

SB 1350

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THE STATE SENATE
Monday, February 22, 2010

Senate Bill No. 1350
As Amended

SENATE BILL NO. 1350 - By: Barrington of the Senate and Blackwell of the House.

[public finance - Oklahoma Pension Legislation Actuarial Analysis Act - modifying definition - eliminating requirement - emergency]

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. 2009, 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 which~~
23 ~~assumption was established by the retirement system as~~

1 ~~of December 31, 2006, or which shall not exceed two~~
2 ~~percent (2%) annually on a cumulative basis for a~~
3 ~~retirement system created on or after January 1, 2006,~~
4 ~~which bill shall specifically identify such cost of~~
5 ~~living increase.~~ Any cost-of-living adjustment shall
6 be in the same amount for each retirement system
7 subject to the provisions of the Oklahoma Pension
8 Legislation Actuarial Analysis Act,

9 b. create an actuarial accrued liability for or increase
10 the actuarial accrued liability of the retirement
11 system affected by the bill, or

12 c. increase the normal cost of the retirement system
13 affected by the bill except as otherwise provided by
14 subparagraph a of this paragraph.

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

22 6. "Reduction in cost amendment" means an amendment to a
23 retirement bill having a fiscal impact which reduces the cost of the

1 bill as such cost is determined by the actuarial investigation for
2 the bill prepared pursuant to Section 3109 of this title;

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

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

13 9. "Retirement system" means the Teachers' Retirement System of
14 Oklahoma, the Oklahoma Public Employees Retirement System, the
15 Uniform Retirement System for Justices and Judges, the Oklahoma
16 Firefighters Pension and Retirement System, the Oklahoma Police
17 Pension and Retirement System, the Oklahoma Law Enforcement
18 Retirement System, or a retirement system established after January
19 1, 2006.

20 SECTION 2. AMENDATORY Section 11, Chapter 292, O.S.L.
21 2006, as amended by Section 3, Chapter 186, O.S.L. 2007 (62 O.S.
22 Supp. 2009, Section 3111), is amended to read as follows:

1 Section 3111. A. Any retirement bill having a fiscal impact
2 which is enacted by the Legislature and which is approved by the
3 Governor or which otherwise becomes law shall become effective on
4 the first day of July immediately following the regular session
5 during which it was enacted, but only if the enacted bill is
6 concurrently funded as provided by this section and only if the bill
7 is approved as an emergency measure by a vote of two-thirds (2/3) of
8 all members elected to each House. If an enacted bill does not
9 receive a two-thirds (2/3) vote of all members, the law shall become
10 effective on the first day of September immediately following the
11 regular session during which it was enacted. If an enacted bill,
12 including one approved by the Governor, is not concurrently funded
13 as required by this section, then such bill shall not become
14 effective as law.

15 B. When a retirement bill having a fiscal impact amends a
16 retirement system having employer contributions funded from
17 appropriations by the Legislature, then appropriations for the first
18 fiscal year of effectiveness of the bill, after it becomes law, must
19 include funds to pay the amount determined by the actuarial
20 investigation under paragraph 5 of subsection A of Section 3109 of
21 this title. It is the intent of the Legislature that future
22 appropriations for subsequent fiscal years must include an amount
23 necessary to maintain the actuarial soundness of the retirement

1 system in accordance with the findings of the actuarial
2 investigation. Any limitation on the rate of employer contributions
3 that may be included in a law which is the source of authority for a
4 retirement system affected by this subsection shall be amended to
5 the extent necessary to comply with the requirements of this
6 subsection.

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

14 D. When a retirement bill having a fiscal impact creates a new
15 retirement system, then employer contributions in conformity with
16 paragraph 5 of subsection A of Section 3109 of this title must be
17 made to the retirement system either by direct appropriations by the
18 Legislature or by another source of employer contributions
19 specifically provided for in the bill creating the new retirement
20 system.

21 ~~E. For purposes of determining the concurrent funding~~
22 ~~requirement imposed pursuant to this section with respect to a~~
23 ~~fiscal retirement bill, if a bill to provide a cost-of-living~~

1 ~~adjustment to the retirees of the applicable retirement system would~~
2 ~~have the effect of increasing the liabilities of the retirement~~
3 ~~system in excess of the liabilities already reflected in the~~
4 ~~retirement system's actuarial assumption for such cost of living~~
5 ~~adjustment, as defined in Section 3103 of this title, only the~~
6 ~~amount of the excess liabilities not already included in the~~
7 ~~applicable actuarial assumption for the system shall require~~
8 ~~concurrent funding.~~

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

13 COMMITTEE REPORT BY: COMMITTEE ON RETIREMENT & INSURANCE, dated
14 2-18-10 - DO PASS, As Amended and Coauthored.