

Good morning, Chair Roers and members of the Senate State and Local Government committee, my name is Mike Lefor and I represent District 37 - Dickinson in the North Dakota House. Today, I bring HB 1146 for your consideration.

Last session, the assembly passed HB 1040 which closed the PERS main defined benefit retirement plan to new hires and replaced it with a new defined contribution plan. For the past year and a half, the leadership team and staff with North Dakota PERS have done an outstanding job in meeting all the requirements that were needed to be completed to execute on the change.

The bill which I am bringing to you today provides clarification in certain areas of code. It does the following:

1. Allows political subdivisions not currently participating in NDPERS to join the new defined contribution plan and offer the plan to their existing and future employees. Without this change, political subdivisions will not be able to offer NDPERS to employees other than their peace and corrections officers through the Public Safety plan. It allows more portability and competitiveness within political subdivisions as many are part of the NDPERS retirement, so employees moving within subdivisions can maintain their PERS plan.
2. Clarifies the definition of state employer and which state governmental unit applies only to those state entities that receive their budget approval from the legislative assembly. This is important in determining the state entities that will be responsible for paying the actuarially determined employer contribution. (ADEC)
3. It is also necessary to identify the eligible state employees, for the no more than five-year incentive window and the employers that must pay the required incentive for those that elect to transfer. Without this clarification, the funding of the ADEC and the incentive would result in those state entities that the legislative assembly does not provide budgetary approval could result in deficiencies for these small employers without a remedy for providing funding for them.

4. I would direct your attention to page 7 lines 2 through 4, which provides the language I discussed. Section 7 of the bill provides for a retroactive application to January 1, 2025, as that was the beginning date of the new defined contribution plan.
5. For PERS to appropriately administer this to the eligible population, including the appropriate employer, this clarification is necessary.
6. On page 8, lines 25 and 26, it updates code to reflect that ability for PERS to offer both in-plan and out-of-plan options for annuities giving state employees more options in this area.

HB 1040 was landmark legislation passed by the assembly last session and this bill provides the clarity needed to move forward. With that, I ask your committee to consider a "do pass" recommendation and I would be happy to answer your questions.

Lefor, Mike

From: Fricke, Rebecca D. <rfricke@nd.gov>
Sent: Thursday, January 2, 2025 2:48 PM
To: Lefor, Mike
Cc: Hohbein, Derrick L.
Subject: RE: (Rep. Lefor) Relating to employer eligibility to participate in the public employees retirement system defined... – LC# 25.0743.01000

Good afternoon, Leader Lefor

The entities impacted are below under Org Name:

Org Code ID	Org Name	Org Type	Employer Type
020200	Education Standards & Practice	Employer	State
026100	ND Board of Nursing	Employer	State
042600	State Board Of Law Examiners	Employer	State
042700	ND State Board Of Cosmetology	Employer	State
042800	ND State Plumbing Board	Employer	State
060300	Dairy Promotion Commission	Employer	State
060700	Milk Marketing Board	Employer	State
060800	ND Oilseed Council	Employer	State
061400	ND Corn Utilization Council	Employer	State
061600	State Seed Department	Employer	State
062400	Beef Commission	Employer	State
062500	ND Wheat Commission	Employer	State
062600	ND Barley Council	Employer	State
066500	State Fair Association	Employer	State
071000	Soil Conservation Committee	Employer	State
090000	ND State Board Of Accountancy	Employer	State
090100	ND Board of Medicine	Employer	State
090200	ND Board Of Pharmacy	Employer	State

As far as your question on "what is an out-of-plan annuity", I'll need to get input from our Investment Consultant, Callan, to provide clarity. This was a request of Representative Stemen from what I understand. However, we have reached out to Callan to ask for additional information so we fully understand what that option would mean and how it would be implemented.

Yes, either Derrick or myself will be in attendance for testimony related to the bill. If we don't have a conflict with another hearing, we both will attend.

Please let me know if you have additional questions.