

HOUSE OF REPRESENTATIVES - FLOOR VERSION

STATE OF OKLAHOMA

1st Session of the 59th Legislature (2023)

COMMITTEE SUBSTITUTE
FOR
HOUSE BILL NO. 2279

By: Echols and **Fugate** of the
House

and

Montgomery of the Senate

COMMITTEE SUBSTITUTE

An Act relating to public retirement systems; amending 62 O.S. 2021, Section 3103, as amended by Section 1, Chapter 306, O.S.L. 2022 (62 O.S. Supp. 2022, Section 3103), which relates to the Oklahoma Pension Legislation Actuarial Analysis Act; modifying definitions; providing for retirement benefit increase based upon prescribed criteria for certain members of the Oklahoma Firefighters Pension and Retirement System, the Oklahoma Police Pension and Retirement System, the Uniform Retirement System for Justices and Judges, the Oklahoma Law Enforcement Retirement System, the Teachers' Retirement System of Oklahoma and the Oklahoma Public Employees Retirement System; prescribing conditions for retirement benefit increase; defining terms; providing for method to determine amount of benefit increase; providing for maximum increase amount; prohibiting retirement benefit increase based upon funded ratio of retirement system after grant of benefit; authorizing grant of benefit increase subject to limitation based upon funded ratio; imposing requirement related to rate of return on retirement system assets; imposing requirement related to duration of retirement; prescribing date for effect of benefit increases; providing for codification; and providing effective dates.

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

2 SECTION 1. AMENDATORY 62 O.S. 2021, Section 3103, as
3 amended by Section 1, Chapter 306, O.S.L. 2022 (62 O.S. Supp. 2022,
4 Section 3103), is amended to read as follows:

5 Section 3103. As used in the Oklahoma Pension Legislation
6 Actuarial Analysis Act:

7 1. "Amendment" means any amendment, including a substitute
8 bill, made to a retirement bill by any committee of the House or
9 Senate, any conference committee of the House or Senate or by the
10 House or Senate;

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

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

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

- 1 5. "Nonfiscal retirement bill" means a retirement bill:
- 2 a. which does not affect the cost or funding factors of a
- 3 retirement system,
- 4 b. which affects such factors only in a manner which does
- 5 not:
- 6 (1) grant a benefit increase under the retirement
- 7 system affected by the bill,
- 8 (2) create an actuarial accrued liability for or
- 9 increase the actuarial accrued liability of the
- 10 retirement system affected by the bill, or
- 11 (3) increase the normal cost of the retirement system
- 12 affected by the bill,
- 13 c. which authorizes the purchase by an active member of
- 14 the retirement system, at the actuarial cost for the
- 15 purchase as computed pursuant to the statute in effect
- 16 on the effective date of the measure allowing such
- 17 purchase, of years of service for purposes of reaching
- 18 a normal retirement date in the applicable retirement
- 19 system, but which cannot be used in order to compute
- 20 the number of years of service for purposes of
- 21 computing the retirement benefit for the member,
- 22 d. which provides for the computation of a service-
- 23 connected disability retirement benefit for members of
- 24 the Oklahoma Law Enforcement Retirement System

- 1 pursuant to Section 2-305 of Title 47 of the Oklahoma
2 Statutes if the members were unable to complete twenty
3 (20) years of service as a result of the disability,
4 e. which requires membership in the defined benefit plan
5 authorized by Section 901 et seq. of Title 74 of the
6 Oklahoma Statutes for persons whose first elected or
7 appointed service occurs on or after November 1, 2018,
8 if such persons had any prior service in the Oklahoma
9 Public Employees Retirement System prior to November
10 1, 2015,
11 f. which provides for a one-time increase in retirement
12 benefits if the increase in retirement benefits is not
13 a permanent increase in the gross annual retirement
14 benefit payable to a member or beneficiary, occurs
15 only once pursuant to a single statutory authorization
16 and does not exceed:
17 (1) the lesser of two percent (2%) of the gross
18 annual retirement benefit of the member or One
19 Thousand Dollars (\$1,000.00) and requires that
20 the benefit may only be provided if the funded
21 ratio of the affected retirement system would not
22 be less than sixty percent (60%) but not greater
23 than eighty percent (80%) after the benefit
24 increase is paid,

- 1 (2) the lesser of two percent (2%) of the gross
2 annual retirement benefit of the member or One
3 Thousand Two Hundred Dollars (\$1,200.00) and
4 requires that the benefit may only be provided if
5 the funded ratio of the affected retirement
6 system would be greater than eighty percent (80%)
7 but not greater than one hundred percent (100%)
8 after the benefit increase is paid,
- 9 (3) the lesser of two percent (2%) of the gross
10 annual retirement benefit of the member or One
11 Thousand Four Hundred Dollars (\$1,400.00) and
12 requires that the benefit may only be provided if
13 the funded ratio of the affected retirement
14 system would be greater than one hundred percent
15 (100%) after the benefit increase is paid, or
- 16 (4) the greater of two percent (2%) of the gross
17 annual retirement benefit of the volunteer
18 firefighter or One Hundred Dollars (\$100.00) for
19 persons who retired from the Oklahoma
20 Firefighters Pension and Retirement System as
21 volunteer firefighters and who did not retire
22 from the Oklahoma Firefighters Pension and
23 Retirement System as a paid firefighter.
24

1 As used in this subparagraph, "funded ratio" means the
2 figure derived by dividing the actuarial value of
3 assets of the applicable retirement system by the
4 actuarial accrued liability of the applicable
5 retirement system,

6 g. which modifies the disability pension standard for
7 police officers who are members of the Oklahoma Police
8 Pension and Retirement System as provided by Section 3
9 of this act,

10 h. which provides a cost-of-living benefit increase
11 pursuant to the provisions of:

12 (1) Section 49-143.7 of Title 11 of the Oklahoma
13 Statutes,

14 (2) Section 50-136.9 of Title 11 of the Oklahoma
15 Statutes,

16 (3) Section 1104K of Title 20 of the Oklahoma
17 Statutes,

18 (4) Section 2-305.12 of Title 47 of the Oklahoma
19 Statutes,

20 (5) Section 17-116.22 of Title 70 of the Oklahoma
21 Statutes,

22 (6) Section 930.11 of Title 74 of the Oklahoma
23 Statutes, ~~or~~

24

1 i. which modifies the computation of the line-of-duty
2 disability benefit pursuant to the provisions of this
3 act, or

4 j. which authorizes the boards of trustees for the public
5 retirement systems as described in Sections 2 through
6 7 of this act to provide retirement benefit increases
7 according to the requirements and limitations of those
8 sections.

9 A nonfiscal retirement bill shall include any retirement bill that
10 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;

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

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

13 SECTION 2. NEW LAW A new section of law to be codified
14 in the Oklahoma Statutes as Section 49-143.8 of Title 11, unless
15 there is created a duplication in numbering, reads as follows:

16 A. As used in this section:

17 1. "Beneficiary" means either a retired member of the
18 retirement system or the survivor or other designated beneficiary of
19 a retired member of the system;

20 2. "CPI-W" means the measure of inflation published by the
21 United States Bureau of Labor Statistics for Urban Wage Earners and
22 Clerical Workers;

23 3. "Funded ratio" means the figure derived by dividing the
24 actuarial value of retirement system assets by the actuarial accrued

1 liability amount of the retirement system using the information
2 reported to the retirement system by its actuary in the annual
3 valuation and which is computed as of a day certain; and

4 4. "Retirement system" means the Oklahoma Firefighters Pension
5 and Retirement System.

6 B. The board of trustees of the Oklahoma Firefighters Pension
7 and Retirement System shall grant a retirement benefit increase to
8 the retired members of the system or their beneficiaries according
9 to the requirements of this section.

10 C. The benefit increase may only be implemented if the Consumer
11 Price Index-Wage and Clerical Workers (CPI-W) for the calendar year
12 preceding the year during which the benefit increase is to be
13 granted reflects a positive rate of increase, but the retirement
14 benefit increase shall not exceed four percent (4.0%).

15 D. The funded ratio of the retirement system must be at least
16 seventy-five percent (75%) after the benefit increase is provided to
17 the eligible retirees or beneficiaries. If the grant of a
18 retirement benefit increase based on the full amount of the increase
19 in CPI-W for the applicable year would cause the retirement system
20 funded ratio to be less than the figure prescribed by this section,
21 the board of trustees shall provide a retirement benefit increase in
22 such lesser amount as possible without causing a reduction of the
23 funded ratio for the system to be less than the amount prescribed by
24 this section.

1 E. For the plan year ending June 30 or July 1, as applicable,
2 immediately prior to the effective date of the retirement benefit
3 increase otherwise authorized by this section, the rate of return
4 for the retirement system assets must have been equal to or in
5 excess of the actuarial assumption for the rate of return on system
6 assets in effect at the beginning of such plan year.

7 F. Only those persons who have been retired for at least one
8 (1) year prior to the effective date of the retirement benefit
9 increase shall be eligible for the benefit increase.

10 G. If otherwise authorized pursuant to the provisions of this
11 section, the retirement benefit increase shall be effective July 1
12 each year.

13 SECTION 3. NEW LAW A new section of law to be codified
14 in the Oklahoma Statutes as Section 50-136.10 of Title 11, unless
15 there is created a duplication in numbering, reads as follows:

16 A. As used in this section:

17 1. "Beneficiary" means either a retired member of the
18 retirement system or the survivor or other designated beneficiary of
19 a retired member of the system;

20 2. "CPI-W" means the measure of inflation published by the
21 United States Bureau of Labor Statistics for Urban Wage Earners and
22 Clerical Workers;

23 3. "Funded ratio" means the figure derived by dividing the
24 actuarial value of retirement system assets by the actuarial accrued

1 liability amount of the retirement system using the information
2 reported to the retirement system by its actuary in the annual
3 valuation and which is computed as of a day certain; and

4 4. "Retirement system" means the Oklahoma Police Pension and
5 Retirement System.

6 B. The board of trustees of the Oklahoma Police Pension and
7 Retirement System shall grant a retirement benefit increase to the
8 retired members of the system or their beneficiaries according to
9 the requirements of this section.

10 C. The benefit increase may only be implemented if the Consumer
11 Price Index-Wage Earners and Clerical Workers (CPI-W) for the
12 calendar year preceding the year during which the benefit increase
13 is to be granted reflects a positive rate of increase, but the
14 retirement benefit increase shall not exceed four percent (4.0%).

15 D. The funded ratio of the retirement system must be at least
16 ninety percent (90%) after the benefit increase is provided to the
17 eligible retirees or beneficiaries. If the grant of a retirement
18 benefit increase based on the full amount of the increase in CPI-W
19 for the applicable year would cause the retirement system funded
20 ratio to be less than the figure prescribed by this section, the
21 board of trustees shall provide a retirement benefit increase in
22 such lesser amount as possible without causing a reduction of the
23 funded ratio for the system to be less than the amount prescribed by
24 this section.

1 E. For the plan year ending June 30 or July 1, as applicable,
2 immediately prior to the effective date of the retirement benefit
3 increase otherwise authorized by this section, the rate of return
4 for the retirement system assets must have been equal to or in
5 excess of the actuarial assumption for the rate of return on system
6 assets in effect at the beginning of such plan year.

7 F. Only those persons who have been retired for at least one
8 (1) year prior to the effective date of the retirement benefit
9 increase shall be eligible for the benefit increase.

10 G. If otherwise authorized pursuant to the provisions of this
11 section, the retirement benefit increase shall be effective July 1
12 each year.

13 SECTION 4. NEW LAW A new section of law to be codified
14 in the Oklahoma Statutes as Section 1104L of Title 20, unless there
15 is created a duplication in numbering, reads as follows:

16 A. As used in this section:

17 1. "Beneficiary" means either a retired member of the
18 retirement system or the survivor or other designated beneficiary of
19 a retired member of the system;

20 2. "CPI-W" means the measure of inflation published by the
21 United States Bureau of Labor Statistics for Urban Wage Earners and
22 Clerical Workers;

23 3. "Funded ratio" means the figure derived by dividing the
24 actuarial value of retirement system assets by the actuarial accrued

1 liability amount of the retirement system using the information
2 reported to the retirement system by its actuary in the annual
3 valuation and which is computed as of a day certain; and

4 4. "Retirement system" means the Uniform Retirement System for
5 Justices and Judges.

6 B. The board of trustees of the Uniform Retirement System for
7 Justices and Judges shall grant a retirement benefit increase to the
8 retired members of the system or their beneficiaries according to
9 the requirements of this section.

10 C. The benefit increase may only be implemented if the Consumer
11 Price Index-Wage and Clerical Workers (CPI-W) for the calendar year
12 preceding the year during which the benefit increase is to be
13 granted reflects a positive rate of increase, but the retirement
14 benefit increase shall not exceed four percent (4.0%).

15 D. The funded ratio of the retirement system must be at least
16 ninety percent (90%) after the benefit increase is provided to the
17 eligible retirees or beneficiaries. If the grant of a retirement
18 benefit increase based on the full amount of the increase in CPI-W
19 for the applicable year would cause the retirement system funded
20 ratio to be less than the figure prescribed by this section, the
21 board of trustees shall provide a retirement benefit increase in
22 such lesser amount as possible without causing a reduction of the
23 funded ratio for the system to be less than the amount prescribed by
24 this section.

1 E. For the plan year ending June 30 or July 1, as applicable,
2 immediately prior to the effective date of the retirement benefit
3 increase otherwise authorized by this section, the rate of return
4 for the retirement system assets must have been equal to or in
5 excess of the actuarial assumption for the rate of return on system
6 assets in effect at the beginning of such plan year.

7 F. Only those persons who have been retired for at least one
8 (1) year prior to the effective date of the retirement benefit
9 increase shall be eligible for the benefit increase.

10 G. If otherwise authorized pursuant to the provisions of this
11 section, the retirement benefit increase shall be effective July 1
12 each year.

13 SECTION 5. NEW LAW A new section of law to be codified
14 in the Oklahoma Statutes as Section 2-305.13 of Title 47, unless
15 there is created a duplication in numbering, reads as follows:

16 A. As used in this section:

17 1. "Beneficiary" means either a retired member of the
18 retirement system or the survivor or other designated beneficiary of
19 a retired member of the system;

20 2. "CPI-W" means the measure of inflation published by the
21 United States Bureau of Labor Statistics for Urban Wage Earners and
22 Clerical Workers;

23 3. "Funded ratio" means the figure derived by dividing the
24 actuarial value of retirement system assets by the actuarial accrued

1 liability amount of the retirement system using the information
2 reported to the retirement system by its actuary in the annual
3 valuation and which is computed as of a day certain; and

4 4. "Retirement system" means the Oklahoma Law Enforcement
5 Retirement System.

6 B. The board of trustees of the Oklahoma Law Enforcement
7 Retirement System shall grant a retirement benefit increase to the
8 retired members of the system or their beneficiaries according to
9 the requirements of this section.

10 C. The benefit increase may only be implemented if the Consumer
11 Price Index-Wage and Clerical Workers (CPI-W) for the calendar year
12 preceding the year during which the benefit increase is to be
13 granted reflects a positive rate of increase, but the retirement
14 benefit increase shall not exceed four percent (4.0%).

15 D. The funded ratio of the retirement system must be at least
16 ninety percent (90%) after the benefit increase is provided to the
17 eligible retirees or beneficiaries. If the grant of a retirement
18 benefit increase based on the full amount of the increase in CPI-W
19 for the applicable year would cause the retirement system funded
20 ratio to be less than the figure prescribed by this section, the
21 board of trustees shall provide a retirement benefit increase in
22 such lesser amount as possible without causing a reduction of the
23 funded ratio for the system to be less than the amount prescribed by
24 this section.

1 E. For the plan year ending June 30 or July 1, as applicable,
2 immediately prior to the effective date of the retirement benefit
3 increase otherwise authorized by this section, the rate of return
4 for the retirement system assets must have been equal to or in
5 excess of the actuarial assumption for the rate of return on system
6 assets in effect at the beginning of such plan year.

7 F. Only those persons who have been retired for at least one
8 (1) year prior to the effective date of the retirement benefit
9 increase shall be eligible for the benefit increase.

10 G. If otherwise authorized pursuant to the provisions of this
11 section, the retirement benefit increase shall be effective July 1
12 each year.

13 SECTION 6. NEW LAW A new section of law to be codified
14 in the Oklahoma Statutes as Section 17-116.23 of Title 70, unless
15 there is created a duplication in numbering, reads as follows:

16 A. As used in this section:

17 1. "Beneficiary" means either a retired member of the
18 retirement system or the survivor or other designated beneficiary of
19 a retired member of the system;

20 2. "CPI-W" means the measure of inflation published by the
21 United States Bureau of Labor Statistics for Urban Wage Earners and
22 Clerical Workers;

23 3. "Funded ratio" means the figure derived by dividing the
24 actuarial value of retirement system assets by the actuarial accrued

1 liability amount of the retirement system using the information
2 reported to the retirement system by its actuary in the annual
3 valuation and which is computed as of a day certain; and

4 4. "Retirement system" means the Teachers' Retirement System of
5 Oklahoma.

6 B. The board of trustees of the Teachers' Retirement System of
7 Oklahoma shall grant a retirement benefit increase to the retired
8 members of the system or their beneficiaries according to the
9 requirements of this section.

10 C. The benefit increase may only be implemented if the Consumer
11 Price Index-Wage and Clerical Workers (CPI-W) for the calendar year
12 preceding the year during which the benefit increase is to be
13 granted reflects a positive rate of increase, but the retirement
14 benefit increase shall not exceed four percent (4.0%).

15 D. The funded ratio of the retirement system must be at least
16 seventy-five percent (75%) after the benefit increase is provided to
17 the eligible retirees or beneficiaries. If the grant of a
18 retirement benefit increase based on the full amount of the increase
19 in CPI-W for the applicable year would cause the retirement system
20 funded ratio to be less than the figure prescribed by this section,
21 the board of trustees shall provide a retirement benefit increase in
22 such lesser amount as possible without causing a reduction of the
23 funded ratio for the system to be less than the amount prescribed by
24 this section.

1 E. For the plan year ending June 30 or July 1, as applicable,
2 immediately prior to the effective date of the retirement benefit
3 increase otherwise authorized by this section, the rate of return
4 for the retirement system assets must have been equal to or in
5 excess of the actuarial assumption for the rate of return on system
6 assets in effect at the beginning of such plan year.

7 F. Only those persons who have been retired for at least one
8 (1) year prior to the effective date of the retirement benefit
9 increase shall be eligible for the benefit increase.

10 G. If otherwise authorized pursuant to the provisions of this
11 section, the retirement benefit increase shall be effective July 1
12 each year.

13 SECTION 7. NEW LAW A new section of law to be codified
14 in the Oklahoma Statutes as Section 930.12 of Title 74, unless there
15 is created a duplication in numbering, reads as follows:

16 A. As used in this section:

17 1. "Beneficiary" means either a retired member of the
18 retirement system or the survivor or other designated beneficiary of
19 a retired member of the system;

20 2. "CPI-W" means the measure of inflation published by the
21 United States Bureau of Labor Statistics for Urban Wage Earners and
22 Clerical Workers;

23 3. "Funded ratio" means the figure derived by dividing the
24 actuarial value of retirement system assets by the actuarial accrued

1 liability amount of the retirement system using the information
2 reported to the retirement system by its actuary in the annual
3 valuation and which is computed as of a day certain; and

4 4. "Retirement system" means the Oklahoma Public Employees
5 Retirement System.

6 B. The board of trustees of the Oklahoma Public Employees
7 Retirement System shall grant a retirement benefit increase to the
8 retired members of the system or their beneficiaries according to
9 the requirements of this section.

10 C. The benefit increase may only be implemented if the Consumer
11 Price Index-Wage and Clerical Workers (CPI-W) for the calendar year
12 preceding the year during which the benefit increase is to be
13 granted reflects a positive rate of increase, but the retirement
14 benefit increase shall not exceed four percent (4.0%).

15 D. The funded ratio of the retirement system must be at least
16 ninety percent (90%) after the benefit increase is provided to the
17 eligible retirees or beneficiaries. If the grant of a retirement
18 benefit increase based on the full amount of the increase in CPI-W
19 for the applicable year would cause the retirement system funded
20 ratio to be less than the figure prescribed by this section, the
21 board of trustees shall provide a retirement benefit increase in
22 such lesser amount as possible without causing a reduction of the
23 funded ratio for the system to be less than the amount prescribed by
24 this section.

1 E. For the plan year ending June 30 or July 1, as applicable,
2 immediately prior to the effective date of the retirement benefit
3 increase otherwise authorized by this section, the rate of return
4 for the retirement system assets must have been equal to or in
5 excess of the actuarial assumption for the rate of return on system
6 assets in effect at the beginning of such plan year.

7 F. Only those persons who have been retired for at least one
8 (1) year prior to the effective date of the retirement benefit
9 increase shall be eligible for the benefit increase.

10 G. If otherwise authorized pursuant to the provisions of this
11 section, the retirement benefit increase shall be effective July 1
12 each year.

13 SECTION 8. Section 1 of this act shall become effective October
14 1, 2023.

15 SECTION 9. Sections 2 through 7 of this act shall become
16 effective November 1, 2023.

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18 COMMITTEE REPORT BY: COMMITTEE ON RULES, dated 03/01/2023 - DO PASS,
19 As Amended and Coauthored.

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