

HB 197-FN - AS INTRODUCED

2025 SESSION

25-0019

06/05

HOUSE BILL

197-FN

AN ACT relative to payment by the state of a portion of retirement system contributions of political subdivision employers.

SPONSORS: Rep. Edgar, Rock. 29; Rep. Cloutier, Sull. 6; Rep. Knab, Rock. 12; Rep. Muns, Rock. 29; Rep. Rung, Hills. 12; Rep. Wilhelm, Hills. 21; Rep. Malloy, Rock. 24; Rep. Balboni, Rock. 38; Rep. N. Murphy, Hills. 12; Sen. Altschiller, Dist 24; Sen. Perkins Kwoka, Dist 21; Sen. Rosenwald, Dist 13

COMMITTEE: Executive Departments and Administration

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.

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 Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.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

AN ACT relative to payment by the state of a portion of retirement system contributions of political subdivision employers.

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

1 1 Short Title; Purpose.

2 I. This act may be known as the "Property Tax Relief Act of 2025."

3 II. This act renews a promise made by state to municipalities and restores the state's
4 contribution of a portion of the retirement costs of teachers, firefighters, and local police. Its purpose
5 is to help ease the local property tax burden, provide property tax relief to the cities and towns, and
6 enhance public education and public safety.

7 2 Retirement System; Employer Contributions; State Share of Contributions. Amend RSA 100-
8 A:16, II(b) and (c) to read as follows:

9 (b) The contributions of each employer for benefits under the retirement system on
10 account of group II members shall consist of a percentage of the earnable compensation of its
11 members to be known as the "normal contribution," and an additional amount to be known as the
12 "accrued liability contribution;" provided that beginning with state fiscal year [2013] **2026** and for
13 each state fiscal year thereafter, any employer [~~shall pay the full amount of such total contributions~~]
14 ***other than the state, shall pay 92.5 percent of such total contributions, and 7.5 percent***
15 ***thereof shall be paid by the state; and provided further that, in case of group II members***
16 ***employed by the state, the state shall pay both normal and accrued liability contributions.***
17 The rate percent of such normal contribution, including contributions on behalf of group II members
18 whose group II creditable service is in excess of 40 years, in each instance shall be fixed on the basis
19 of the liabilities of the system with respect to the particular members of the various member
20 classifications as shown by actuarial valuations, except as provided in subparagraph (i).

21 (c) The contributions of each employer for benefits under the retirement system on
22 account of group I members shall consist of a percentage of the earnable compensation of its
23 members to be known as the "normal contribution," and an additional amount to be known as the
24 "accrued liability contribution;" provided that beginning with state fiscal year [2013] **2026** and for
25 each state fiscal year thereafter, ***in the case of teachers, any employer other than the state,***
26 ***shall pay 92.5 percent of such total contributions, and 7.5 percent thereof shall be paid by***
27 ***the state; and provided further that, in case of teacher members employed by the state, the***
28 ***state*** shall pay both normal and accrued liability contributions. The rate percent of such normal
29 contribution in each instance shall be fixed on the basis of the liabilities of the system with respect to

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1 the particular members of the various member classifications as shown by actuarial valuation,
2 except as provided in subparagraph (i).

3 3 Effective Date. This act shall take effect July 1, 2025.

**HB 197-FN- FISCAL NOTE
AS INTRODUCED**

AN ACT relative to payment by the state of a portion of retirement system contributions of political subdivision employers.

FISCAL IMPACT: This bill does not provide funding.

Estimated State Impact				
	FY 2025	FY 2026	FY 2027	FY 2028
Revenue	\$0	\$0	\$0	\$0
<i>Revenue Fund(s)</i>	None			
Expenditures*	\$0	\$28.00 million	\$28.74 million	\$29.51 million
<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 2025	FY 2026	FY 2027	FY 2028
Revenue	\$0	\$0	\$0	\$0
Expenditures	\$0	(\$28.00 million)	(\$28.74 million)	(\$29.51 million)

***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 teachers and group II members beginning in FY 2026. 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 \$28.0 million in FY 2026 and \$28.74 million in FY 2027, and \$29.51 million in FY 2028. 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 2025	FY 2026	FY 2027	FY 2028
Employees	-	-	-	-
Teachers	-	\$18.61	\$19.07	\$19.55
Police	-	\$6.00	\$6.18	\$6.37
Fire	-	<u>\$3.39</u>	<u>\$3.49</u>	<u>\$3.59</u>
TOTAL	\$0	\$28.00	\$28.74	\$29.51

Net Impact on Political Subdivisions Employer Contributions

Expected Employer Dollar Increase (Decrease) Due to Proposal (\$ in Millions)				
	FY 2025	FY 2026	FY 2027	FY 2028
Employees	-	-	-	-
Teachers	-	(\$18.61)	(\$19.07)	(\$19.55)
Police	-	(\$6.00)	(\$6.18)	(\$6.37)
Fire	-	<u>(\$3.39)</u>	<u>(\$3.49)</u>	<u>(\$3.59)</u>
TOTAL	\$0.00	(\$28.00)	(\$28.74)	(\$29.51)

This bill does not appropriate funds to cover the expenditures in FY 2026 or FY 2027. Additionally, the costs for FY 2028 and forward would need to be included in the NHRS's operating budget.

AGENCIES CONTACTED:

New Hampshire Retirement System