

2009 HOUSE EDUCATION

HB 1080

## 2009 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. HB 1080

House Education Committee

☐ Check here for Conference Committee

Hearing Date: January 13, 2009

Recorder Job Number: 6880

Committee Clerk Signature

*Carmen Hart*

Minutes:

The following declared conflict of interest: **Rep. Lyle Hanson, Rep. Lee Myxter, Rep. David Rust, Rep. Mike Schatz, Rep. John Wall, Rep. Bob Hunsakor, Rep. Dennis Johnson, and Rep. Jerry Kelsh.** This did include those whose spouses were educators.

**Chairman Kelsch** recognized that all the conflicts of interest are on the record. She stated that we all have conflicts during the legislative session, and this one is no different from the other conflicts. She appreciated the fact that the conflict was brought forward and asked that they ask lots of questions and will want them to vote in the end when they move the bill forward or not.

**Fay Kopp, Deputy Director, ND Retirement and Investment Office, and Chief Retirement Officer, ND Teachers' Fund for Retirement** presented the attached testimony on HB 1080.  
**(Attachment 1)**

**Vice Chair Lisa Meier:** The changes in Section 6 of pages 5-6 aren't federal changes—they are state changes?

**Fay Kopp:** That is correct. The changes for the Internal Revenue Code are changes 1, 2, 3, and 5. Four and six are those that are not related to Internal Revenue Code.

**Rep. John Wall:** On page 6, No. 10, the last sentence in the paragraph, "information relating to beneficiaries may be disclosed to other beneficiaries of the same member." Could you clarify what that means?

**Fay Kopp:** Let's say, for example, we had a teacher who had passed away and she had named her three children as beneficiaries on the plan. This would allow us to visit with all three of those beneficiaries and what that one beneficiary now is doing—if they are all selecting the same option, things of that nature. It extends to the other beneficiaries of that member, or in the case of if one of those beneficiaries had passed away and we are paying out benefits to their children, it extends it out to that next generation in those limited circumstances.

There was no opposition to HB 1080 and the hearing was closed.

## 2009 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. 1080

House Education Committee

☐ Check here for Conference Committee

Hearing Date: January 13, 2009

Recorder Job Number: 6938

Committee Clerk Signature

*Carmen Hart*

Minutes:

**Rep. Phillip Mueller** made a motion for a Do Pass on HB 1080. **Vice Chair Lisa Meier** seconded the motion.

**14 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING.** Rep. Karen Karls is the carrier of the bill.

**FISCAL NOTE**  
**Requested by Legislative Council**  
12/22/2008

Bill/Resolution No.: HB 1080

**1A. State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2007-2009 Biennium		2009-2011 Biennium		2011-2013 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues	\$0	\$0	\$0	\$0	\$0	\$0
Expenditures	\$0	\$0	\$0	\$0	\$0	\$0
Appropriations	\$0	\$0	\$0	\$0	\$0	\$0

**1B. County, city, and school district fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

2007-2009 Biennium			2009-2011 Biennium			2011-2013 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

**2A. Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

HB 1080 includes technical and administrative changes to the TFFR program. The proposed changes have no fiscal impact.

**B. Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

**3. State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

**A. Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

**B. Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

**C. Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation is also included in the executive budget or relates to a continuing appropriation.*

<b>Name:</b>	Fay Kopp	<b>Agency:</b>	Retirement & Investment Office
<b>Phone Number:</b>	328-9895	<b>Date Prepared:</b>	12/22/2008

Date: 7-13-09  
Roll Call Vote #: 1

2009 HOUSE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. 1080

House Education Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken ☒ Do Pass ☐ Do Not Pass ☐ Amended

Motion Made By Rep Mueller Seconded By Rep Meier

Representatives	Yes	No	Representatives	Yes	No
Chairman RaeAnn Kelsch	✓		Rep. Lyle Hanson	✓	
Vice Chairman Lisa Meier	✓		Rep. Bob Hunsakor	✓	
Rep. Brenda Heller	✓		Rep. Jerry Kelsh	✓	
Rep. Dennis Johnson	✓		Rep. Corey Mock	✓	
Rep. Karen Karls	✓		Rep. Phillip Mueller	✓	
Rep. Mike Schatz	✓		Rep. Lee Myxter	✓	
Rep. John D. Wall	✓				
Rep. David Rust	✓				

Total (Yes) 14 No 0

Absent 0

Floor Assignment Rep. Karls

If the vote is on an amendment, briefly indicate intent:

**REPORT OF STANDING COMMITTEE (410)**  
January 13, 2009 4:46 p.m.

**Module No: HR-06-0266**  
**Carrier: Karls**  
**Insert LC: . Title: .**

**REPORT OF STANDING COMMITTEE**

**HB 1080: Education Committee (Rep. R. Kelsch, Chairman) recommends DO PASS**  
(14 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). HB 1080 was placed on the  
Eleventh order on the calendar.

2009 SENATE EDUCATION

HB 1080



## 2009 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. 1080

Senate Education Committee

☐ Check here for Conference Committee

Hearing Date: March 2, 2009

Recorder Job Number: 9899

Committee Clerk Signature

Minutes:

Chairman Freborg opened the hearing on HB 1080. All members were present.

Fay Kopp, Deputy Director, North Dakota Retirement and Investment Office, Chief Retirement Officer, North Dakota Teachers' Fund for Retirement, testified in favor of the bill. See written testimony.

Chairman Freborg closed the hearing on HB 1080.

Senator Bakke moved a Do Pass on HB 1080, seconded by Senator Lee. The motion passed 5 – 0.

Senator Bakke will carry the bill.

Date: 3/2/09  
Roll Call Vote #: \_\_\_\_\_

2009 SENATE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. 1080

Senate Education Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken No Pass

Motion Made By Sen. Bakke Seconded By Sen. Lee

Senators	Yes	No	Senators	Yes	No
Senator Freborg	<input checked="" type="checkbox"/>		Senator Taylor	<input checked="" type="checkbox"/>	
Senator Gary Lee	<input checked="" type="checkbox"/>		Senator Bakke	<input checked="" type="checkbox"/>	
Senator Flakoll	<input checked="" type="checkbox"/>				

Total (Yes) 5 No 0

Absent 0

Floor Assignment Sen. Bakke

If the vote is on an amendment, briefly indicate intent:

**REPORT OF STANDING COMMITTEE**

**HB 1080: Education Committee (Sen. Freborg, Chairman) recommends DO PASS**  
(5 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). HB 1080 was placed on the  
Fourteenth order on the calendar.

2009 TESTIMONY

HB 1080

## TESTIMONY ON HB 1080

House Education Committee  
January 13, 2009

Attachment

**Fay Kopp - Deputy Director, ND Retirement and Investment Office (RIO)  
Chief Retirement Officer, ND Teachers' Fund for Retirement (TFFR)**

The TFFR Board submitted HB 1080 which includes technical and administrative changes to the TFFR program. The proposed changes have no financial impact on the Fund.

Most of the changes are needed to incorporate federal tax law changes to stay current with federal Internal Revenue Code (IRC) changes made through August 1, 2009, as they relate to qualified governmental plans. These technical amendments are intended to prevent a change in the federal IRC from automatically triggering a change in ND law.

### Section 1 – Salary definition (p.1 -2)

- Updates reference to federal tax law changes made through August 1, 2009 to comply with IRS qualification requirements. Provision increases the maximum annual compensation limit that can be used in benefit calculations (\$245,000 in 2009). No active TFFR member has a salary large enough to be affected by this limit.

### Section 2 – Eligibility for benefits (p. 2)

- Updates reference to federal tax law changes made through August 1, 2009 to comply with IRS qualification requirements. Provision relates to minimum distribution requirements requiring payment of retirement benefits at age 70.5 or termination of employment, whichever is later. Federal rules have not materially changed.

### Section 3 – Benefit limitations (pg. 2-3)

- Updates reference to federal tax law changes made through August 1, 2009 to comply with IRS qualification requirements. Provision increases the Section 415 maximum annual benefit limit (\$195,000 in 2009), and explains the procedure for calculating such benefit limitations in response to new IRS regulations issued in 2007. To date, no retiree's benefit has ever exceeded the annual benefit limit, nor is it expected to apply to any retiree's benefit in the future.

### Section 4 – Retiree employment limitations (p. 3-4)

- Clarifies retiree re-employment provisions, specifically that non-contracted substitute teaching does not apply to annual hour limit. No change in current practice.

- So far in 2008-09, there are 258 retirees who have returned to TFFR covered employment and are continuing to receive TFFR benefits. Most retirees are working part time under an annual hour limit (700-1000 hours based on length of contract.)
- Section 4 clarifies that if the retiree is performing regular substitute teaching duties, and there is no contract, the substitute teaching hours do not apply to the annual hour limit. However, if the retiree is under contract, any substitute teaching duties performed does apply to the annual hour limit.

#### Section 5 – Withdrawal from fund (p. 4-5)

- Updates reference to federal tax law changes made through August 1, 2009 to comply with IRS qualification requirements. Provision relates to rollover and plan-to-plan transfer rules. Federal rules have not materially changed.

#### Section 6 – Confidentiality of Records (p. 5-6)

- Under state law, records relating to the retirement benefits of a member or beneficiary are confidential and are not public records. However, state law does allow for disclosure under certain circumstances outlined in state law.
- Similar to NDPERS, Section 6 modifies confidentiality provisions to allow disclosure of retirement information under other certain limited situations including:

(9) spouse of former spouse in case of divorce, to assist in drafting a qualified domestic relations order; (10) beneficiaries of a deceased member to close account or begin benefit payments to beneficiary; (11) the general public, if unable to locate member after two years, but limited to member's name; (12) any person, if board determines it necessary for treatment, operational, or payment purposes; and (13) any person, if information relates to employer service purchase, but limited to member's name, employer, retirement program, amount of service credit purchased by the employer, and total amount expended by employer for service credit purchase. Such information may only be obtained from the member's employer.

### **SUMMARY**

The changes in HB 1080 have been reviewed by TFFR's actuarial consultant who determined that none of the changes affect the actuarial position of the fund. The bill has no cost impact.

The interim Legislative Employee Benefits Programs Committee reviewed this bill and gave it a "favorable" recommendation. Please support the changes included in HB 1080 and give the bill a "do pass" recommendation.

## TESTIMONY ON HB 1080

Senate Education Committee  
March 2, 2009

**Fay Kopp - Deputy Director, ND Retirement and Investment Office (RIO)  
Chief Retirement Officer, ND Teachers' Fund for Retirement (TFFR)**

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#### SUMMARY

The changes in HB 1080 have been reviewed by TFFR's actuarial consultant who determined that none of the changes affect the actuarial position of the fund. The bill has no cost impact.

The interim Legislative Employee Benefits Programs Committee reviewed this bill and gave it a "favorable" recommendation. The House approved the bill as submitted by TFFR. Please support the changes included in HB 1080 and give the bill a "do pass" recommendation.