

STATE OF OKLAHOMA

2nd Session of the 53rd Legislature (2012)

HOUSE JOINT
RESOLUTION 1091

By: McDaniel (Randy)

AS INTRODUCED

A Joint Resolution directing the Secretary of State to refer to the people for their approval or rejection a proposed amendment to the Constitution of the State of Oklahoma by adding a new Section 13 to Article XXIII; prohibiting enactment of legislation violative of certain laws related to prohibited diversion of pension plan assets; imposing investment standard; requiring funding of pension systems based on actuarially required contribution amounts; providing exceptions; requiring professional actuarial investigations; imposing duty on Legislature with respect to funding standards for purposes of actuarial soundness; providing ballot title; and directing filing.

BE IT RESOLVED BY THE HOUSE OF REPRESENTATIVES AND THE SENATE OF THE
2ND SESSION OF THE 53RD OKLAHOMA LEGISLATURE:

SECTION 1. The Secretary of State shall refer to the people for their approval or rejection, as and in the manner provided by law, the following proposed amendment to the Constitution of the State of Oklahoma by adding a new Section 13 to Article XXIII thereof, to read as follows:

1 Section 13. A. The Legislature shall not enact legislation
2 with respect to a public retirement system that would violate the
3 provisions of state or federal law applicable to tax-qualified
4 pension plans if the law would constitute a prohibited diversion of
5 plan assets.

6 B. The investments made by the public retirement systems shall
7 be made wisely according to the prudent investor rule as defined in
8 the Uniform Prudent Investor Act.

9 C. The actuarially required contribution amount for each public
10 pension system must be made each year unless such contribution
11 amount would be greater than ten percent (10%) of the amount
12 certified by the State Board of Equalization in February pursuant to
13 Section 23 of Article X of the Oklahoma Constitution or unless a
14 measure authorizing a lesser amount than the actuarially required
15 contribution is passed by a measure receiving at least a three-
16 fifths (3/5) supermajority in each chamber of the Legislature and
17 such measure is enacted as law.

18 D. The Legislature shall obtain a professional actuarial
19 investigation for proposed laws designed to increase public pension
20 benefits and costs under such practices as provided by law.

21 E. It shall be the duty of the Legislature to define the
22 funding standards required for the adoption of new benefit
23 improvements which will assure the actuarial soundness of any
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1 retirement or pension system supported wholly or partially from
2 public funds.

3 SECTION 2. The Ballot Title for the proposed Constitutional
4 amendment as set forth in SECTION 1 of this resolution shall be in
5 the following form:

6 BALLOT TITLE

7 Legislative Referendum No. _____ State Question No. _____

8 THE GIST OF THE PROPOSITION IS AS FOLLOWS:

9 This measure would amend the Oklahoma Constitution. It would
10 add a new Section 13 to Article 23. This section is related to
11 the state public retirement systems. It would create
12 requirements in the Oklahoma Constitution for these public
13 retirement systems. The Legislature could not enact a law that
14 would conflict with federal law that prohibits using retirement
15 plan assets for something other than benefit payments. Public
16 pension plan assets would be subject to the prudent investor
17 rule. Each public pension plan would have to receive an amount
18 of money recommended by its actuary to maintain the plan in good
19 financial condition subject to two exceptions. The first
20 exception would be if the amount required by those plans was
21 more than ten percent (10%) of the amount certified by the State
22 Board of Equalization in February each year. The second
23 exception would be if the Legislature passed a measure by a
24 three-fifths (3/5) vote to suspend the requirement. It would

1 require the Legislature to have proposed laws that could affect
2 a retirement system reviewed by a professional actuary. The
3 Legislature would be required to establish standards to
4 adequately fund public pension systems.

5 SHALL THE PROPOSAL BE APPROVED?

6 FOR THE PROPOSAL - YES _____

7 AGAINST THE PROPOSAL - NO _____

8 SECTION 3. The Chief Clerk of the House of Representatives,
9 immediately after the passage of this resolution, shall prepare and
10 file one copy thereof, including the Ballot Title set forth in
11 SECTION 2 hereof, with the Secretary of State and one copy with the
12 Attorney General.

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14 53-2-9169 MAH 01/18/12
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January 19, 2012

Representative Randy McDaniel
Room 302 B

Re: RBH No. 9169

RBH No. 9169 calls for a constitutional amendment requiring the actuarially required contribution be made unless such contribution amount would be greater than 10% of the amount certified by the State Board of Equalization in February.

RBH No. 9169 is a nonfiscal retirement bill as defined by the Oklahoma Pension Legislation Actuarial Analysis Act.

Thomas E. Cummins

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