

STATE OF OKLAHOMA

1st Session of the 56th Legislature (2017)

SENATE BILL 491

By: Standridge

AS INTRODUCED

An Act relating to pensions; amending 62 O.S. 2011, Sections 3103 and 3106, which relate to definitions and nonfiscal retirement bills; modifying definitions; and specifying methods of calculation for cost-of-living adjustments.

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

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

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

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

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

22 A nonfiscal retirement bill shall also include a retirement bill
23 that authorizes the payment of additional benefits, whether in the
24 form of a cost-of-living adjustment or other increase in retirement

1 benefits, if the funded ratio of the retirement system after the
2 payment of such benefits would be eighty percent (80%) or greater.
3 Such bills shall not be required to comply with the requirements of
4 paragraph 1 of subsection A of Section 3107 of this title. As used
5 in this paragraph, "funded ratio" means the figure derived by
6 dividing the actuarial value of assets of the applicable retirement
7 system by the actuarial accrued liability of the applicable
8 retirement system.

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

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

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

1 which a portion of the revenue generated from such tax is earmarked
2 for the benefit of a retirement system. A retirement bill that
3 authorizes a cost-of-living adjustment shall include any bill that:

4 a. authorizes the payment of additional benefits, a cost-
5 of-living adjustment or other increase in retirement
6 benefits, and

7 b. pays any additional benefits, cost-of-living
8 adjustment or other increase in retirement benefits
9 from the retirement system funds and such retirement
10 system has a funded ratio of eighty percent (80%) or
11 above, pursuant to paragraph 5 of this section;

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 62 O.S. 2011, Section 3106, is
23 amended to read as follows:

1 Section 3106. A. A nonfiscal retirement bill may be introduced
2 at any time according to the applicable deadlines established by the
3 House of Representatives or Senate in any regular session of the
4 Legislature. After its introduction into the Legislature, a
5 nonfiscal retirement bill may not be amended in any manner to cause
6 the bill to become a retirement bill having a fiscal impact. Except
7 as otherwise provided by this section, any amendment to such a bill
8 shall be submitted to the Legislative Actuary by the chair of the
9 committee, if a committee amendment, or by the presiding officer of
10 the Senate or House of Representatives if the amendment was made by
11 the Senate or the House of Representatives or by the author of such
12 bill when the bill is assigned to a conference committee. An
13 amendment with the sole purpose to strike or restore the title or
14 the enacting clause shall not be submitted to the Legislative
15 Actuary. If the Legislative Actuary certifies in writing that the
16 amendment does not cause the bill to become a retirement bill having
17 a fiscal impact, the bill, as amended, may continue in the
18 legislative process as any other bill. If the Legislative Actuary
19 will not issue such a certification for the amendment, the progress
20 of the bill in the legislative process will end, and the bill shall
21 not be considered further by either the House of Representatives or
22 the Senate.

23 Beginning July 1, 2017, a nonfiscal retirement bill authorizing
24 the payment of additional retirement benefits, including a cost-of-

1 living adjustment or other increase in retirement benefits, shall
2 calculate and approve the amount of such benefits using the
3 following methods:

4 a. cost-of-living adjustments will be based upon the
5 annual CPI-W published by the United States Department
6 of Labor,

7 b. the Board of Directors of each retirement system shall
8 hire an actuary to perform a "Qualified Sensitivity
9 Analysis", to be completed by July 1, 2019. If the
10 analysis shows the projected funded ratio of the
11 retirement system is at or above one-hundred percent
12 (100%) within the next forty (40) years, then a cost-
13 of-living adjustment shall be approved,

14 c. each retirement system shall conduct a "Qualified
15 Sensitivity Analysis" every five (5) years following
16 the initial analysis conducted pursuant to
17 subparagraph b of paragraph 7 of subsection A of this
18 section, and

19 d. the effective date of any cost-of-living adjustment or
20 other benefits increase shall be July 1 of that
21 calendar year.

22 B. An amendment to a nonfiscal retirement bill which is
23 prohibited by subsection A of this section may be withdrawn by the
24 committee which made the amendment, if a committee amendment, or by

1 the Senate, if that body made the amendment, or by the House of
2 Representatives, if that body made the amendment or by the author,
3 if the amendment is made in conference. If the amendment is
4 withdrawn, the bill may continue in the legislative process as any
5 other bill, unless it is subsequently amended, and, in that event,
6 the provisions of this section shall apply to the subsequent
7 amendment.

8 C. A nonfiscal retirement bill which is not amended during the
9 legislative process may be considered as any other bill.

10
11
12
13
14
15
16
17
18
19
20
21
22
23
24

56-1-493 CB 1/19/2017 2:59:08 PM