

EHB 2565

THE STATE SENATE
Monday, April 10, 2006

ENGROSSED

House Bill No. 2565

As Amended

ENGROSSED HOUSE BILL NO. 2565 - By: YOUNG and BENGE of the House and
EASON McINTYRE, MAZZEI, JOHNSON (Constance), JOLLEY and ALDRIDGE of
the Senate.

**[public retirement systems - procedural requirements -
codification - effective date -
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.

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

4 As used in this act, the term:

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

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

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

17 4. "Nonfiscal retirement bill" means a retirement bill which
18 does not affect the cost or funding factors of a retirement system
19 or a retirement bill which affects such factors only in a manner
20 which does not:

21 a. grant a benefit increase under the retirement system
22 affected by the bill except for cost-of-living
23 adjustments provided to retirees of the retirement

1 system, which shall not exceed two percent (2%)
2 annually, which bill shall specifically identify such
3 cost-of-living increase,

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

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

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

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

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

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

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

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

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

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

21 As a condition precedent to the introduction of any retirement
22 bill, the member of the Legislature who intends to be the primary
23 sponsor of the bill must present an exact copy of the proposed bill,

1 which must bear an RB number, to the State Auditor and Inspector.
2 The State Auditor and Inspector shall determine whether the proposed
3 bill is a retirement bill having a fiscal impact or a nonfiscal
4 retirement bill and provide a written certification of that
5 determination to the member of the Legislature who intends to be the
6 primary sponsor of the bill. Such certification shall specifically
7 identify the proposed bill by reference to the RB number. If the
8 proposed bill is introduced into the Legislature, it shall have
9 attached thereto the original of the certification of the State
10 Auditor and Inspector. If the RB number on the bill as offered for
11 introduction is different from the RB number shown on the
12 certification of the State Auditor and Inspector if the bill as
13 offered for introduction does not bear an RB number on each page of
14 the bill, the bill may not be accepted for introduction by the
15 Secretary of the Senate or the Clerk of the House of
16 Representatives, and the bill may not be considered by any committee
17 of the House of Representatives or the Senate or by the House of
18 Representatives or Senate. If the bill is certified as a retirement
19 bill having a fiscal impact, its introduction shall also be limited
20 by the provisions of subsection A of Section 7 of this act.

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

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

22 B. An amendment to a nonfiscal retirement bill which is
23 prohibited by subsection A of this section may be withdrawn by the

1 committee which made the amendment, if a committee amendment, or by
2 the Senate, if that body made the amendment, or by the House of
3 Representatives, if that body made the amendment. If the amendment
4 is withdrawn, the bill may continue in the legislative process as
5 any other bill, unless it is subsequently amended, and, in that
6 event, the provisions of this section shall apply to the subsequent
7 amendment.

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

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

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

18 B. When a retirement bill having a fiscal impact is introduced,
19 it shall be assigned by the presiding officer of the Senate or the
20 House of Representatives, as the case may be, to the respective
21 Senate or House of Representatives standing committee on retirement.
22 If a majority of the total membership of the respective committee is
23 opposed to the bill on its merits, no actuarial investigation

1 provided for in Section 9 of this act shall be necessary, and the
2 bill shall not be reported out by the committee and shall not be
3 adopted or considered by the House of Representatives or the Senate.
4 If a majority of the committee wishes to consider the bill further
5 and votes in favor of an actuarial investigation of the bill, an
6 actuarial investigation shall be required as provided in Section 9
7 of this act. Except as otherwise provided by subsection C of this
8 section, no retirement bill having a fiscal impact may be reported
9 out of the committee to which it is assigned or may be considered or
10 adopted by the House of Representatives or Senate unless an
11 actuarial investigation of the bill is made.

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

1 bill to a nonfiscal retirement bill as authorized in this
2 subsection.

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

6 A. A retirement bill having a fiscal impact which the committee
7 wishes to consider shall first be perfected, if necessary, by the
8 committee. The committee may delay further consideration of the
9 bill until after the close of the regular session during which the
10 bill was introduced, but the committee shall complete its
11 consideration of the bill for submission to the State Auditor and
12 Inspector under Section 9 of this act by not later than July 15
13 immediately following the close of the legislative session. The
14 committee shall be authorized to meet for not more than five (5)
15 days, unless additional days are authorized by the President Pro
16 Tempore of the Senate for the Senate committee or by the Speaker of
17 the House for the House committee, during the period beginning with
18 the day following the close of the session and ending on July 1
19 immediately following the close of the session for the purpose of
20 considering and perfecting the bill. If the bill originated in the
21 Senate, the House Committee on Retirement Laws shall be authorized
22 to meet with the Senate Committee on Retirement to consider and
23 perfect a bill during the period following the close of a regular

1 session, and, if the bill originated in the House, the Senate
2 Committee on Retirement shall have the same authority. The
3 committees may adopt such procedures as they find appropriate for
4 conducting meetings at which both committees are present as
5 authorized by this subsection. For attending meetings of their
6 respective committees as authorized by this subsection, the members
7 of the Senate and House Committees on Retirement shall receive the
8 expenses and allowances provided by law for members of legislative
9 interim committees. If a retirement bill having a fiscal impact is
10 changed by the committee to which it is assigned, such change shall
11 be accomplished only by a substitute bill, and no committee
12 amendment to the bill, except by substitute, shall be authorized.

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

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

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

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

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

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

20 4. A statement of the employer contribution rate necessary for
21 the retirement system to receive the required annual employer
22 contributions consistent with the most recently available valuation

1 report prepared by the actuary employed by the retirement system
2 affected by the bill; and

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

9 B. By not later than November 1 of the same year that the
10 request for an actuarial investigation was made, the completed
11 actuarial investigation shall be submitted by the State Auditor and
12 Inspector to the chairman of the committee who requested it along
13 with a summary of the actuarial investigation which shall include
14 the relevant findings specified in subsection A of this section.

15 C. The chairman of the committee, upon receipt of the
16 information provided for under subsection B of this section, shall
17 cause the summary of the actuarial investigation to be printed by
18 the Secretary of the Senate or the Clerk of the House of
19 Representatives, depending on whether the bill is a Senate bill or
20 House bill, in sufficient quantity to attach a copy thereof to all
21 printed copies of the bill. The original summary of the actuarial
22 investigation shall be attached by the Secretary of the Senate or
23 Clerk of the House of Representatives to the original version of the

1 substitute bill, as perfected by the committee under Section 8 of
2 this act, if applicable, or to the original version of the bill as
3 introduced if the bill was not changed by the committee prior to its
4 submission to the State Auditor and Inspector for an actuarial
5 investigation.

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

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

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

1 C. An amendment to a retirement bill having a fiscal impact
2 which is prohibited by subsection B of this section may be withdrawn
3 by the committee which made the amendment, if a committee amendment,
4 or by the Senate, if that body made the amendment, or by the House,
5 if that body made the amendment. If the amendment is withdrawn, the
6 bill may continue in the legislative process as any other bill,
7 unless it is subsequently amended, and, in that event, this section
8 shall apply to the subsequent amendment.

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

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

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

15 C. When a retirement bill having a fiscal impact amends a
16 retirement system having employer contributions funded from portions
17 of fines and forfeitures, then, if necessary to produce funds to pay
18 the amount determined by actuarial investigation under paragraph 5
19 of subsection A of Section 9 of this act either:

20 1. The retirement bill having a fiscal impact or parallel
21 legislation, which must become effective concurrently with the
22 retirement bill, must revise the portion of fines and forfeitures

1 designated for employer contributions to pay the amount determined
2 under paragraph 5 of subsection A of Section 9 of this act; or

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

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

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

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

19 E. When a retirement bill having a fiscal impact amends a
20 retirement system having employer contributions funded wholly or
21 partially from the funds of a political subdivision, that political
22 subdivision shall have a duty to produce funds as necessary to pay
23 all or its proportionate share of the amount determined by actuarial

1 investigation under paragraph 5 of subsection A of Section 9 of this
2 act.

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

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

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

20 B. The Director of the Office of State Finance, the legislative
21 budget analyst, retirement system administrators, and employers
22 shall provide such information and assistance as may be necessary

1 for the State Auditor and Inspector to make the determinations
2 required by subsection A of this section.

3 C. The State Auditor and Inspector shall make the
4 determinations required by subsection A of this section by not later
5 than the fifteenth day immediately following the last day on which
6 the Governor is authorized to veto bills following the close of each
7 regular legislative session. The findings of the State Auditor and
8 Inspector shall be made in a report to the Secretary of State
9 showing the determination for each retirement bill by reference to
10 the respective Senate or House number for the bill. The report
11 shall be submitted to the Secretary of State by not later than the
12 last day on which the State Auditor and Inspector is required to
13 make the determinations. The Secretary of State shall cause the
14 report of the State Auditor and Inspector to be printed in the
15 annual session laws of the State of Oklahoma.

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

19 No provision of this act generally and no provision of Section
20 11 of this act in particular shall:

21 1. Create or be construed to create a contractual right to a
22 retirement benefit or a contractual right in the provisions of a

1 retirement system law which does not exist independently of the
2 provisions of this act; and

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

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

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

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

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

21 B. Retirement system administrators, state officials and
22 employees, and officials and employees of political subdivisions are
23 authorized and directed to cooperate with and assist the State

1 Auditor and Inspector in carrying out the duties assigned to that
2 officer by this act.

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

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

8 COMMITTEE REPORT BY: COMMITTEE ON RETIREMENT AND GROUP HEALTH, dated
9 4-4-06 - DO PASS, As Amended and Coauthored.