monthly salaries or wages of all national  
11          guard security officers or firefighters participating in the public employees  
12          retirement system under chapter 54-52. Job service North Dakota shall reimburse  
13          monthly the retiree health benefits fund for credit received under section  
14          54-52.1-03.3 by members of the retirement program established by job service  
15          North Dakota under section 52-11-01. The board, as trustee of the fund and in  
16          exclusive control of its administration, shall:

17          a.    Provide for the investment and disbursement of moneys of the retiree health  
18               benefits fund and administrative expenditures in the same manner as moneys  
19               of the public employees retirement system are invested, disbursed, or  
20               expended.

21          b.    Adopt rules necessary for the proper administration of the retiree health  
22               benefits fund, including enrollment procedures.

23          2.    All moneys deposited in the fund established under subsection 1, not otherwise  
24               appropriated, are hereby appropriated to the board for the purpose of making  
25               investments for the fund and to make contributions toward hospital and medical  
26               benefits coverage for eligible retired employees or surviving spouses of eligible  
27               retired employees and their dependents under the uniform group insurance  
28               program.

29          3.    If a member terminates employment because of death, permanent and total  
30               disability, or any voluntary or involuntary reason prior to retirement, the member or  
31               the member's designated beneficiary is entitled to the member's account balance

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

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

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

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