

STATE OF OKLAHOMA

1st Session of the 51st Legislature (2007)

COMMITTEE SUBSTITUTE
FOR
HOUSE BILL NO. 2070

By: Bengé

COMMITTEE SUBSTITUTE

An Act relating to public retirement systems; amending Sections 2, 3 and 11, Chapter 292, O.S.L. 2006 (62 O.S. Supp. 2006, Sections 3102, 3103 and 3111), which relate to the Oklahoma Pension Legislation Actuarial Analysis Act; modifying provisions for applicability to certain retirement systems; modifying definition; modifying provisions related to concurrent funding requirements for certain retirement measures; and providing an effective date.

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

SECTION 1. AMENDATORY Section 2, Chapter 292, O.S.L. 2006 (62 O.S. Supp. 2006, Section 3102), is amended to read as follows:

Section 3102. The provisions of the Oklahoma Pension Legislation Actuarial Analysis Act shall be applicable to legislation affecting the:

- 1. Teachers' Retirement System of Oklahoma, ~~the~~;
- 2. Oklahoma Public Employees Retirement System, ~~or the~~;

- 1 3. Uniform Retirement System for Justices and Judges;
- 2 4. Oklahoma Firefighters Pension and Retirement System;
- 3 5. Oklahoma Police Pension and Retirement System;
- 4 6. Oklahoma Law Enforcement Retirement System; or
- 5 7. ~~to~~ any new retirement system established by law not in

6 existence as of the effective date of this act.

7 SECTION 2. AMENDATORY Section 3, Chapter 292, O.S.L.

8 2006 (62 O.S. Supp. 2006, Section 3103), is amended to read as
9 follows:

10 Section 3103. As used in the Oklahoma Pension Legislation
11 Actuarial Analysis Act:

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

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

19 3. "Legislative Actuary" means the firm or entity that enters
20 into a contract with the Legislative Service Bureau pursuant to
21 Section ~~15~~ 452.15 of ~~this act~~ title 74 of the Oklahoma Statutes to
22 provide the actuarial services and other duties provided for in the
23 Oklahoma Pension Legislation Actuarial Analysis Act;

1 4. "Nonfiscal amendment" means an amendment to a retirement
 2 bill having a fiscal impact, which amendment does not change any
 3 factor of an actuarial investigation specified in subsection A of
 4 Section ~~9~~ 3109 of this ~~act~~ title;

5 5. "Nonfiscal retirement bill" means a retirement bill which,
 6 except as otherwise provided by this paragraph with respect to
 7 certain cost-of-living adjustments, does not affect the cost or
 8 funding factors of a retirement system or create an actuarial
 9 accrued liability or increase the actuarial accrued liability of the
 10 retirement system affected by the bill and which does not increase
 11 the normal cost of the retirement system affected by the bill. For
 12 purposes of the Oklahoma Pension Legislation Actuarial Analysis Act,
 13 a retirement bill ~~which affects such factors only in a manner which~~
 14 ~~does not~~ shall be defined to be nonfiscal:

- 15 a. ~~grant a benefit increase under the retirement system~~
 16 ~~affected by the bill except for~~ with respect to a
 17 retirement system in existence as of January 1, 2006,
 18 if the bill provides a cost-of-living adjustments
 19 adjustment provided to retirees of the retirement
 20 system, which shall notwithstanding a lack of
 21 concurrent funding, if the benefit increase provided
 22 by the cost-of-living adjustment does not exceed the
 23 applicable retirement system's annual actuarial
 24 assumption of a for such cost-of-living adjustment of

1 ~~an existing retirement system as of December 31, 2005,~~
2 ~~or which shall not exceed two percent (2%) annually~~
3 ~~for such actuarial assumption regarding the cost-of-~~
4 ~~living adjustment was described and the liability~~
5 ~~resulting from such assumption was included in the~~
6 ~~actuarial valuation for such retirement system as of~~
7 ~~June 30, 2006. For purposes of this subparagraph, the~~
8 ~~determination of the status of the retirement bill as~~
9 ~~nonfiscal based upon a comparison of the benefit~~
10 ~~amount to be granted by the cost-of-living adjustment~~
11 ~~and the annual actuarial assumption of the retirement~~
12 ~~system shall be made by including in the computation~~
13 ~~the increase in unfunded actuarial accrued liability,~~
14 ~~if any, resulting from the enactment of any other~~
15 ~~cost-of-living adjustment which has an effective date~~
16 ~~later than July 1, 2006, and prior to the enactment of~~
17 ~~the cost-of-living adjustment bill for which the~~
18 ~~analysis required by this act is to be conducted. For~~
19 ~~purposes of this subparagraph, the determination of~~
20 ~~the status of the retirement bill as nonfiscal based~~
21 ~~upon a comparison of the benefit amount to be granted~~
22 ~~by the cost-of-living adjustment and the annual~~
23 ~~actuarial assumption of the retirement system shall be~~
24 ~~made by excluding from the computation any amount of~~

1 unfunded actuarial accrued liability not incurred as a
2 result of the absence of any cost-of-living adjustment
3 which was not enacted after July 1, 2006, and prior to
4 the July 1 date of the calendar year during which the
5 proposed cost-of-living adjustment bill is being
6 considered.

7 b. With respect to a retirement system created on or
8 after January 1, 2006, ~~which bill shall specifically~~
9 ~~identify such cost-of-living increase~~ if the bill
10 provides a cost-of-living adjustment to retirees of
11 the retirement system, notwithstanding a lack of
12 concurrent funding, if the benefit increase provided
13 by the cost-of-living adjustment does not exceed two
14 percent (2%) annually. For purposes of this
15 subparagraph, the determination of the status of the
16 retirement bill as nonfiscal based upon a comparison
17 of the benefit amount to be granted by the cost-of-
18 living adjustment and the annual actuarial assumption
19 for cost-of-living adjustments prescribed by this
20 subparagraph shall be made by including in the
21 computation the increase in unfunded actuarial accrued
22 liability, if any, resulting from the enactment of any
23 other cost-of-living adjustment which has an effective
24 date later than July 1, 2006, and prior to the

1 enactment of the cost-of-living adjustment bill for
 2 which the analysis required by this act is to be
 3 conducted.

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 For purposes of this~~
 7 ~~subparagraph, the determination of the status of the~~
 8 ~~retirement bill as nonfiscal based upon a comparison~~
 9 ~~of the benefit amount to be granted by the cost-of-~~
 10 ~~living adjustment and the annual actuarial assumption~~
 11 ~~of the retirement system shall be made by excluding~~
 12 ~~from the computation any amount of unfunded actuarial~~
 13 ~~accrued liability not incurred as a result of the~~
 14 ~~absence of any cost-of-living adjustment which was not~~
 15 ~~enacted after July 1, 2006, and prior to the July 1~~
 16 ~~date of the calendar year during which the proposed~~
 17 ~~cost-of-living adjustment bill is being considered~~

18 ~~e. increase the normal cost of the retirement system~~
 19 ~~affected by the bill except as otherwise provided by~~
 20 ~~subparagraph a of this paragraph.~~

21 6. "Reduction in cost amendment" means an amendment to a
 22 retirement bill having a fiscal impact which reduces the cost of the
 23 bill as such cost is determined by the actuarial investigation for
 24 the bill prepared pursuant to Section 9 3109 of this ~~act~~ title;

1 7. "Retirement bill" means any bill or joint resolution
2 introduced by a member of the Oklahoma Legislature which creates or
3 amends any law directly affecting a retirement system. A retirement
4 bill shall not mean a bill or resolution that impacts the revenue of
5 any state tax in which a portion of the revenue generated from such
6 tax is earmarked for the benefit of a retirement system;

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

10 9. "Retirement system" means the Teachers' Retirement System of
11 Oklahoma, the Oklahoma Public Employees Retirement System, the
12 Uniform Retirement System for Justices and Judges, the Oklahoma
13 Firefighters Pension and Retirement System, the Oklahoma Police
14 Pension and Retirement System, the Oklahoma Law Enforcement
15 Retirement System, or a retirement system established after January
16 1, 2006.

17 SECTION 3. AMENDATORY Section 11, Chapter 292, O.S.L.
18 2006 (62 O.S. Supp. 2006, Section 3111), is amended to read as
19 follows:

20 Section 3111. A. Any retirement bill having a fiscal impact
21 which is enacted by the Legislature and which is approved by the
22 Governor or which otherwise becomes law shall become effective on
23 the first day of July immediately following the regular session
24 during which it was enacted, but only if the enacted bill is

1 concurrently funded as provided by this section and only if the bill
2 is approved as an emergency measure by a vote of two-thirds (2/3) of
3 all members elected to each House. If an enacted bill does not
4 receive a two-thirds (2/3) vote of all members, the law shall become
5 effective on the first day of September immediately following the
6 regular session during which it was enacted. If an enacted bill,
7 including one approved by the Governor, is not concurrently funded
8 as required by this section, then such bill shall not become
9 effective as law.

10 B. When a retirement bill having a fiscal impact amends a
11 retirement system having employer contributions funded from
12 appropriations by the Legislature, then appropriations for the first
13 fiscal year of effectiveness of the bill, after it becomes law, must
14 include funds to pay the amount determined by the actuarial
15 investigation under paragraph 5 of subsection A of Section ~~9~~ 3109 of
16 this ~~act~~ title. It is the intent of the Legislature that future
17 appropriations for subsequent fiscal years must include an amount
18 necessary to maintain the actuarial soundness of the retirement
19 system in accordance with the findings of the actuarial
20 investigation. Any limitation on the rate of employer contributions
21 that may be included in a law which is the source of authority for a
22 retirement system affected by this subsection shall be amended to
23 the extent necessary to comply with the requirements of this
24 subsection.

1 C. When a retirement bill having a fiscal impact amends a
2 retirement system having employer contributions funded wholly or
3 partially from the funds of a political subdivision, that political
4 subdivision shall have a duty to produce funds as necessary to pay
5 all or its proportionate share of the amount determined by actuarial
6 investigation under paragraph 5 of subsection A of Section 9 3109 of
7 this ~~act~~ title.

8 D. When a retirement bill having a fiscal impact creates a new
9 retirement system, then employer contributions in conformity with
10 paragraph 5 of subsection A of Section 9 3109 of this ~~act~~ title must
11 be made to the retirement system either by direct appropriations by
12 the Legislature or by another source of employer contributions
13 specifically provided for in the bill creating the new retirement
14 system.

15 E. For purposes of determining the concurrent funding
16 requirement imposed pursuant to this section with respect to a
17 fiscal retirement bill, if a bill to provide a cost-of-living
18 adjustment to the retirees of the applicable retirement system would
19 have the effect of increasing the unfunded liabilities of the
20 retirement system in an amount exceeding the liabilities for such
21 cost-of-living adjustment as reflected in the applicable actuarial
22 assumption for the retirement system as prescribed by paragraph 5 of
23 Section 3103 of this title, only the amount of the liabilities in
24 excess of the liability amount which has been included in the

1 applicable actuarial assumption for the system for purposes of
2 determining that a bill is nonfiscal pursuant to paragraph 5 of
3 Section 3103 of this title shall require concurrent funding.

4 SECTION 4. This act shall become effective November 1, 2007.

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