

STATE OF OKLAHOMA

1st Session of the 57th Legislature (2019)

SENATE BILL 488

By: Standridge

AS INTRODUCED

An Act relating to pensions; amending 62 O.S. 2011, Sections 3103, as last amended by Section 2, Chapter 245, O.S.L. 2018 (62 O.S. Supp. 2018, Section 3103), and 3106, which relate to definitions and nonfiscal retirement bills; modifying definition of nonfiscal retirement bill; adding definition of cost-of-living adjustment retirement bill; and specifying method of calculation for certain increase in retirement benefits.

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

SECTION 1. AMENDATORY 62 O.S. 2011, Section 3103, as last amended by Section 2, Chapter 245, O.S.L. 2018 (62 O.S. Supp. 2018, 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;

1 2. "RB number" means that number preceded by the letters "RB"
2 assigned to a retirement bill by the respective staffs of the
3 Oklahoma State Senate and the Oklahoma House of Representatives when
4 the respective staff office prepares a retirement bill for a member
5 of the Legislature;

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

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

15 5. "Nonfiscal retirement bill" means a retirement bill:

16 a. which does not affect the cost or funding factors of a
17 retirement system, or

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

20 (1) grant a benefit increase under the retirement
21 system affected by the bill,

22 (2) create an actuarial accrued liability for or
23 increase the actuarial accrued liability of the
24 retirement system affected by the bill, or
25

1 (3) increase the normal cost of the retirement system
2 affected by the bill,

- 3 c. which authorizes the purchase by an active member of
4 the retirement system, at the actuarial cost for the
5 purchase as computed pursuant to the statute in effect
6 on the effective date of the measure allowing such
7 purchase, of years of service for purposes of reaching
8 a normal retirement date in the applicable retirement
9 system, but which cannot be used in order to compute
10 the number of years of service for purposes of
11 computing the retirement benefit for the member,
- 12 d. which provides for the computation of a service-
13 connected disability retirement benefit for members of
14 the Oklahoma Law Enforcement Retirement System
15 pursuant to Section 2-305 of Title 47 of the Oklahoma
16 Statutes if the members were unable to complete twenty
17 (20) years of service as a result of the disability,
- 18 e. which requires membership in the defined benefit plan
19 authorized by Section 901 et seq. of Title 74 of the
20 Oklahoma Statutes for persons whose first elected or
21 appointed service occurs on or after November 1, 2018,
22 if such persons had any prior service in the Oklahoma
23 Public Employees Retirement System prior to November
24 1, 2015, or

1 f. which provides for a one-time increase in retirement
2 benefits if the increase in retirement benefits is not
3 a permanent increase in the gross annual retirement
4 benefit payable to a member or beneficiary, occurs
5 only once pursuant to a single statutory authorization
6 and does not exceed:

7 (1) the lesser of two percent (2%) of the gross
8 annual retirement benefit of the member or One
9 Thousand Dollars (\$1,000.00) and requires that
10 the benefit may only be provided if the funded
11 ratio of the affected retirement system would not
12 be less than sixty percent (60%) but not greater
13 than eighty percent (80%) after the benefit
14 increase is paid,

15 (2) the lesser of two percent (2%) of the gross
16 annual retirement benefit of the member or One
17 Thousand Two Hundred Dollars (\$1,200.00) and
18 requires that the benefit may only be provided if
19 the funded ratio of the affected retirement
20 system would be greater than eighty percent (80%)
21 but not greater than one hundred percent (100%)
22 after the benefit increase is paid,

23 (3) the lesser of two percent (2%) of the gross
24 annual retirement benefit of the member or One
25

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

14 g. which authorizes the payment of additional benefits,
15 whether in the form of a cost-of-living adjustment or
16 other increase in retirement benefits, if the funded
17 ratio of the retirement system after the payment of
18 such benefits would be eighty percent (80%) or
19 greater. Such bills shall not be required to comply
20 with the requirements of paragraph 1 of subsection A
21 of Section 3107 of this title.

22 As used in ~~this subparagraph~~ subparagraphs f and g,
23 "funded ratio" means the figure derived by dividing
24 the actuarial value of assets of the applicable

1 retirement system by the actuarial accrued liability
2 of the applicable retirement system.

3 A nonfiscal retirement bill shall include any retirement bill that
4 has as its sole purpose the appropriation or distribution or
5 redistribution of monies in some manner to a retirement system for
6 purposes of reducing the unfunded liability of such system or the
7 earmarking of a portion of the revenue from a tax to a retirement
8 system or increasing the percentage of the revenue earmarked from a
9 tax to a retirement system;

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

14 7. "Retirement bill" means any bill or joint resolution
15 introduced or any bill or joint resolution amended by a member of
16 the Oklahoma Legislature which creates or amends any law directly
17 affecting a retirement system. A retirement bill shall not mean a
18 bill or resolution that impacts the revenue of any state tax in
19 which a portion of the revenue generated from such tax is earmarked
20 for the benefit of a retirement system. A retirement bill that
21 authorizes a cost-of-living adjustment shall include any bill that:

22 a. authorizes the payment of additional benefits, a cost-
23 of-living adjustment or other increase in retirement
24 benefits, and

1 b. pays any additional benefits, cost-of-living
2 adjustment or other increase in retirement benefits
3 from the retirement system funds and such retirement
4 system has a funded ratio of eighty percent (80%) or
5 above, pursuant to subparagraph g of paragraph 5 of
6 this section;

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

10 9. "Retirement system" means the Teachers' Retirement System of
11 Oklahoma, the Oklahoma Public Employees Retirement System, the
12 Uniform Retirement System for Justices and Judges, the Oklahoma
13 Firefighters Pension and Retirement System, the Oklahoma Police
14 Pension and Retirement System, the Oklahoma Law Enforcement
15 Retirement System, or a retirement system established after January
16 1, 2006.

17 SECTION 2. AMENDATORY 62 O.S. 2011, Section 3106, is
18 amended to read as follows:

19 Section 3106. A. A nonfiscal retirement bill may be introduced
20 at any time according to the applicable deadlines established by the
21 House of Representatives or Senate in any regular session of the
22 Legislature. After its introduction into the Legislature, a
23 nonfiscal retirement bill may not be amended in any manner to cause
24 the bill to become a retirement bill having a fiscal impact. Except

1 as otherwise provided by this section, any amendment to such a bill
2 shall be submitted to the Legislative Actuary by the chair of the
3 committee, if a committee amendment, or by the presiding officer of
4 the Senate or House of Representatives if the amendment was made by
5 the Senate or the House of Representatives or by the author of such
6 bill when the bill is assigned to a conference committee. An
7 amendment with the sole purpose to strike or restore the title or
8 the enacting clause shall not be submitted to the Legislative
9 Actuary. If the Legislative Actuary certifies in writing that the
10 amendment does not cause the bill to become a retirement bill having
11 a fiscal impact, the bill, as amended, may continue in the
12 legislative process as any other bill. If the Legislative Actuary
13 will not issue such a certification for the amendment, the progress
14 of the bill in the legislative process will end, and the bill shall
15 not be considered further by either the House of Representatives or
16 the Senate.

17 1. Beginning July 1, 2020, a nonfiscal retirement bill
18 authorizing the payment of additional retirement benefits, including
19 a cost-of-living adjustment or other increase in retirement
20 benefits, shall calculate and approve the amount of such benefits
21 using the following methods:

- 22 a. cost-of-living adjustments will be based upon the
23 annual CPI-W published by the United States Department
24 of Labor,

1 b. the Board of Directors of each retirement system shall
2 hire an actuary to perform a "Qualified Sensitivity
3 Analysis", to be completed by July 1, 2020. If the
4 analysis shows the projected funded ratio of the
5 retirement system is at or above one-hundred percent
6 (100%) within the next 40 years, then a cost-of-living
7 adjustment shall be approved, and

8 c. each retirement system shall conduct a "Qualified
9 Sensitivity Analysis" every 5 years following the
10 initial analysis conducted pursuant to paragraph
11 subparagraph b of this paragraph.

12 2. The effective date of any cost-of-living adjustment or other
13 benefits increase shall be July 1 of that calendar year.

14 B. An amendment to a nonfiscal retirement bill which is
15 prohibited by subsection A of this section may be withdrawn by the
16 committee which made the amendment, if a committee amendment, or by
17 the Senate, if that body made the amendment, or by the House of
18 Representatives, if that body made the amendment or by the author,
19 if the amendment is made in conference. If the amendment is
20 withdrawn, the bill may continue in the legislative process as any
21 other bill, unless it is subsequently amended, and, in that event,
22 the provisions of this section shall apply to the subsequent
23 amendment.

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