

BILL SUMMARY
2nd Session of the 53rd Legislature

Bill No.:	HB 2320
Version:	CCRA
Request Number:	RBH 10470
Author:	Rep. R. McDaniel/ Sen. Anderson
Date:	5/14/2012
Impact:	FPRS: \$8.5 Million/yr additional rev. Gen. Rev. Fund: \$3.5 Million/yr lost rev. Municipalities: \$2.5 Million/yr expense.

Research Analysis

Not recommended, see CCR C

Fiscal Analysis

Section 1: sets the rate of return at the actuarially assumed rate for the system for retired Firefighters Pension and Retirement System (FPRS) DROP participants who leave their DROP deposits in place after severance from service. This change will likely result in no actuarial impact, due to the fact that the System's actuarial assumptions assume a 7.5% return each year with no variance. In reality annual returns fluctuate and the measure is likely to result in a positive actuarial experience for the system, since actual returns will fluctuate above and below 7.5%; the measure will allow the system to recover in positive return year's losses experienced in negative return years.

Section 2: increases from 8% to 9% the employee contribution required for active members of the FPRS and increases from 13% to 14% the required employer contribution. Based on current annual payroll figures for the system this would result in approximately \$2.5 Million per year in additional employer contributions payable by employing municipalities; and approximately \$2.5 Million per year in additional employee contributions payable by members of the system. In total an additional \$5 Million in annual revenue for FPRS.

Section 3: increases from 34% to 36% of Insurance Premium Tax collections allocated to FPRS. Based on previous year collections this would result in approximately \$3.5 Million per year in additional revenue for the system. This will also result in a parallel reduction in the State's General Revenue Fund of approximately \$3.5 Million in Fiscal Year 2014.

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Other Considerations

Under the procedures and provisions of the Oklahoma Pension Legislation Actuarial Analysis Act (OPLAAA) HB 2320 in its current form has been deemed a non fiscal retirement bill by the Legislative Actuary, meaning the bill neither grants a benefit increase, adds actuarial liability, nor increases the normal cost of the retirement system affected.