

HOUSE BILL NO. 1078

Introduced by

Government and Veterans Affairs Committee

(At the request of the State Board for Career and Technical Education)

1 A BILL for an Act to create and enact a new section to chapter 54-52 of the North Dakota
2 Century Code, relating to participation by employees of the state board for career and technical
3 education in the public employees retirement system; to amend and reenact section
4 15-39.1-09, subsection 4 of section 54-52-01, and subsection 1 of section 54-52.1-03.2 of the
5 North Dakota Century Code, relating to participation by employees of the state board for career
6 and technical education in the public employees retirement system; and to provide an
7 appropriation.

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

9 **SECTION 1. AMENDMENT.** Section 15-39.1-09 of the North Dakota Century Code is
10 amended and reenacted as follows:

11 **15-39.1-09. Membership in fund and assessments - Employer payment of**
12 **employee contribution.**

- 13 1. Except as provided in subsection 2 of section 15-39.1-10.3 and ~~subsection~~
14 subsections 3 and 4, every teacher is a member of the fund and must be assessed
15 upon the teacher's salary seven and seventy-five hundredths percent per annum,
16 which must be deducted, certified, and paid monthly to the fund by the disbursing
17 official of the governmental body by which the teacher is employed. Every
18 governmental body employing a teacher shall pay to the fund seven and
19 seventy-five hundredths percent per annum of the salary of each teacher employed
20 by it. The disbursing official of the governmental body shall certify the
21 governmental body payments and remit the payments monthly to the fund.
- 22 2. Each employer, at its option, may pay the teacher contributions required by
23 subsection 1 for all compensation earned after June 30, 1983. The amount paid
24 must be paid by the employer in lieu of contributions by the employee. If an

1 employer decides not to pay the contributions, the amount that would have been
2 paid will continue to be deducted from compensation. If contributions are paid by
3 the employer, they must be treated as employer contributions in determining
4 income tax treatment under this code and the federal Internal Revenue Code. If
5 contributions are paid by the employer, they may not be included as gross income
6 of the teacher in determining tax treatment under this code and the Internal
7 Revenue Code until they are distributed or made available. The employer shall
8 pay these teacher contributions from the same source of funds used in paying
9 compensation to the teachers. The employer shall pay these contributions by
10 effecting an equal cash reduction in the gross salary of the employee or by an
11 offset against future salary increases. If teacher contributions are paid by the
12 employer, they must be treated for the purposes of this chapter in the same
13 manner and to the same extent as teacher contributions made prior to the date the
14 contributions were assumed by the employer. The option given employers by this
15 subsection must be exercised in accordance with rules adopted by the board.

16 3. A person, except the superintendent of public instruction, who is certified to teach
17 in this state by the education standards and practices board and who is first
18 employed and entered upon the payroll of the superintendent of public instruction
19 after January 6, 2001, may elect to become a participating member of the public
20 employees retirement system. An election made by a person to participate in the
21 public employees retirement system under this subsection is irrevocable.

22 Nonteaching employees of the superintendent of public instruction, including the
23 superintendent of public instruction, may elect to transfer to the public employees
24 retirement system pursuant to section 54-52-02.13. Employees of the state board
25 for career and technical education may elect to transfer to the public employees
26 retirement system pursuant to section 3 of this Act.

27 4. An individual who is first employed and entered upon the payroll of the state board
28 for career and technical education after the effective date of this Act may elect to
29 become a participating member of the public employees retirement system. An
30 election made by an individual to participate in the public employees retirement
31 system under this subsection is irrevocable.

1 **SECTION 2. AMENDMENT.** Subsection 4 of section 54-52-01 of the North Dakota
2 Century Code is amended and reenacted as follows:

3 4. "Eligible employee" means all permanent employees who meet all of the eligibility
4 requirements set by this chapter and who are eighteen years or more of age, and
5 includes appointive and elective officials under sections 54-52-02.5, 54-52-02.11,
6 and 54-52-02.12, and nonteaching employees of the superintendent of public
7 instruction, including the superintendent of public instruction, who elect to transfer
8 from the teachers' fund for retirement to the public employees retirement system
9 under section 54-52-02.13, and employees of the state board for career and
10 technical education who elect to transfer from the teachers' fund for retirement to
11 the public employees retirement system under section 3 of this Act. Eligible
12 employee does not include nonclassified state employees who elect to become
13 members of the retirement plan established under chapter 54-52.6 but does
14 include employees of the judicial branch and employees of the board of higher
15 education and state institutions under the jurisdiction of the board.

16 **SECTION 3.** A new section to chapter 54-52 of the North Dakota Century Code is
17 created and enacted as follows:

18 **Participation by employees of the state board for career and technical education.**
19 Notwithstanding any other provision of law, between the effective date of this Act and five p.m.
20 on August 31, 2007, an employee of the state board for career and technical education who is
21 otherwise eligible to participate in the public employees retirement system may file an election
22 with the staff of the retirement and investment office to transfer from the teachers' fund for
23 retirement to the public employees retirement system. The teachers' fund for retirement shall
24 certify the employees who are eligible to transfer. An election to transfer is irrevocable for as
25 long as the employee remains employed with the state board for career and technical
26 education. The teachers' fund for retirement shall certify a transferring employee's salary,
27 service credit, contribution history, account balance, and any other necessary information to the
28 public employees retirement system. The amount to be transferred is the greater of the
29 actuarial present value of the employee's accrued benefit as of July 1, 2007, plus interest at the
30 rate of seven and one-half percent from July 1, 2007, until the date the amount is transferred to
31 the public employees retirement system or the employee's account balance on the date of

1 transfer. The public employees retirement system shall credit the transferring employee with
2 the service credit specified by the teachers' fund for retirement and shall convert the annual
3 salary history from the teachers' fund for retirement to a monthly salary for the period. An
4 employee becomes a member of the public employees retirement system as of the date the
5 funds are transferred. To be eligible to transfer, an employee must be employed by the state
6 board for career and technical education on the date of the transfer. The state board for career
7 and technical education shall begin making retirement contributions, and the public employees
8 retirement system shall begin receiving those retirement contributions, on behalf of employees
9 who have elected to transfer to the public employees retirement system to that system the first
10 of the month following the date of transfer.

11 **SECTION 4. AMENDMENT.** Subsection 1 of section 54-52.1-03.2 of the North Dakota
12 Century Code is amended and reenacted as follows:

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

1 section 3 of this Act. For nonteaching employees of the superintendent of public
2 instruction who elect to participate in the public employees retirement system
3 pursuant to section 54-52-02.13, the superintendent of public instruction shall
4 contribute monthly to the retiree health benefits fund an amount equal to three and
5 one-tenth percent of the monthly salaries or wages of those nonteaching employee
6 members, beginning on the first of the month following the transfer under section
7 54-52-02.13 and continuing thereafter for a period of eight years, after which time
8 the superintendent of public instruction shall contribute one percent of the monthly
9 salary or wages of those nonteaching employee members. For employees of the
10 state board for career and technical education who elect to participate in the public
11 employees retirement system pursuant to section 3 of this Act, the state board for
12 career and technical education shall contribute monthly to the retiree health
13 benefits fund an amount equal the two and eighty-five hundredths percent of the
14 monthly salary or wages of those employee members, beginning on the first of the
15 month following the transfer under section 3 of this Act and continuing thereafter
16 for a period of eight years, after which time the state board for career and technical
17 education shall contribute one percent of the monthly salary or wages of those
18 employee members. The employer of a national guard security officer or firefighter
19 shall contribute monthly to the retiree health benefits fund an amount equal to one
20 percent of the monthly salaries or wages of all national guard security officers or
21 firefighters participating in the public employees retirement system under chapter
22 54-52. Job service North Dakota shall reimburse monthly the retiree health
23 benefits fund for credit received under section 54-52.1-03.3 by members of the
24 retirement program established by job service North Dakota under section
25 52-11-01. The board, as trustee of the fund and in exclusive control of its
26 administration, shall:
27 a. Provide for the investment and disbursement of moneys of the retiree health
28 benefits fund and administrative expenditures in the same manner as moneys
29 of the public employees retirement system are invested, disbursed, or
30 expended.

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

3 **SECTION 5. APPROPRIATION.** There is appropriated out of any moneys in the public
4 employees retirement fund, not otherwise appropriated, the sum of \$3,000, or so much of the
5 sum as may be necessary, to the public employees retirement system for the purpose of
6 implementing this Act, for the biennium beginning July 1, 2007, and ending June 30, 2009.