

**EHB 1234**

**THE STATE SENATE**  
**Tuesday, April 3, 2001**

**ENGROSSED**

**House Bill No. 1234**

**As Amended**

ENGROSSED HOUSE BILL NO. 1234 - By: ASKINS and NANCE of the House  
and MONSON of the Senate.

[ Oklahoma Firefighters Pension and Retirement System -  
amending 11 O.S., Section 49-143.3 - benefit adjustments -  
determination of CPI-U - repealing 11 O.S., Section 49-143.1  
- effective date -  
emergency ]

SECTION 1. NEW LAW A new section of law to be codified  
in the Oklahoma Statutes as Section 49-143.4 of Title 11, unless  
there is created a duplication in numbering, reads as follows:

Automatic indexed cost-of-living allowance (COLA) shall not be  
permitted in any year in which the actuarial funded ratio of the  
Oklahoma Firefighters Pension and Retirement System would fall below  
eighty-five percent (85%) after such COLA is granted.

SECTION 2. AMENDATORY Section 2, Chapter 317, O.S.L.  
1998, as amended by Section 2, Chapter 228, O.S.L. 1999 (11 O.S.  
Supp. 2000, Section 49-143.3), is amended to read as follows:

Section 49-143.3 A. For purposes of this section the following  
definitions shall apply:

1        1. "Initial COLA Benefit Date" means the later of the member's  
2 date of benefit commencement or January 1, 1981. This date is used  
3 in the definition of Initial COLA Benefit and Target COLA Benefit;

4        2. "Initial COLA Benefit" means the accrued retirement benefit  
5 which will be used as the base benefit for determining the Target  
6 COLA Benefit. The Initial COLA Benefit equals the benefit in  
7 payment status as of the Initial COLA Benefit Date. Furthermore,  
8 this benefit will reflect adjustment for military service credits,  
9 if any, granted after the Initial COLA Benefit Date;

10       3. "CPI-U" means the Consumer Price Index for all urban  
11 consumers for all goods and services, as published by the Bureau of  
12 Labor Statistics, U.S. Department of Labor. This is used as a  
13 measure of price inflation for the development of the Target COLA  
14 Benefit defined below; and

15       4. "Target COLA Benefit" is the Initial COLA Benefit adjusted  
16 to reflect price inflation as measured by CPI-U. The Target COLA  
17 Benefit is calculated for each eligible member to equal the member's  
18 Initial COLA Benefit multiplied by a ratio of (A) divided by (B) as  
19 follows:

20            (A) is the CPI-U as follows:

21                    (1) for benefit increases effective July 1, 2001, the  
22                            CPI-U as of July 1, ~~1997~~ 2000;



1        2. The State Board shall, effective July 1, 2002, implement a  
2 benefit adjustment, to increase, if necessary, the retirement  
3 benefit for any person receiving accrued retirement benefits from  
4 the System as of June 30, 2001. This benefit adjustment is intended  
5 to restore one hundred percent (100%) of the loss of the Initial  
6 COLA Benefit, if any, due to price inflation, as measured by CPI-U.  
7 The benefit adjustment shall be one hundred percent (100%) of the  
8 amount by which the Target COLA Benefit is in excess, if any, of the  
9 June 2002 retirement benefit. Persons who retired after December  
10 31, 2000, and before July 1, 2001, shall receive a benefit increase  
11 based on one hundred percent (100%) of one-half (1/2) of the CPI-U  
12 change for the period beginning January 1, 2001, and before July 1,  
13 2001.

14        3. The State Board shall, effective July 1, 2003, implement a  
15 benefit adjustment, to increase, if necessary, the retirement  
16 benefit for any person receiving accrued retirement benefits from  
17 the System as of June 30, 2002. This benefit adjustment is intended  
18 to restore one hundred percent (100%) of the loss of the Initial  
19 COLA Benefit, if any, due to price inflation, as measured by CPI-U.  
20 The benefit adjustment shall be one hundred percent (100%) of the  
21 amount by which the Target COLA Benefit is in excess, if any, of the  
22 June 2003 retirement benefit. Persons who retire after December 31,  
23 2001, and before July 1, 2002, shall receive a benefit increase

1 based on one hundred percent (100%) of one-half (1/2) of the CPI-U  
2 change for the period beginning January 1, 2002, and before July 1,  
3 2002.

4 4. The State Board shall, effective July 1, 2004, implement a  
5 benefit adjustment, to increase, if necessary, the retirement  
6 benefit for any person receiving accrued retirement benefits from  
7 the System as of June 30, 2003. This benefit adjustment is intended  
8 to restore one hundred percent (100%) of the loss of the Initial  
9 COLA Benefit, if any, due to price inflation, as measured by CPI-U.  
10 The benefit adjustment shall be one hundred percent (100%) of the  
11 amount by which the Target COLA Benefit is in excess, if any, of the  
12 June 2004 retirement benefit. Persons who retire after December 31,  
13 2002, and before July 1, 2003, shall receive a benefit increase  
14 based on one hundred percent (100%) of one-half (1/2) of the CPI-U  
15 change for the period beginning January 1, 2003, and before July 1,  
16 2003.

17 5. The State Board shall, effective July 1, 2005, implement an  
18 annual benefit adjustment to increase, if necessary, the retirement  
19 benefit for any person receiving accrued retirement benefits from  
20 the System as of June 30, 2004. This benefit adjustment is intended  
21 to restore one hundred percent (100%) of the loss of the Initial  
22 COLA Benefit, if any, due to price inflation, as measured by CPI-U.  
23 The benefit adjustment shall be one hundred percent (100%) of the

1 amount by which the Target COLA Benefit is in excess, if any, of the  
2 June 2003 retirement benefit. Persons who retire after December 31,  
3 2003, and before July 1, 2004, shall receive a benefit increase  
4 based on one hundred percent (100%) of one-half (1/2) of the CPI-U  
5 change for the period beginning January 1, 2004, and before July 1,  
6 2004.

7 C. 1. Effective July 1, 2001, any person receiving benefits  
8 pursuant to Section 49-101 of this title shall receive a benefit  
9 equal to Seven Dollars (\$7.00) per month for each year of credited  
10 service not to exceed thirty (30) years of credited service.

11 2. Effective July 1, 2002, the State Board shall implement an  
12 annual benefit adjustment to increase, if necessary, the monthly  
13 benefit of any person receiving benefits pursuant to Section 49-101  
14 of this title as of June 30, 2001. The benefit adjustment  
15 implemented by the State Board shall equal the amount per month for  
16 each year of credited service not to exceed thirty (30) years of  
17 credited service by which any person receives benefits pursuant to  
18 Section 49-101 of this title, and shall be one hundred percent  
19 (100%) of the amount by which the Target COLA Benefit is in excess,  
20 if any, of the June 2001 retirement benefit.

21 3. Effective July 1, 2003, the State Board shall implement an  
22 annual benefit adjustment to increase, if necessary, the monthly  
23 benefit of any person receiving benefits pursuant to Section 49-101

1 of this title as of June 30, 2002. The benefit adjustment  
2 implemented by the State Board shall equal the amount per month for  
3 each year of credited service not to exceed thirty (30) years of  
4 credited service by which any person receives benefits pursuant to  
5 Section 49-101 of this title, and shall be one hundred percent  
6 (100%) of the amount by which the Target COLA Benefit is in excess,  
7 if any, of the June 2002 retirement benefit.

8 4. Effective July 1, 2004, the State Board shall implement an  
9 annual benefit adjustment to increase, if necessary, the monthly  
10 benefit of any person receiving benefits pursuant to Section 49-101  
11 of this title as of June 30, 2003. The benefit adjustment  
12 implemented by the State Board shall equal the amount per month for  
13 each year of credited service not to exceed thirty (30) years of  
14 credited service by which any person receives benefits pursuant to  
15 Section 49-101 of this title, and shall be one hundred percent  
16 (100%) of the amount by which the Target COLA Benefit is in excess,  
17 if any, of the June 2003 retirement benefit.

18 5. Effective July 1, 2005, the State Board shall implement an  
19 annual benefit adjustment to increase, if necessary, the monthly  
20 benefit of any person receiving benefits pursuant to Section 49-101  
21 of this title as of June 30, 2004. The benefit adjustment  
22 implemented by the State Board shall equal the amount per month for  
23 each year of credited service not to exceed thirty (30) years of

1 credited service by which any person receives benefits pursuant to  
2 Section 49-101 of this title, and shall be one hundred percent  
3 (100%) of the amount by which the Target COLA Benefit is in excess,  
4 if any, of the June 2004 retirement benefit.

5 D. In determining CPI-U, for purposes of applying price  
6 inflation in the development of the Target COLA Benefit for the two  
7 (2) fiscal years ending June 30, 1999, combined, the State Board  
8 shall use four and seven tenths of a percent (4.7%).

9 E. The State Board shall cease implementing the provisions of  
10 this section on a prospective basis if the actuarial funded  
11 percentage of the System in any future year is less than seven (7)  
12 percentage points of the actuarial funded percentage of the System  
13 as of July 1, 1999, on a fiscal year basis. For purposes of  
14 comparing the actuarial funded percentage of the System as of July  
15 1, 1999, with the actuarial funded percentage of the System for  
16 future years, the July 1, 1999, actuarial assumed interest rate  
17 shall be used.

18 ~~E. F.~~ Any increase in benefits a person is eligible to receive  
19 pursuant to repealed Section 49-136 of Title 11 of the Oklahoma  
20 Statutes, ~~after June 30, 1998,~~ shall be offset by the increase in  
21 benefits, if any, provided by this section.

1 SECTION 3. REPEALER 11 O.S. 1991, Section 49-143.1, as  
2 last amended by Section 1, Chapter 337, O.S.L. 2000 (11 O.S. Supp.  
3 2000, Section 49-143.1), is hereby repealed.

4 SECTION 4. This act shall become effective July 1, 2001.

5 SECTION 5. It being immediately necessary for the preservation  
6 of the public peace, health and safety, an emergency is hereby  
7 declared to exist, by reason whereof this act shall take effect and  
8 be in full force from and after its passage and approval.

9 COMMITTEE REPORT BY: COMMITTEE ON APPROPRIATIONS, dated 3-28-01 - DO  
10 PASS, As Amended.