

SENATE FLOOR VERSION

April 4, 2011

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COMMITTEE SUBSTITUTE
FOR ENGROSSED
HOUSE BILL NO. 2132

By: Steele and McDaniel (Randy)
of the House

and

Bingman and Mazzei of the
Senate

An Act relating to public finance; amending Section 3, Chapter 292, O.S.L. 2006, as last amended by Section 32, Chapter 3, O.S.L. 2008 and Section 11, Chapter 292, O.S.L. 2006, as amended by Section 3, Chapter 186, O.S.L. 2007 (62 O.S. Supp. 2010, Sections 3103 and 3111), which relate to the Oklahoma Pension Legislation Actuarial Analysis Act; modifying definition; eliminating determination of certain concurrent funding requirement; providing an effective date; and declaring an 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. 2010, 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

1 Senate, any conference committee of the House or Senate or by the
2 House or Senate;

3 2. "RB number" means that number preceded by the letters "RB"
4 assigned to a retirement bill by the respective staffs of the
5 Oklahoma State Senate and the Oklahoma House of Representatives when
6 the respective staff office prepares a retirement bill for a member
7 of the Legislature;

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

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

17 5. "Nonfiscal retirement bill" means a retirement bill which
18 does not affect the cost or funding factors of a retirement system
19 or a retirement bill which affects such factors only in a manner
20 which does not:

21 a. grant a benefit increase under the retirement system
22 affected by the bill ~~except for cost of living~~
23 ~~adjustments provided to retirees of the retirement~~
24 ~~system, if the increase in actuarial accrued liability~~

1 ~~from the increase does not exceed the cumulative~~
2 ~~increase in actuarial accrued liability already fully~~
3 ~~reflected in its liabilities by the retirement system~~
4 ~~from an actuarial assumption of a cost of living~~
5 ~~adjustment of an existing retirement system which~~
6 ~~assumption was established by the retirement system as~~
7 ~~of December 31, 2006, or which shall not exceed two~~
8 ~~percent (2%) annually on a cumulative basis for a~~
9 ~~retirement system created on or after January 1, 2006,~~
10 ~~which bill shall specifically identify such cost of~~
11 ~~living increase,~~

12 b. create an actuarial accrued liability for or increase
13 the actuarial accrued liability of the retirement
14 system affected by the bill, or

15 c. increase the normal cost of the retirement system
16 affected by the bill except as otherwise provided by
17 subparagraph a of this paragraph.

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

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

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

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

15 9. "Retirement system" means the Teachers' Retirement System of
16 Oklahoma, the Oklahoma Public Employees Retirement System, the
17 Uniform Retirement System for Justices and Judges, the Oklahoma
18 Firefighters Pension and Retirement System, the Oklahoma Police
19 Pension and Retirement System, the Oklahoma Law Enforcement
20 Retirement System, or a retirement system established after January
21 1, 2006.

22 SECTION 2. AMENDATORY Section 11, Chapter 292, O.S.L.
23 2006, as amended by Section 3, Chapter 186, O.S.L. 2007 (62 O.S.
24 Supp. 2010, 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
24 system in accordance with the findings of the actuarial

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

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

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

20 ~~E. For purposes of determining the concurrent funding~~
21 ~~requirement imposed pursuant to this section with respect to a~~
22 ~~fiscal retirement bill, if a bill to provide a cost of living~~
23 ~~adjustment to the retirees of the applicable retirement system would~~
24 ~~have the effect of increasing the liabilities of the retirement~~

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

7 SECTION 3. This act shall become effective July 1, 2011.

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

12 COMMITTEE REPORT BY: COMMITTEE ON RETIREMENT & INSURANCE, dated
13 3-31-11 - DO PASS, As Amended and Coauthored.

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