

SUBCOMMITTEE AMENDMENT
HOUSE OF REPRESENTATIVES
State of Oklahoma

SPEAKER:

CHAIR:

I move to amend SB1500
_____ Of the printed Bill
Page _____ Section _____ Lines _____
_____ Of the Engrossed Bill

By striking the Title, the Enacting Clause, the entire bill, and by inserting in lieu thereof the following language:

AMEND TITLE TO CONFORM TO AMENDMENTS

Adopted: _____

Amendment submitted by: Jeff Hickman

Reading Clerk

STATE OF OKLAHOMA

2nd Session of the 51st Legislature (2008)

PROPOSED SUBCOMMITTEE SUBSTITUTE
FOR ENGROSSED

SENATE BILL NO. 1500

By: Rabon of the Senate

and

Hickman of the House

PROPOSED SUBCOMMITTEE SUBSTITUTE

(Public retirement systems - Oklahoma Pension

Legislation Actuarial Analysis Act - Teachers'

Retirement System - cost-of-living adjustments -

codification - effective date -

emergency)

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

SECTION 1. AMENDATORY Section 3, Chapter 292, O.S.L.

2006 (62 O.S. Supp. 2007, Section 3103), as last amended by Section

32 of Enrolled Senate Bill No. 1830 of the 2nd Session of the 51st

Oklahoma Legislature, is amended to read as follows:

Section 3103. As used in the Oklahoma Pension Legislation

Actuarial Analysis Act:

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

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

10 3. "Legislative Actuary" means the firm or entity that enters
11 into a contract with the Legislative Service Bureau pursuant to
12 Section 452.15 of Title 74 of the Oklahoma Statutes to provide the
13 actuarial services and other duties provided for in the Oklahoma
14 Pension Legislation Actuarial Analysis Act;

15 4. "Nonfiscal amendment" means an amendment to a retirement
16 bill having a fiscal impact, which amendment does not change any
17 factor of an actuarial investigation specified in subsection A of
18 Section 3109 of this title;

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

- 23 a. grant a benefit increase under the retirement system
24 affected by the bill except for cost-of-living

1 adjustments provided to retirees of the retirement
2 system, if the increase in actuarial accrued liability
3 from the increase does not exceed the cumulative
4 increase in actuarial accrued liability already fully
5 reflected in its liabilities by the retirement system
6 from an actuarial assumption of a cost-of-living
7 adjustment of an existing retirement system which
8 assumption was established by the retirement system as
9 of December 31, 2006, or which assumption is modified
10 for the Teachers' Retirement System of Oklahoma
11 according to the provisions of Section 2 of this act,
12 or which shall not exceed two percent (2%) annually on
13 a cumulative basis for a retirement system created on
14 or after January 1, 2006, which bill shall
15 specifically identify such cost-of-living increase,
16 b. create an actuarial accrued liability for or increase
17 the actuarial accrued liability of the retirement
18 system affected by the bill, or
19 c. increase the normal cost of the retirement system
20 affected by the bill except as otherwise provided by
21 subparagraph a of this paragraph.

22 A nonfiscal retirement bill shall include any retirement bill that
23 has as its sole purpose the appropriation or distribution or
24 redistribution of monies in some manner to a retirement system for

1 purposes of reducing the unfunded liability of such system or the
2 earmarking of a portion of the revenue from a tax to a retirement
3 system or increasing the percentage of the revenue earmarked from a
4 tax to a retirement system-;

5 6. "Reduction in cost amendment" means an amendment to a
6 retirement bill having a fiscal impact which reduces the cost of the
7 bill as such cost is determined by the actuarial investigation for
8 the bill prepared pursuant to Section 3109 of this title;

9 7. "Retirement bill" means any bill or joint resolution
10 introduced or any bill or joint resolution amended by a member of
11 the Oklahoma Legislature which creates or amends any law directly
12 affecting a retirement system. A retirement bill shall not mean a
13 bill or resolution that impacts the revenue of any state tax in
14 which a portion of the revenue generated from such tax is earmarked
15 for the benefit of a retirement system;

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

19 9. "Retirement system" means the Teachers' Retirement System of
20 Oklahoma, the Oklahoma Public Employees Retirement System, the
21 Uniform Retirement System for Justices and Judges, the Oklahoma
22 Firefighters Pension and Retirement System, the Oklahoma Police
23 Pension and Retirement System, the Oklahoma Law Enforcement
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1 Retirement System, or a retirement system established after January
2 1, 2006.

3 SECTION 2. NEW LAW A new section of law to be codified
4 in the Oklahoma Statutes as Section 3103.1 of Title 62, unless there
5 is created a duplication in numbering, reads as follows:

6 A. As used in this section:

7 1. "Annual actuarial valuation" means the analysis performed by
8 an actuary or actuarial firm at the request of the Board of Trustees
9 of the Teachers' Retirement System of Oklahoma to indicate the
10 actuarial condition of the System as of each June 30 date;

11 2. "Cost-of-living adjustment" means an increase in retirement
12 benefits authorized pursuant to a statutory enactment for the
13 retired members and beneficiaries of the System;

14 3. "Funded ratio" means the figure derived by dividing the
15 actuarial value of assets of the System by the actuarial accrued
16 liabilities of the System using a methodology consistent with the
17 requirements of the Governmental Accounting Standards Board
18 Statement No. 25; and

19 4. "System" means the Teachers' Retirement System of Oklahoma.

20 B. Subject to the requirements of this section, beginning July
21 1, 2009, or as soon thereafter as possible based upon the completion
22 of the actuarial valuation analyzing the actuarial condition of the
23 System as of June 30, 2008, and on each July 1 date thereafter, or
24 as soon thereafter as possible based upon the completion of the

1 annual actuarial valuation, the Board of Trustees of the Teachers'
2 Retirement System of Oklahoma shall direct that the actuarial
3 assumption for purposes of computing liabilities of the retirement
4 system as a result of cost-of-living increases be increased by one-
5 tenth of one percent (1/10 of 1%) if the funded ratio of the
6 retirement system was at least sixty percent (60%) as of the end of
7 the immediately preceding plan year as reflected in the annual
8 actuarial valuation.

9 C. Subject to the limitation prescribed by subsection B of this
10 section based upon the funded ratio of the System, the increase in
11 the actuarial assumption for purposes of cost-of-living adjustments
12 shall be implemented in the amount of the increment specified by
13 subsection B of this section until the actuarial assumption used for
14 purposes of cost-of-living adjustments equals two percent (2%).

15 D. The maximum amount of the actuarial assumption to be used by
16 the System for purposes of computing liabilities attributable to
17 cost-of-living increases shall be two percent (2%).

18 E. No increase in the actuarial assumption otherwise authorized
19 by the provisions of this section shall occur if the funded ratio of
20 the System as of the end of the plan year immediately preceding any
21 July 1 date is less than sixty percent (60%).

22 F. If the actuarial assumption for cost-of-living increases is
23 modified for any plan year as a result of the provisions of this
24 section, the increase in the actuarial assumption shall be used by

1 the Board of Trustees of the System and by the consulting actuary
2 performing the annual valuation for the System in order to determine
3 the funded ratio of the System as of the June 30 date immediately
4 succeeding the date as of which the actuarial assumption is
5 increased.

6 G. The Board of Trustees shall cause the actuarial assumption
7 for cost-of-living increases to be modified, if otherwise required
8 by this section, not later than ninety (90) days after the date that
9 the annual actuarial valuation performed by the actuary for the
10 System is presented to the Board of Trustees.

11 SECTION 3. This act shall become effective July 1, 2008.

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

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