ENGROSSED HOUSE
BILL NO. 2565

By: Young and Benge of the House

and

Eason McIntyre and Mazzei of the Senate

An Act relating to public retirement systems; enacting the Oklahoma Pension Legislation Actuarial Analysis Act; limiting scope of act; defining terms; requiring certain legislation to contain reference information; prescribing procedures related to introduction of legislation affecting certain retirement systems; prohibiting filing of legislation unless in compliance with procedural requirements; providing for introduction of nonfiscal retirement bills; prescribing procedures related thereto; prescribing procedures with respect to amendments; prescribing procedures with respect to retirement legislation having a fiscal impact; providing procedures for perfection of certain retirement legislation by committee process; imposing certain duties upon the State Auditor and Inspector; prescribing procedures with respect to actuarial investigations; providing for summaries to be appended to legislation; authorizing legislative consideration of certain retirement legislation after prescribed period of time; prohibiting certain amendments; prescribing procedures with respect to certain nonfiscal amendments; providing for effective date of certain retirement legislation; providing certain retirement legislation to be ineffective, null and void; imposing certain requirements with respect to appropriations; imposing requirements with respect to retirement systems funded through use of certain revenue sources; imposing requirements with respect to legislation establishing new retirement systems; requiring certain determination by State Auditor and Inspector; imposing certain duties upon the Director of the Office of State Finance and certain other officials or employees; imposing deadline with respect to certain reports; providing rules governing construction of act; requiring attachment of certain documents to enrolled measures; authorizing State Auditor and Inspector to employ or contract with certain actuaries; requiring certain administrators, officials, and employees to cooperate with the State Auditor and Inspector; providing for codification; providing an effective date; and declaring an emergency.

BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

SECTION 1. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 3101 of Title 62, unless there is created a duplication in numbering, reads as follows:

This act shall be known and may be cited as the "Oklahoma Pension Legislation Actuarial Analysis Act".

SECTION 2. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 3102 of Title 62, unless there is created a duplication in numbering, reads as follows:

The provisions of this act shall be applicable only to legislation affecting either the Oklahoma Public Employees Retirement System or the Uniform Retirement System for Justices and Judges or to any new retirement system established by law not in existence as of the effective date of this act.

SECTION 3. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 3103 of Title 62, unless there is created a duplication in numbering, reads as follows:

As used in this act, the term:

1. "Amendment" means any amendment, including a substitute bill, made to a retirement bill by any committee of the House or Senate or by the House or Senate;

2. "RB number" means that number preceded by the letters "RB" assigned to a bill by the respective staffs of the Oklahoma State Senate and the Oklahoma State House of Representatives when the respective staff office prepares a bill for a member of the Legislature;

3. "Nonfiscal amendment" means an amendment to a retirement bill having a fiscal impact, which amendment does not change any factor of an actuarial investigation specified in subsection A of Section 9 of this act;

4. "Nonfiscal retirement bill" means a retirement bill which does not affect the cost or funding factors of a retirement system

or a retirement bill which affects such factors only in a manner which does not:

a. grant a benefit increase under the retirement system affected by the bill except for cost-of-living adjustments provided to retirees of the retirement system, which shall not exceed two percent (2%) annually, which bill shall specifically identify such cost-of-living increase,

b. create an actuarial accrued liability for or increase the actuarial accrued liability of the retirement system affected by the bill, or

c. increase the normal cost of the retirement system affected by the bill.

5. "Nonfiscal retirement bill" also means a retirement bill which removes or increases a mandatory retirement age of a retirement system or which removes or modifies provisions of a retirement system requiring forfeiture of benefits upon failure to retire upon reaching a mandatory retirement age or which provides for any combination of the foregoing;

6. "Reduction in cost amendment" means an amendment to a retirement bill having a fiscal impact which reduces the cost of the bill as such cost is determined by the actuarial investigation for the bill prepared pursuant to Section 9 of this act;

7. "Retirement bill" means any bill or resolution introduced into the Oklahoma Legislature which affects a retirement system;

8. "Retirement bill having a fiscal impact" means any retirement bill creating or establishing a retirement system and any other retirement bill other than a nonfiscal retirement bill; and

9. "Retirement system" means the Oklahoma Public Employees Retirement System (OPERS), the Uniform Retirement System for Justices and Judges (URSJJ), or a retirement system established after January 1, 2006.

SECTION 4. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 3104 of Title 62, unless there is created a duplication in numbering, reads as follows:

No retirement bill may be introduced by any member of the Legislature unless, at the time of its introduction, the bill has printed thereon in the upper right portion of each page of the bill an RB number. Once a retirement bill is presented by the respective staff of the Oklahoma State Senate or the Oklahoma State House of Representatives to a member of the Legislature, neither the applicable staff nor any person shall make any change in the retirement bill prior to its introduction into the Legislature unless the bill is returned to the applicable staff office and that office assigns a new RB number to the bill.

SECTION 5. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 3105 of Title 62, unless there is created a duplication in numbering, reads as follows:

As a condition precedent to the introduction of any retirement bill, the member of the Legislature who intends to be the primary sponsor of the bill must present an exact copy of the proposed bill, which must bear an RB number, to the State Auditor and Inspector. The State Auditor and Inspector shall determine whether the proposed bill is a retirement bill having a fiscal impact or a nonfiscal retirement bill and provide a written certification of that determination to the member of the Legislature who intends to be the primary sponsor of the bill. Such certification shall specifically identify the proposed bill by reference to the RB number. If the proposed bill is introduced into the Legislature, it shall have attached thereto the original of the certification of the State Auditor and Inspector. If the RB number on the bill as offered for introduction is different from the RB number shown on the certification of the State Auditor and Inspector if the bill as offered for introduction does not bear an RB number on each page of

the bill, the bill may not be accepted for introduction by the Secretary of the Senate or the Clerk of the House of Representatives, and the bill may not be considered by any committee of the House of Representatives or the Senate or by the House of Representatives or Senate. If the bill is certified as a retirement bill having a fiscal impact, its introduction shall also be limited by the provisions of subsection A of Section 7 of this act.

SECTION 6. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 3106 of Title 62, unless there is created a duplication in numbering, reads as follows:

A. A nonfiscal retirement bill may be introduced at any time according to the applicable deadlines established by the House or Senate in any regular session of the Legislature. After its introduction into the Legislature, a nonfiscal retirement bill may not be amended in any manner to cause the bill to become a retirement bill having a fiscal impact. Any amendment to such a bill shall be submitted to the State Auditor and Inspector by the chairman of the committee, if a committee amendment, or by the presiding officer of the Senate or House of Representatives if the amendment was made by the Senate or the House of Representatives. If the State Auditor and Inspector certifies in writing that the amendment does not cause the bill to become a retirement bill having a fiscal impact, the bill, as amended, may continue in the legislative process as any other bill. If the State Auditor and Inspector will not issue such a certification for the amendment, the progress of the bill in the legislative process will end, and the bill shall not be considered further by either the House of Representatives or the Senate, and, if passed by the Legislature, the bill shall not become law and shall stand repealed in its entirety on the first day of July immediately following its enactment.

B. An amendment to a nonfiscal retirement bill which is prohibited by subsection A of this section may be withdrawn by the committee which made the amendment, if a committee amendment, or by the Senate, if that body made the amendment, or by the House of Representatives, if that body made the amendment. If the amendment is withdrawn, the bill may continue in the legislative process as any other bill, unless it is subsequently amended, and, in that event, the provisions of this section shall apply to the subsequent amendment.

C. A nonfiscal retirement bill which is not amended during the legislative process may be considered as any other bill.

SECTION 7. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 3107 of Title 62, unless there is created a duplication in numbering, reads as follows:

A. Any retirement bill having a fiscal impact may be introduced in the Legislature only for legislative sessions conducted in odd-numbered years. Any such retirement bill may be passed by the Legislature only during the regular session which is held in even-numbered years.

B. When a retirement bill having a fiscal impact is introduced, it shall be assigned by the presiding officer of the Senate or the House of Representatives, as the case may be, to the respective Senate or House of Representatives standing committee on retirement. If a majority of the total membership of the respective committee is opposed to the bill on its merits, no actuarial investigation provided for in Section 9 of this act shall be necessary, and the bill shall not be reported out by the committee and shall not be adopted or considered by the House of Representatives or the Senate. If a majority of the committee wishes to consider the bill further and votes in favor of an actuarial investigation of the bill, an actuarial investigation shall be required as provided in Section 9 of this act. Except as otherwise provided by subsection C of this

section, no retirement bill having a fiscal impact may be reported out of the committee to which it is assigned or may be considered or adopted by the House of Representatives or Senate unless an actuarial investigation of the bill is made.

C. The committee to which a retirement bill having a fiscal impact is assigned following its introduction may at any time amend the bill to become a nonfiscal retirement bill. If the bill is so amended, an exact copy of the amended version shall be submitted by the chairman of the committee to the State Auditor and Inspector. If the State Auditor and Inspector issues a written certification that the committee amendment has converted the status of the bill to a nonfiscal retirement bill, the bill shall be a nonfiscal retirement bill for all purposes under the provisions of this act as of the date of certification of the State Auditor and Inspector. Only the committee to which a retirement bill having a fiscal impact is originally assigned following its introduction may convert the bill to a nonfiscal retirement bill as authorized in this subsection.

SECTION 8. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 3108 of Title 62, unless there is created a duplication in numbering, reads as follows:

A. A retirement bill having a fiscal impact which the committee wishes to consider shall first be perfected, if necessary, by the committee. The committee may delay further consideration of the bill until after the close of the regular session during which the bill was introduced, but the committee shall complete its consideration of the bill for submission to the State Auditor and Inspector under Section 9 of this act by not later than July 15 immediately following the close of the legislative session. The committee shall be authorized to meet for not more than five (5) days, unless additional days are authorized by the President Pro Tempore of the Senate for the Senate committee or by the Speaker of

the House for the House committee, during the period beginning with the day following the close of the session and ending on July 1 immediately following the close of the session for the purpose of considering and perfecting the bill. If the bill originated in the Senate, the House Committee on Retirement Laws shall be authorized to meet with the Senate Committee on Retirement to consider and perfect a bill during the period following the close of a regular session, and, if the bill originated in the House, the Senate Committee on Retirement shall have the same authority. The committees may adopt such procedures as they find appropriate for conducting meetings at which both committees are present as authorized by this subsection. For attending meetings of their respective committees as authorized by this subsection, the members of the Senate and House Committees on Retirement shall receive the expenses and allowances provided by law for members of legislative interim committees. If a retirement bill having a fiscal impact is changed by the committee to which it is assigned, such change shall be accomplished only by a substitute bill, and no committee amendment to the bill, except by substitute, shall be authorized.

B. Immediately after a retirement bill having a fiscal impact has been considered and perfected as provided in subsection A of this section, the chairman of the committee to which the bill was assigned shall transmit an exact copy of the bill, as perfected by the committee, when applicable, to the State Auditor and Inspector. The copy submitted to the State Auditor and Inspector shall bear an RB number. The submission of the bill to the State Auditor and Inspector shall have attached thereto a letter signed by the chairman of the committee requesting the State Auditor and Inspector to make or cause to be made an actuarial investigation on the bill.

SECTION 9. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 3109 of Title 62, unless there is created a duplication in numbering, reads as follows:

A. If an actuarial investigation of a retirement bill having a fiscal impact is requested under Section 8 of this act, it shall be the duty of the State Auditor and Inspector to complete or cause to be completed such actuarial investigation by not later than November 1 of the same year during which the request for the actuarial investigation was made. The actuarial investigation shall include, but shall not be limited to, findings on the following factors as such factors are relevant to the retirement bill under consideration:

1. The dollar amount of the unfunded actuarial accrued liability which will result from the bill for the retirement system affected by the bill;

2. The dollar amount of the annual normal cost which will result from the bill for the retirement system affected by the bill;

3. A statement of the employer contribution rate currently in effect for the retirement system affected by the bill;

4. A statement of the employer contribution rate necessary for the retirement system to receive the required annual employer contributions consistent with the most recently available valuation report prepared by the actuary employed by the retirement system affected by the bill; and

5. A statement of the dollar amount of the increase in the annual employer contribution, if an existing retirement system is affected by the bill, or a statement of the total annual employer contribution, if a new retirement system is established by the bill, which will be necessary to maintain the retirement system affected or established by the bill in an actuarially sound condition.

B. By not later than November 1 of the same year that the request for an actuarial investigation was made, the completed actuarial investigation shall be submitted by the State Auditor and Inspector to the chairman of the committee who requested it along

with a summary of the actuarial investigation which shall include the relevant findings specified in subsection A of this section.

C. The chairman of the committee, upon receipt of the information provided for under subsection B of this section, shall cause the summary of the actuarial investigation to be printed by the Secretary of the Senate or the Clerk of the House of Representatives, depending on whether the bill is a Senate bill or House bill, in sufficient quantity to attach a copy thereof to all printed copies of the bill. The original summary of the actuarial investigation shall be attached by the Secretary of the Senate or Clerk of the House of Representatives to the original version of the substitute bill, as perfected by the committee under Section 8 of this act, if applicable, or to the original version of the bill as introduced if the bill was not changed by the committee prior to its submission to the State Auditor and Inspector for an actuarial investigation.

SECTION 10. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 3110 of Title 62, unless there is created a duplication in numbering, reads as follows:

A. When a retirement bill having a fiscal impact has had an actuarial investigation pursuant to Section 9 of this act, the bill may be considered at the next regular session of the Legislature. If the bill as originally introduced was not changed by the committee and the original version was submitted to the State Auditor and Inspector for an actuarial investigation, then the original version of the bill is the only one, except as otherwise provided by subsection B of this section, which may be considered by any committee or by the House or Senate. If the original bill was substituted by the committee and the substitute version was the one submitted to the State Auditor and Inspector, then that substitute bill is the only one, except as otherwise provided by subsection B

of this section, which may be considered by any committee or by the House or Senate.

B. After completion of an actuarial investigation, any amendment to a retirement bill having a fiscal impact shall be out of order and shall not be allowed either by a committee or by the House or Senate, except for a nonfiscal or a reduction in cost amendment. Any amendment to a retirement bill having a fiscal impact shall be submitted to the State Auditor and Inspector by the chairperson of the committee, if a committee amendment, or by the presiding officer of the Senate or House if the amendment was made by the Senate or House. If the State Auditor and Inspector certifies in writing that the amendment is a nonfiscal amendment or if the amendment results in a reduction in cost and the State Auditor and Inspector provides an actuarial investigation as required in subsection A of Section 9 of this act, then the bill as amended, with the certification or actuarial investigation of the State Auditor and Inspector attached to the original of the amendment, may continue in the legislative process. If the State Auditor and Inspector will not issue such a certification for the amendment or if there is no actuarial study showing the reduced cost of the amendment, the progress of the bill in the legislative process will end, and the bill shall not be considered further by either the House or Senate and, if passed by the Legislature, the bill shall not become law and shall stand repealed in its entirety on the first day of July immediately following its enactment.

C. An amendment to a retirement bill having a fiscal impact which is prohibited by subsection B of this section may be withdrawn by the committee which made the amendment, if a committee amendment, or by the Senate, if that body made the amendment, or by the House, if that body made the amendment. If the amendment is withdrawn, the bill may continue in the legislative process as any other bill,

unless it is subsequently amended, and, in that event, this section shall apply to the subsequent amendment.

SECTION 11. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 3111 of Title 62, unless there is created a duplication in numbering, reads as follows:

A. Any retirement bill having a fiscal impact which is enacted by the Legislature and which is approved by the Governor or which otherwise becomes law shall become effective on the first day of July immediately following the regular session during which it was enacted, but only if the enacted bill is concurrently funded as provided by this section. If an enacted bill, including one approved by the Governor, is not concurrently funded as required by this section, then such bill may not become effective as law and shall be null, void, and of no force and effect and shall stand repealed in its entirety on the first day of July immediately following its enactment.

B. When a retirement bill having a fiscal impact amends a retirement system having employer contributions funded from appropriations by the Legislature, then appropriations for the first fiscal year of effectiveness of the bill, after it becomes law, must include funds to pay the amount determined by the actuarial investigation under paragraph 5 of subsection A of Section 9 of this act, and future appropriations for subsequent fiscal years must include an amount necessary to maintain the actuarial soundness of the retirement system in accordance with the findings of the actuarial investigation. Any limitation on the rate of employer contributions that may be included in a law which is the source of authority for a retirement system affected by this subsection shall be amended to the extent necessary to comply with the requirements of this subsection.

C. When a retirement bill having a fiscal impact amends a retirement system having employer contributions funded from portions

of fines and forfeitures, then, if necessary to produce funds to pay the amount determined by actuarial investigation under paragraph 5 of subsection A of Section 9 of this act either:

1. The retirement bill having a fiscal impact or parallel legislation, which must become effective concurrently with the retirement bill, must revise the portion of fines and forfeitures designated for employer contributions to pay the amount determined under paragraph 5 of subsection A of Section 9 of this act; or

2. The Legislature by direct appropriations must supplement employer contributions from fines and forfeitures to the extent necessary to pay the amount determined under paragraph 5 of subsection A of Section 9 of this act.

D. When a retirement bill having a fiscal impact amends a retirement system having employer contributions funded from the designation of the proceeds of a tax imposed by law, then either:

1. The retirement bill having a fiscal impact or parallel legislation, which must become effective concurrently with the retirement bill, must revise the tax as necessary to pay the amount determined under paragraph 5 of subsection A of Section 9 of this act; or

2. The Legislature by direct appropriation must supplement employer contributions from the tax to the extent necessary to pay the amount determined under paragraph 5 of subsection A of Section 9 of this act.

E. When a retirement bill having a fiscal impact amends a retirement system having employer contributions funded wholly or partially from the funds of a political subdivision, that political subdivision shall have a duty to produce funds as necessary to pay all or its proportionate share of the amount determined by actuarial investigation under paragraph 5 of subsection A of Section 9 of this act.

F. When a retirement bill having a fiscal impact creates a new retirement system, then employer contributions in conformity with paragraph 5 of subsection A of Section 9 of this act must be made to the retirement system either by direct appropriations by the Legislature or by another source of employer contributions specifically provided for in the bill creating the new retirement system.

SECTION 12. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 3112 of Title 62, unless there is created a duplication in numbering, reads as follows:

A. Following the close of each regular legislative session during which retirement bills having a fiscal impact may be enacted, the State Auditor and Inspector shall make a determination for each such bill enacted during such session, which is not vetoed by the Governor, of whether or not provision has been made for the concurrent funding of the bill in conformity with the applicable requirements of Section 11 of this act.

B. The Director of the Office of State Finance, the legislative budget analyst, retirement system administrators, and employers shall provide such information and assistance as may be necessary for the State Auditor and Inspector to make the determinations required by subsection A of this section.

C. The State Auditor and Inspector shall make the determinations required by subsection A of this section by not later than the fifteenth day immediately following the last day on which the Governor is authorized to veto bills following the close of each regular legislative session. The findings of the State Auditor and Inspector shall be made in a report to the Secretary of State showing the determination for each retirement bill by reference to the respective Senate or House number for the bill. The report shall be submitted to the Secretary of State by not later than the last day on which the State Auditor and Inspector is required to

make the determinations. The Secretary of State shall cause the report of the State Auditor and Inspector to be printed in the annual session laws of the State of Oklahoma.

SECTION 13. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 3113 of Title 62, unless there is created a duplication in numbering, reads as follows:

No provision of this act generally and no provision of Section 11 of this act in particular shall:

1. Create or be construed to create a contractual right to a retirement benefit or a contractual right in the provisions of a retirement system law which does not exist independently of the provisions of this act; and

2. Impair, alter, or diminish or be construed to impair, alter, or diminish a contractual right to a retirement benefit or a contractual right in the provisions of a retirement system law which exists independently of the provisions of this act.

SECTION 14. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 3114 of Title 62, unless there is created a duplication in numbering, reads as follows:

The enrolled act resulting from a bill which is subject to the legislative procedures provided by this act shall have attached thereto the original or a true and correct copy of all certificates and summaries of actuarial investigations submitted by the State Auditor and Inspector pursuant to the requirements of this act.

SECTION 15. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 3115 of Title 62, unless there is created a duplication in numbering, reads as follows:

A. The State Auditor and Inspector shall be authorized to employ or contract with actuaries and other personnel to carry out the duties assigned to that officer by this act.

B. Retirement system administrators, state officials and employees, and officials and employees of political subdivisions are

authorized and directed to cooperate with and assist the State Auditor and Inspector in carrying out the duties assigned to that officer by this act.

SECTION 16. This act shall become effective July 1, 2006.

SECTION 17. It being immediately necessary for the preservation of the public peace, health and safety, an emergency is hereby declared to exist, by reason whereof this act shall take effect and be in full force from and after its passage and approval.

Passed the House of Representatives the 1st day of March, 2006.

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Presiding Officer of the House of Representatives

Passed the Senate the ____ day of _____, 2006.

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Presiding Officer of the Senate