

**COMMITTEE AMENDMENT**  
HOUSE OF REPRESENTATIVES  
State of Oklahoma

SPEAKER:

CHAIR:

I move to amend HB1340 \_\_\_\_\_  
Page \_\_\_\_\_ Section \_\_\_\_\_ Lines \_\_\_\_\_  
Of the printed Bill  
Of the Engrossed Bill

**AMEND TITLE TO CONFORM TO AMENDMENTS**

Adopted: \_\_\_\_\_  
\_\_\_\_\_  
Reading Clerk

Amendment submitted by: Randy McDaniel  
\_\_\_\_\_

## STATE OF OKLAHOMA

1st Session of the 56th Legislature (2017)

PROPOSED COMMITTEE  
SUBSTITUTE  
FOR  
HOUSE BILL NO. 1340

By: McDaniel

PROPOSED COMMITTEE SUBSTITUTE

An Act relating to public retirement systems; making legislative findings; amending 62 O.S. 2011, Section 3103, which relates to the Oklahoma Pension Legislation Actuarial Analysis Act; modifying definitions; modifying definition of nonfiscal bill; defining terms; providing for distribution to certain retired members of the Oklahoma Firefighters Pension and Retirement System; providing for distribution to certain retired members of the Oklahoma Police Pension and Retirement System; providing for distribution to certain retired members of the Uniform Retirement System for Justices and Judges; providing for distribution to certain retired members of the Oklahoma Law Enforcement Retirement System; providing for distribution to certain retired members of the Teachers' Retirement System of Oklahoma; providing for distribution to certain retired members of the Oklahoma Public Employees Retirement System; specifying amount of distribution; prescribing standards related to funded ratio of retirement systems; requiring specific authorization for retirement benefit increase; prohibiting retirement benefit increases more frequently than specified period; providing for codification; and providing effective dates.

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

1       SECTION 1.       NEW LAW       A new section of law not to be  
2 codified in the Oklahoma Statutes reads as follows:

3       The Legislature finds that retirees of the public retirement  
4 systems have not had an increase in retirement benefits pursuant to  
5 a legislative authorization since 2008. The Legislature recognizes  
6 its responsibilities to the retired members of the public retirement  
7 systems and the fiduciary nature of its obligations to ensure that  
8 public retirement systems are managed in order to ensure that  
9 benefits will be paid to the persons who have retired from the  
10 systems and to their beneficiaries. The Legislature finds that a  
11 modification to the legal standards pursuant to which benefit  
12 increases may be authorized is a prudent response to the economic  
13 and financial concerns of the retiree populations while also  
14 maintaining adequate safeguards for the preservation of retirement  
15 system assets and liquidity which are a necessary precondition for  
16 the payment of any and all postretirement benefit increases. The  
17 Legislature finds that a benefit increase which balances the  
18 financial concerns of the retiree populations with the obligation to  
19 ensure funding adequacy for the retirement systems is consistent  
20 with its obligations with respect to prudent and conservative  
21 management.

22       SECTION 2.       AMENDATORY       62 O.S. 2011, Section 3103, is  
23 amended to read as follows:  
24

1       Section 3103. As used in the Oklahoma Pension Legislation  
2 Actuarial Analysis Act:

3       1. "Amendment" means any amendment, including a substitute  
4 bill, made to a retirement bill by any committee of the House or  
5 Senate, any conference committee of the House or Senate or by the  
6 House or Senate;

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

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

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

21       5. "Nonfiscal retirement bill" means a retirement bill which:

22       a.    does not affect the cost or funding factors of a  
23               retirement system ~~or a retirement bill which,~~

24       b.    affects such factors only in a manner which does not:

- 1        ~~a.~~ (1) grant a benefit increase under the retirement  
2                    system affected by the bill,
- 3        ~~b.~~ (2) create an actuarial accrued liability for or  
4                    increase the actuarial accrued liability of the  
5                    retirement system affected by the bill, or
- 6        ~~e.~~ (3) increase the normal cost of the retirement system  
7                    affected by the bill ~~except as otherwise provided~~  
8                    ~~by subparagraph a of this paragraph, or~~
- 9        c. provides for a one-time increase in retirement  
10                   benefits if the increase in retirement benefits is not  
11                   a permanent increase in the gross annual retirement  
12                   benefit payable to a member or beneficiary, occurs  
13                   only once pursuant to a single statutory authorization  
14                   and does not exceed:
- 15                   (1) the lesser of two percent (2%) or Seven Hundred  
16                   Fifty Dollars (\$750.00) and requires that the  
17                   benefit may only be provided if the funded ratio  
18                   of the affected retirement system would not be  
19                   less than sixty percent (60%) but not greater  
20                   than eighty percent (80%) after the benefit  
21                   increase is paid,
- 22                   (2) the lesser of two percent (2%) or One Thousand  
23                   Dollars (\$1,000.00) and requires that the benefit  
24                   may only be provided if the funded ratio of the

1 affected retirement system would be greater than  
2 eighty percent (80%) but not greater than one  
3 hundred percent (100%) after the benefit increase  
4 is paid,

5 (3) the lesser of two percent (2%) or One Thousand  
6 Two Hundred Fifty Dollars (\$1,250.00) and  
7 requires that the benefit may only be provided if  
8 the funded ratio of the affected retirement  
9 system would be greater than one hundred percent  
10 (100%) after the benefit increase is paid, or

11 (4) the greater of two percent (2%) or One Hundred  
12 Dollars (\$100.00) for persons who retired from  
13 the Oklahoma Firefighters Pension and Retirement  
14 System as volunteer firefighters and who did not  
15 retire from the Oklahoma Firefighters Pension and  
16 Retirement System as a paid firefighter.

17 As used in this subparagraph, "funded ratio" means the  
18 figure derived by dividing the actuarial value of  
19 assets of the applicable retirement system by the  
20 actuarial accrued liability of the applicable  
21 retirement system.

22 A nonfiscal retirement bill shall include any retirement bill that  
23 has as its sole purpose the appropriation or distribution or  
24 redistribution of monies in some manner to a retirement system for

1 purposes of reducing the unfunded liability of such system or the  
2 earmarking of a portion of the revenue from a tax to a retirement  
3 system or increasing the percentage of the revenue earmarked from a  
4 tax to a retirement system-;

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

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

16 8. "Retirement bill having a fiscal impact" means any  
17 retirement bill creating or establishing a retirement system and any  
18 other retirement bill other than a nonfiscal retirement bill; and

19 9. "Retirement system" means the Teachers' Retirement System of  
20 Oklahoma, the Oklahoma Public Employees Retirement System, the  
21 Uniform Retirement System for Justices and Judges, the Oklahoma  
22 Firefighters Pension and Retirement System, the Oklahoma Police  
23 Pension and Retirement System, the Oklahoma Law Enforcement  
24

1 Retirement System, or a retirement system established after January  
2 1, 2006.

3 SECTION 3. NEW LAW A new section of law to be codified  
4 in the Oklahoma Statutes as Section 3501 of Title 62, unless there  
5 is created a duplication in numbering, reads as follows:

6 A. As used in this section "public retirement system" means:

- 7 1. The Oklahoma Firefighters Pension and Retirement System;
- 8 2. The Oklahoma Police Pension and Retirement System;
- 9 3. The Uniform Retirement System for Justices and Judges;
- 10 4. The Oklahoma Law Enforcement Retirement System;
- 11 5. The Teachers' Retirement System of Oklahoma; and
- 12 6. The Oklahoma Public Employees Retirement System.

13 B. As used in this section "funded ratio" means the figure  
14 derived by dividing the actuarial value of retirement system assets  
15 by the actuarial accrued liability of the retirement system. For  
16 purposes of this section, the rate of return on public retirement  
17 system assets for the computation of the funded ratio shall not  
18 exceed seven and one-half percent (7.5%) but shall be computed using  
19 any assumed rate of return utilized by the applicable retirement  
20 system if such rate of return does not exceed seven and one-half  
21 percent (7.5%). The provisions of this subsection shall only be  
22 applicable to the computation of the funded ratio for purposes of  
23 implementing the provisions of this section and shall not be used  
24



1 for any other computation or any other purpose with respect to the  
2 actuarial assumptions used by any of the public retirement systems.

3 C. Effective October 1, 2018, a public retirement system shall  
4 make a one-time distribution to its retired members if the member  
5 has been retired for a period of three (3) or more years as of  
6 October 1, 2018, in the amount of:

7 1. The lesser of two percent (2%) or Seven Hundred Fifty  
8 Dollars (\$750.00) if the funded ratio of the public retirement  
9 system would be not less than sixty percent (60%), but not greater  
10 than eighty percent (80%) after the distribution is made;

11 2. The lesser of two percent (2%) or One Thousand Dollars  
12 (\$1,000.00) if the funded ratio of the public retirement system  
13 would be greater than eighty percent (80%), but not greater than one  
14 hundred percent (100%) after the distribution is made; or

15 3. The lesser of two percent (2%) or One Thousand Two Hundred  
16 Fifty Dollars (\$1,250.00) if the funded ratio of the public  
17 retirement system would be greater than one hundred percent (100%)  
18 after the distribution is made.

19 D. The Oklahoma Firefighters Pension and Retirement System  
20 shall make a distribution to persons who retired from the Oklahoma  
21 Firefighters Pension and Retirement System as a volunteer  
22 firefighter, if the member has been retired for a period of three  
23 (3) or more years as of October 1, 2018, in the amount of the  
24 greater of two percent (2%) or One Hundred Dollars (\$100.00). The

1 provisions of this subsection shall only be applicable to persons  
2 who retired from the Oklahoma Firefighters Pension and Retirement  
3 System as volunteer firefighters and not as paid firefighters.

4 E. Increases in retirement benefits may only be provided  
5 pursuant to a specific authorization by law.

6 F. Effective October 1, 2018, increases in retirement benefits  
7 shall not be authorized to occur more frequently than once each two  
8 (2) years pursuant to the specific authorization required by  
9 subsection E of this section.

10 SECTION 4. Section 2 of this act shall become effective  
11 September 1, 2018.

12 SECTION 5. Section 1 and Section 3 of this act shall become  
13 effective October 1, 2018.

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15 56-1-6742 MAH 02/07/17  
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