

SB 1500

Senate Bill No. 1500  
As Amended

SENATE BILL NO. 1500 - By: RABON of the Senate and HICKMAN of the House.

[ public finance - Oklahoma Pension Legislation Actuarial Analysis Act - emergency ]

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

SECTION 1. AMENDATORY Section 3, Chapter 292, O.S.L. 2006, as amended by Section 3, Chapter 367, O.S.L. 2007 (62 O.S. Supp. 2007, Section 3103), is amended to read as follows:

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

1. "Amendment" means any amendment, including a substitute bill, made to a retirement bill by any committee of the House or Senate, any conference 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 retirement bill by the respective staffs of the Oklahoma State Senate and the Oklahoma House of Representatives when the respective staff office prepares a retirement bill for a member of the Legislature;

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

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

10          5. "Nonfiscal retirement bill" means a retirement bill which  
11 does not affect the cost or funding factors of a retirement system  
12 or a retirement bill which affects such factors only in a manner  
13 which does not:

- 14           a. grant a benefit increase under the retirement system  
15 affected by the bill except for cost-of-living  
16 adjustments provided to retirees of the retirement  
17 system, which shall not exceed ~~the annual actuarial~~  
18 ~~assumption of a cost of living adjustment of an~~  
19 ~~existing retirement system as of December 31, 2005~~ two  
20 percent annually and any cost-of-living increase  
21 granted shall be in the same amount for each  
22 retirement system subject to the provisions of the  
23 Oklahoma Pension Legislation Actuarial Analysis Act,

- 1 or which shall not exceed two percent (2%) annually  
2 for a retirement system created on or after January 1,  
3 2006, which bill shall specifically identify such  
4 cost-of-living increase,
- 5 b. create an actuarial accrued liability for or increase  
6 the actuarial accrued liability of the retirement  
7 system affected by the bill, or
- 8 c. increase the normal cost of the retirement system  
9 affected by the bill except as otherwise provided by  
10 subparagraph a of this paragraph.

11 A nonfiscal retirement bill shall include any retirement bill that  
12 has as its sole purpose the appropriation or distribution or  
13 redistribution of monies in some manner to a retirement system for  
14 purposes of reducing the unfunded liability of such system or the  
15 earmarking of a portion of the revenue from a tax to a retirement  
16 system or increasing the percentage of the revenue earmarked from a  
17 tax to a retirement system.

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

22 7. "Retirement bill" means any bill or joint resolution  
23 introduced or any bill or joint resolution amended by a member of

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

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

9 9. "Retirement system" means the Teachers' Retirement System of  
10 Oklahoma, the Oklahoma Public Employees Retirement System, the  
11 Uniform Retirement System for Justices and Judges, or a retirement  
12 system established after January 1, 2006.

13 SECTION 2. AMENDATORY Section 11, Chapter 292, O.S.L.  
14 2006, as amended by Section 3, Chapter 186, O.S.L. 2007 (62 O.S.  
15 Supp. 2007, Section 3111), is amended to read as follows:

16 Section 3111. A. Any retirement bill having a fiscal impact  
17 which is enacted by the Legislature and which is approved by the  
18 Governor or which otherwise becomes law shall become effective on  
19 the first day of July immediately following the regular session  
20 during which it was enacted, but only if the enacted bill is  
21 concurrently funded as provided by this section and only if the bill  
22 is approved as an emergency measure by a vote of two-thirds (2/3) of  
23 all members elected to each House. If an enacted bill does not

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

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

22 C. When a retirement bill having a fiscal impact amends a  
23 retirement system having employer contributions funded wholly or

1 partially from the funds of a political subdivision, that political  
2 subdivision shall have a duty to produce funds as necessary to pay  
3 all or its proportionate share of the amount determined by actuarial  
4 investigation under paragraph 5 of subsection A of Section 3109 of  
5 this title.

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

13 E. For purposes of determining the concurrent funding  
14 requirement imposed pursuant to this section with respect to a  
15 fiscal retirement bill, if a bill to provide a cost-of-living  
16 adjustment to the retirees of the applicable retirement system ~~would~~  
17 ~~have the effect of increasing the liabilities of the retirement~~  
18 ~~system in excess of the liabilities already reflected in the~~  
19 ~~retirement system's actuarial assumption for such cost-of-living~~  
20 ~~adjustment~~ grants a cost-of-living adjustment which exceeds the  
21 applicable percentage, as ~~defined~~ provided in Section 3103 of this  
22 title, only the amount of the in excess liabilities not already

1 ~~included in the applicable actuarial assumption for the system of~~  
2 the applicable percentage shall require concurrent funding.

3 SECTION 3. It being immediately necessary for the preservation  
4 of the public peace, health and safety, an emergency is hereby  
5 declared to exist, by reason whereof this act shall take effect and  
6 be in full force from and after its passage and approval.

7 COMMITTEE REPORT BY: COMMITTEE ON RETIREMENT & INSURANCE, dated  
8 2-14-08 - DO PASS, As Amended and Coauthored.