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THE STATE SENATE
Monday, February 23, 2009

Senate Bill No. 1016
As Amended

SENATE BILL NO. 1016 - By: Paddock of the Senate and Hickman of the House.

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

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

SECTION 1. AMENDATORY Section 3, Chapter 292, O.S.L. 2006, as last amended by Section 32, Chapter 3, O.S.L. 2008 (62 O.S. Supp. 2008, 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, if the increase in actuarial accrued liability
18 from the increase does not exceed the cumulative
19 increase in actuarial accrued liability already fully
20 reflected in its liabilities by the retirement system
21 from an actuarial assumption of a cost-of-living
22 adjustment of ~~an existing retirement system~~ the
23 Oklahoma Public Employees Retirement System, the

1 Uniform Retirement System for Justices and Judges, the
2 Oklahoma Firefighters Pension and Retirement System,
3 the Oklahoma Police Pension and Retirement System and
4 the Oklahoma Law Enforcement Retirement System which
5 assumption was established by ~~the~~ such retirement
6 system as of December 31, 2006, or for the Teachers"
7 Retirement System of Oklahoma, the cost-of-living
8 adjustment shall equal the following percentages:

9 (1) one and one-quarter percent (1.25%) for any cost-
10 of-living adjustment granted during 2010,

11 (2) one and one-quarter percent (1.25%) for any cost-
12 of-living adjustment granted during 2011,

13 (3) one and one-quarter percent (1.25%) for any cost-
14 of-living adjustment granted during 2012,

15 (4) one and one-quarter percent (1.25%) for any cost-
16 of-living adjustment granted during 2013,

17 (5) one and one-half percent (1.5%) for any cost-of-
18 living adjustment granted during 2014,

19 (6) one and one-half percent (1.5%) for any cost-of-
20 living adjustment granted during 2015,

21 (7) one and one-half percent (1.5%) for any cost-of-
22 living adjustment granted during 2016,

- 1 (8) one and one-half percent (1.5%) for any cost-of-
2 living adjustment granted during 2017,
3 (9) one and three-quarters percent (1.75%) for any
4 cost-of-living adjustment granted during 2018,
5 (10) one and three-quarters percent (1.75%) for any
6 cost-of-living adjustment granted during 2019,
7 (11) one and three-quarters percent (1.75%) for any
8 cost-of-living adjustment granted during 2020,
9 (12) one and three-quarters percent (1.75%) for any
10 cost-of-living adjustment granted during 2021,
11 and
12 (13) two percent (2%) for any cost-of-living
13 adjustment granted during 2022 or any years
14 thereafter,
15 or which shall not exceed two percent (2%) annually on
16 a cumulative basis for a retirement system created on
17 or after January 1, 2006, which bill shall
18 specifically identify such cost-of-living increase,
19 b. create an actuarial accrued liability for or increase
20 the actuarial accrued liability of the retirement
21 system affected by the bill, or

1 c. increase the normal cost of the retirement system
2 affected by the bill except as otherwise provided by
3 subparagraph a of this paragraph.

4 A nonfiscal retirement bill shall include any retirement bill that
5 has as its sole purpose the appropriation or distribution or
6 redistribution of monies in some manner to a retirement system for
7 purposes of reducing the unfunded liability of such system or the
8 earmarking of a portion of the revenue from a tax to a retirement
9 system or increasing the percentage of the revenue earmarked from a
10 tax to a retirement system.

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

15 7. "Retirement bill" means any bill or joint resolution
16 introduced or any bill or joint resolution amended by a member of
17 the Oklahoma Legislature which creates or amends any law directly
18 affecting a retirement system. A retirement bill shall not mean a
19 bill or resolution that impacts the revenue of any state tax in
20 which a portion of the revenue generated from such tax is earmarked
21 for the benefit of a retirement system;

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

4 9. "Retirement system" means the Teachers' Retirement System of
5 Oklahoma, the Oklahoma Public Employees Retirement System, the
6 Uniform Retirement System for Justices and Judges, the Oklahoma
7 Firefighters Pension and Retirement System, the Oklahoma Police
8 Pension and Retirement System, the Oklahoma Law Enforcement
9 Retirement System, or a retirement system established after January
10 1, 2006.

11 SECTION 2. AMENDATORY Section 11, Chapter 292, O.S.L.
12 2006, as amended by Section 3, Chapter 186, O.S.L. 2007 (62 O.S.
13 Supp. 2008, Section 3111), is amended to read as follows:

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

1 regular session during which it was enacted. If an enacted bill,
2 including one approved by the Governor, is not concurrently funded
3 as required by this section, then such bill shall not become
4 effective as law.

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

20 C. When a retirement bill having a fiscal impact amends a
21 retirement system having employer contributions funded wholly or
22 partially from the funds of a political subdivision, that political
23 subdivision shall have a duty to produce funds as necessary to pay

1 all or its proportionate share of the amount determined by actuarial
2 investigation under paragraph 5 of subsection A of Section 3109 of
3 this title.

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

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

1 excess of the applicable percentage shall require concurrent
2 funding.

3 SECTION 3. This act shall become effective November 1, 2009.

4 COMMITTEE REPORT BY: COMMITTEE ON RETIREMENT & INSURANCE, dated
5 2-19-09 - DO PASS, As Amended and Coauthored.