

Senate Finance Committee

Deb Martone 271-4980

SB 601-FN, relative to the allocation and disbursement of state contributions for non-state employer pension costs under the New Hampshire retirement system.

Hearing Date: January 27, 2026

Time Opened: 1:56 p.m.

Time Closed: 2:08 p.m.

Members of the Committee Present: Senators Gray, Innis, Pearl, Lang, Rosenwald and Watters

Members of the Committee Absent: Senators Carson and Birdsell

Bill Analysis: This bill provides that the state shall pay 7.5 percent of contributions of retirement system employers other than the state for group I teachers and group II members. This bill also specifies that the state's share shall be transferred from the education trust fund to the retirement system by the commissioner of revenue administration, with distributions treated as part of general revenue sharing.

Sponsors:

Sen. Long

Sen. Rosenwald

Sen. Perkins Kwoka

Sen. Fenton

Sen. Altschiller

Who supports the bill: Please see Senate Finance Committee Legislative Aide Deb Martone, for complete list of individuals in support of SB 601-FN.

Who opposes the bill: Melanie Kasparian; Daniel Richardson; Julie Smith; Jay Schechter; Julie Morissette;

Who is neutral on the bill: Jennifer Ramsey

Summary of testimony presented in support:

Kevin Condict, Minority Caucus Director in lieu of Senator Long, Prime Sponsor:

- SB 601-FN, the Lower Your Property Taxes Act, provides the state pay a 7.5 percent contribution to the state retirement system for municipal employees other than Group I teachers and Group II members.
- The state used to contribute as much as 35 percent to the retirement plan. Taxpayers now fill the gap in the form of property taxes.
- SB 601-FN seeks to roll back the clock and have the state contribute.

Marty Karlon, New Hampshire Municipal Association:

- This bill is a priority voted by the 234 cities and towns who are members of NHMA.
- Obviously, it's going to be a tough sled in a non-budget year to pass SB 601-FN.
- The municipal portion of the requested contribution is for local police and fire.
- Schools have different costs and different structures.
- Back in Fiscal Year 2012, which was the first year the subsidy was eliminated for cities and towns for teachers, police and fire, the amount of contributions from local employers for police and fire members was approximately \$55.5 million. In Fiscal Year 2025, the contribution amounted to \$130 million, far outpacing inflation.
- The Association sees the elimination of this contribution as a stealth cost pressure on municipalities.
- It is their hope the Legislature will consider any sort of funding when and if possible.
- Senator Rosenwald inquired if this bill were to pass, wouldn't it result in lower bills from the retirement system to the cities and towns. Wouldn't that result in actual property tax relief because the cities and towns would get a lower bill? Mr. Karlon indicated he was not qualified to say what a city or town would do with that contribution offset, whether they would put it towards property tax relief or other necessary budgetary item. He did agree with Senator Rosenwald in that the amount collected from cities and towns for police and fire contributions to the retirement system would be lower.
- Senator Lang inquired out of all of these local employees that are hired, does the state have any involvement in setting the number of employees a town hires and the salary range, Does the state have any responsibility in making these local decisions which are decided by the municipality? Mr. Karlon stated they did not.
- Senator Watters asked if it would be true that we do have certain state requirements as to adequate education, running a public school system, and other public safety items that are in statute that require the state to provide certain services. There are statutory definitions of what qualifies as Group II police or fire with certification requirements through the respective bodies for those groups involved.
- Mr. Karlon offered for reference purposes the population of municipal police has only increased by 25 people between 2012 and last year. It's been a stable number. The active firefighter population has gone up about 300 from 1530 to 1840 over that time. There has been more hiring on the fire side.
- Mr. Karlon noted a revised fiscal note had been issued on January 12, 2026. The cost for Fiscal Year 2027 would be \$36 million; for Fiscal Year 2028 it would be \$37 million.
- Senator Lang asked if Mr. Karlon had the same numbers for teachers. Mr. Karlon stated he did not. He was only focused on the municipal piece when preparing for the public hearing. But from the state's perspective, cities and schools, it's money coming out of the state's General Fund one way or the other, Mr. Karlon was speaking specifically to municipal expenses, not to the school. In past history the headcount of teachers has varied between 17,000 and 18,000.

Neutral Information Presented:

Jennifer Ramsey, Department of Revenue Administration:

- Ms. Ramsey reviewed some technical concerns of the department. She noted on Page 1, Lines 9 and 10 the bill actually strikes the full amount of the contribution language. She believes the intent of the bill is to return to that full amount of the contribution after two years. Because that language is stricken entirely from the bill, it's not clear that would be the effect of the bill as drafted.
- The second concern is on Page 1, Lines 22-24 which has the Department of Revenue Administration making the transfer from the Education Trust Fund to the retirement system. Ms. Ramsey doesn't think the DRA Commissioner is capable of taking such action. Perhaps the reference should be to the State Treasurer rather than DRA.
- The entire section on Page 2 is somewhat confusing. If the intent is to make clear the contribution is supposed to be treated as state aid for accounting purposes, there is language in Chapter 189 that might be a better way to articulate this section.
- The Department requests if the bill advances, the retirement system be required to estimate the annual amount of the state's contribution for each political subdivision, not later than September 1 of the current fiscal year. This would enable DRA to consider the estimates when setting property tax rates in the fall.

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Date Hearing Report completed: January 30, 2026