

THE HOUSE OF REPRESENTATIVES
Tuesday, April 13, 2010

Committee Substitute for
ENGROSSED
Senate Bill No. 1016

COMMITTEE SUBSTITUTE FOR ENGROSSED SENATE BILL NO. 1016 - By:
PADDACK, ELLIS, STANISLAWSKI, MAZZEI, FORD AND IVESTER of the Senate and
HICKMAN AND MARTIN (SCOTT) of the House.

[public finance - Oklahoma Pension Legislation Actuarial Analysis Act -
effective date]

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

- 1 SECTION 1. AMENDATORY Section 3, Chapter 292, O.S.L. 2006, as last
2 amended by Section 32, Chapter 3, O.S.L. 2008 (62 O.S. Supp. 2009, Section 3103), is
3 amended to read as follows:
- 4 Section 3103. As used in the Oklahoma Pension Legislation Actuarial Analysis Act:
- 5 1. "Amendment" means any amendment, including a substitute bill, made to a
6 retirement bill by any committee of the House or Senate, any conference committee of the
7 House or Senate or by the House or Senate;
- 8 2. "RB number" means that number preceded by the letters "RB" assigned to a
9 retirement bill by the respective staffs of the Oklahoma State Senate and the Oklahoma
10 House of Representatives when the respective staff office prepares a retirement bill for a
11 member of the Legislature;

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

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

8 5. “Nonfiscal retirement bill” means a retirement bill which does not affect the cost
9 or funding factors of a retirement system or a retirement bill which affects such factors
10 only in a manner which does not:

- 11 a. grant a benefit increase under the retirement system affected by the
12 bill except for cost-of-living adjustments provided to retirees of the
13 retirement system, if the increase in actuarial accrued liability from
14 the increase does not exceed the cumulative increase in actuarial
15 accrued liability already fully reflected in its liabilities by the
16 retirement system from an actuarial assumption of a cost-of-living
17 adjustment of ~~an existing retirement system~~ the Oklahoma Public
18 Employees Retirement System, the Uniform Retirement System for
19 Justices and Judges, the Oklahoma Firefighters Pension and
20 Retirement System, the Oklahoma Police Pension and Retirement
21 System and the Oklahoma Law Enforcement Retirement System
22 which assumption was established by ~~the~~ such retirement system as of

1 December 31, 2006, or for the Teachers' Retirement System of
2 Oklahoma, the cost-of-living adjustment shall equal the following
3 percentages:

- 4 (1) one and one-quarter percent (1.25%) for any cost-of-living
5 adjustment effective on July 1, 2012,
- 6 (2) one and one-quarter percent (1.25%) for any cost-of-living
7 adjustment effective on July 1, 2013,
- 8 (3) one and one-half percent (1.5%) for any cost-of-living adjustment
9 effective on July 1, 2014,
- 10 (4) one and one-half percent (1.5%) for any cost-of-living adjustment
11 effective on July 1, 2015,
- 12 (5) one and one-half percent (1.5%) for any cost-of-living adjustment
13 effective on July 1, 2016,
- 14 (6) one and one-half percent (1.5%) for any cost-of-living adjustment
15 effective on July 1, 2017,
- 16 (7) one and three-quarters percent (1.75%) for any cost-of-living
17 adjustment effective on July 1, 2018,
- 18 (8) one and three-quarters percent (1.75%) for any cost-of-living
19 adjustment effective on July 1, 2019,
- 20 (9) one and three-quarters percent (1.75%) for any cost-of-living
21 adjustment effective on July 1, 2020,

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

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

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

14 SECTION 2. AMENDATORY Section 11, Chapter 292, O.S.L. 2006, as
15 amended by Section 3, Chapter 186, O.S.L. 2007 (62 O.S. Supp. 2009, Section 3111), is
16 amended to read as follows:

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

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

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

16 C. When a retirement bill having a fiscal impact amends a retirement system
17 having employer contributions funded wholly or partially from the funds of a political
18 subdivision, that political subdivision shall have a duty to produce funds as necessary to
19 pay all or its proportionate share of the amount determined by actuarial investigation
20 under paragraph 5 of subsection A of Section 3109 of this title.

21 D. When a retirement bill having a fiscal impact creates a new retirement system,
22 then employer contributions in conformity with paragraph 5 of subsection A of Section

1 3109 of this title must be made to the retirement system either by direct appropriations
2 by the Legislature or by another source of employer contributions specifically provided
3 for in the bill creating the new retirement system.

4 E. For purposes of determining the concurrent funding requirement imposed
5 pursuant to this section with respect to a fiscal retirement bill, if a bill to provide a cost-
6 of-living adjustment to the retirees of the applicable retirement system would have the
7 effect of increasing the liabilities of the retirement system in excess of the liabilities
8 already reflected in the retirement system's actuarial assumption for such cost-of-living
9 adjustment or for purposes of the Teachers' Retirement System of Oklahoma, grants a
10 cost-of-living adjustment which exceeds the applicable percentage, as defined in Section
11 3103 of this title, only the amount of the excess liabilities not already included in the
12 applicable actuarial assumption for the system or the amount in excess of the applicable
13 percentage shall require concurrent funding.

14 SECTION 3. This act shall become effective November 1, 2010.

15 COMMITTEE REPORT BY: COMMITTEE ON APPROPRIATIONS AND BUDGET,
16 dated 04-12-10 - DO PASS, As Amended and Coauthored.