

SB 601-FN - AS INTRODUCED

2026 SESSION

26-2217

06/09

SENATE BILL

601-FN

AN ACT

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

SPONSORS:

Sen. Long, Dist 20; Sen. Rosenwald, Dist 13; Sen. Perkins Kwoka, Dist 21; Sen. Fenton, Dist 10; Sen. Altschiller, Dist 24

COMMITTEE:

Finance

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.

Explanation:

Matter added to current law appears in ***bold italics***.

Matter removed from current law appears [~~in brackets and struckthrough.~~]

Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.

STATE OF NEW HAMPSHIRE

In the Year of Our Lord Two Thousand Twenty-Six

AN ACT relative to the allocation and disbursement of state contributions for non-state employer pension costs under the New Hampshire retirement system.

Be it Enacted by the Senate and House of Representatives in General Court convened:

1 1 Retirement System; Employer Contributions; State Share of Contributions. Amend RSA 100-
2 A:16, II(b) and (c) to read as follows:

3 (b) The contributions of each employer for benefits under the retirement system on
4 account of group II members shall consist of a percentage of the earnable compensation of its
5 members to be known as the "normal contribution," and an additional amount to be known as the
6 "accrued liability contribution;" provided that beginning with state fiscal year [2013] **2026** and for
7 [each state fiscal] **one** year thereafter, ***the department of revenue administration shall hold***
8 ***the state's share of contributions for municipalities, but not for school districts, before***
9 ***passing it to the municipality for revenue calculation purposes;*** any employer [shall pay the
10 full amount of such total contributions] ***other than the state, shall pay 92.5 percent of such***
11 ***total contributions, and 7.5 percent thereof shall be paid by the state; and provided further***
12 ***that, in case of group II members employed by the state, the state shall pay both normal***
13 ***and accrued liability contributions.*** The rate percent of such normal contribution, including
14 contributions on behalf of group II members whose group II creditable service is in excess of 40
15 years, in each instance shall be fixed on the basis of the liabilities of the system with respect to the
16 particular members of the various member classifications as shown by actuarial valuations, except
17 as provided in subparagraph (i).

18 (c) The contributions of each employer for benefits under the retirement system on
19 account of group I members shall consist of a percentage of the earnable compensation of its
20 members to be known as the "normal contribution," and an additional amount to be known as the
21 "accrued liability contribution;" provided that beginning with state fiscal year [2013] **2026** and for
22 [each state fiscal] **one** year thereafter, ***the department of revenue administration shall hold***
23 ***the state's share of contributions for municipalities before passing it to the municipality***
24 ***for revenue calculation purposes; and,*** any employer ***other than the state, shall pay 92.5***
25 ***percent of such total contributions, and 7.5 percent thereof shall be paid by the state; and***
26 ***provided further that, in case of teacher members employed by the state, the state shall pay***
27 ***both normal and accrued liability contributions.*** The rate percent of such normal contribution in
28 each instance shall be fixed on the basis of the liabilities of the system with respect to the particular
29 members of the various member classifications as shown by actuarial valuation, except as provided
30 in subparagraph (i).

1 (c-1) [Repealed.]

2 (d) ~~[[Repealed.]]~~ *The state's 7.5 percent share of employer contributions under*
3 *subparagraphs (b) and (c) shall be paid to the New Hampshire retirement system by the*
4 *commissioner of revenue administration. The commissioner shall first credit the amount*
5 *to the education trust fund as state tax revenue under RSA 76, and then disburse such*
6 *amounts to the retirement system in accordance with this section. The commissioner shall*
7 *make such distribution on a quarterly basis, or on another schedule as the commissioner,*
8 *the state treasurer, and the executive director of the retirement system may jointly*
9 *determine is administratively efficient. The sums transferred shall be treated as part of*
10 *the state's general revenue distributions for accounting and municipal reimbursement*
11 *purposes under RSA 71 through 90.*

12 2 Effective Date. This act shall take effect July 1, 2026.

SB 601-FN- FISCAL NOTE
AS INTRODUCED

AN ACT relative to the allocation and disbursement of state contributions for non-state employer pension costs under the New Hampshire retirement system.

FISCAL IMPACT: This bill does not provide funding, nor does it authorize new positions.

Estimated State Impact				
	FY 2026	FY 2027	FY 2028	FY 2029
Revenue	\$0	\$0	\$0	\$0
<i>Revenue Fund(s)</i>	None			
Expenditures*	\$0	\$36,050,000+	\$37,030,000	\$0
<i>Funding Source(s)</i>	General Fund			
Appropriations*	\$0	\$0	\$0	\$0
<i>Funding Source(s)</i>	None			

*Expenditure = Cost of bill

*Appropriation = Authorized funding to cover cost of bill

Estimated Political Subdivision Impact				
	FY 2026	FY 2027	FY 2028	FY 2029
Revenue	\$0	\$0	\$0	\$0
Expenditures	\$0	(\$36,050,000)	(\$37,030,000)	\$0

*The New Hampshire Retirement System states it is not able to separate the fiscal impact of this legislation between county and local government, therefore the fiscal impact is shown together as political subdivisions.

METHODOLOGY:

The bill requires the State to pay 7.5 percent of contributions of retirement system employers other than the State for group I political subdivision employees and teachers and group II members beginning in FY 2027 for contributions paid in FY 2026 and for one year thereafter. The New Hampshire Retirement System (NHRS) states the proposed change affects the pension contribution rate, but not the medical subsidy contribution rate. The NHRS indicates this bill does not impact the NHRS unfunded actuarial accrued liability (UAAL) or funded ratio because it does not change the total amount of employer contributions due to the retirement system, only the funding source. Because this bill shifts the impact from political subdivisions to the state the fiscal impact of this bill is an increase in general fund expenditures and decrease in political subdivision expenditures by \$36.05 million in FY 2027 and \$37.03 million in FY 2028.

Additionally, NHRS indicates the bill will also have an indeterminate increase in administrative costs in FY 2027 relative to potential reprogramming of the pension administration system as well as additional internal administrative costs to track and record payments manually that are currently automated. See tables below for more detail of fiscal impact.

Net Impact on State Employer Contributions

Expected Employer Dollar Increase (Decrease) Due to Proposal (\$ in Millions)				
	FY 2026	FY 2027	FY 2028	FY 2029
Employees	-	\$8.05	\$8.29	-
Teachers	-	\$18.61	\$19.07	-
Police	-	\$6.00	\$6.18	-
Fire	-	<u>\$3.39</u>	<u>\$3.49</u>	-
TOTAL	\$0	\$36.05	\$37.03	\$0

Net Impact on Political Subdivisions Employer Contributions

Expected Employer Dollar Increase (Decrease) Due to Proposal (\$ in Millions)				
	FY 2026	FY 2027	FY 2028	FY 2029
Employees	-	(\$8.05)	(\$8.29)	-
Teachers	-	(\$18.61)	(\$19.07)	-
Police	-	(\$6.00)	(\$6.18)	-
Fire	-	<u>(\$3.39)</u>	<u>(\$3.49)</u>	-
TOTAL	\$0	(\$36.05)	(\$37.03)	\$0

This bill does not appropriate funds to cover the expenditures the FY 2027 and FY 2028 expenditures.

The Department of Revenue Administration (DRA) indicates that any administrative costs associated with this bill can be absorbed within its existing operating budget. However, DRA has concerns about the appropriateness of assigning fund transfers to the Commissioner, suggesting the State Treasurer may be better suited. Additionally, DRA is unclear on the intent behind routing funds through the Education Trust Fund and how these transfers should be treated for municipal revenue calculations. They recommend clarifying language and suggest the NHRS provide annual estimates to aid in property tax rate setting.

AGENCIES CONTACTED:

Department of Revenue Administration and New Hampshire Retirement System