

STATE OF OKLAHOMA

2nd Session of the 55th Legislature (2016)

HOUSE BILL 2839

By: Echols

AS INTRODUCED

An Act relating to public finance; amending 62 O.S. 2011, Section 3103, which relates to the Oklahoma Pension Legislation Actuarial Analysis Act; modifying definition; providing for determination of certain legislative measure as nonfiscal; and declaring an emergency.

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

SECTION 1. AMENDATORY 62 O.S. 2011, 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

1 the respective staff office prepares a retirement bill for a member
2 of the Legislature;

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

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

12 5. "Nonfiscal retirement bill" means a retirement bill which
13 does not affect the cost or funding factors of a retirement system
14 or a retirement bill which affects such factors only in a manner
15 which does not:

- 16 a. grant a benefit increase under the retirement system
17 affected by the bill,
- 18 b. create an actuarial accrued liability for or increase
19 the actuarial accrued liability of the retirement
20 system affected by the bill, or
- 21 c. increase the normal cost of the retirement system
22 affected by the bill ~~except as otherwise provided by~~
23 ~~subparagraph a of this paragraph.~~
- 24

1 Nonfiscal retirement bill shall also include a bill that authorizes
2 the payment of an additional benefit, whether in the form of a
3 stipend, a cost-of-living adjustment or other increase in retirement
4 benefits, if the funded ratio of the retirement system after the
5 payment of such benefit would be ninety percent (90%) or greater.
6 As used in this paragraph, "funded ratio" means the figure derived
7 by dividing the actuarial value of assets of the applicable
8 retirement system by the actuarial accrued liability of the
9 applicable retirement system.

10 A nonfiscal retirement bill shall include any retirement bill
11 that has as its sole purpose the appropriation or distribution or
12 redistribution of monies in some manner to a retirement system for
13 purposes of reducing the unfunded liability of such system or the
14 earmarking of a portion of the revenue from a tax to a retirement
15 system or increasing the percentage of the revenue earmarked from a
16 tax to a retirement system.;

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

21 7. "Retirement bill" means any bill or joint resolution
22 introduced or any bill or joint resolution amended by a member of
23 the Oklahoma Legislature which creates or amends any law directly
24 affecting a retirement system. A retirement bill shall not mean a

1 bill or resolution that impacts the revenue of any state tax in
2 which a portion of the revenue generated from such tax is earmarked
3 for the benefit of a retirement system;

4 8. "Retirement bill having a fiscal impact" means any
5 retirement bill creating or establishing a retirement system and any
6 other retirement bill other than a nonfiscal retirement bill; and

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

14 SECTION 2. It being immediately necessary for the preservation
15 of the public peace, health and safety, an emergency is hereby
16 declared to exist, by reason whereof this act shall take effect and
17 be in full force from and after its passage and approval.

18
19 55-2-8824 MAH 01/20/16
20
21
22
23
24

THOMAS E. CUMMINS CONSULTING ACTUARY, INC.

2512 E. 71st Street , Suite D • Tulsa, Oklahoma 74136
(918) 492-9658 • (918) 492- 9659

January 20, 2016

Representative Jon Echols
Room 434

Re: RBH No. 8824

RBH No. 8824 amends Oklahoma Pension Legislation Analysis Act to allow cost of living adjustments, stipends and other benefit increases if the System is at least 90% funded afterwards.

RBH No. 8824 is a non fiscal retirement bill as defined by the Oklahoma Pension Legislation Analysis Act because the bill does not contain a benefit increase nor create liability for any of the State's Retirement Systems. The bill does create the possibility of future bills that contain benefit increases and increased liability and still be non fiscal retirement bills.

I am a member of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein.

Thomas E. Cummins

Thomas E. Cummins, MAAA