RBS No. 4106

An Act

ENROLLED SENATE
BILL NO. 1580

By: Johnson (Mike) and Myers of the Senate

and

Miller and Martin (Scott) of the House

An Act relating to the Oklahoma Public Employees Retirement System; amending 74 O.S. 2001, Section 920, as last amended by Section 10, Chapter 415, O.S.L. 2008 (74 O.S. Supp. 2009, Section 920), which relates to employer contribution rates; modifying rate; providing an effective date; and declaring an emergency.

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

SECTION 1. AMENDATORY 74 O.S. 2001, Section 920, as last amended by Section 10, Chapter 415, O.S.L. 2008 (74 O.S. Supp. 2009, Section 920), is amended to read as follows:

Section 920. (1) Effective July 1, 1994, every state agency which is a participating employer shall contribute to the System an amount equal to eleven and one-half percent (11 1/2%) of the monthly compensation of each member, but not in excess of Forty Thousand Dollars ($40,000.00).

(2) Effective July 1, 1995, every state agency which is a participating employer shall contribute to the System an amount equal to eleven and one-half percent (11 1/2%) of the monthly compensation of each member, not to exceed the allowable annual

compensation as defined in paragraph (9) of Section 902 of this title.

(3) Effective July 1, 1996, every state agency which is a participating employer shall contribute to the System an amount equal to twelve percent (12%) of the monthly compensation of each member, not to exceed the allowable annual compensation defined in paragraph (9) of Section 902 of this title.

(4) Effective July 1, 1999, and through the fiscal year ending June 30, 2005, every state agency which is a participating employer shall contribute to the System an amount equal to ten percent (10%) of the monthly compensation of each member, not to exceed the allowable annual compensation defined in paragraph (9) of Section 902 of this title.

(5) Effective July 1, 2005, every state agency which is a participating employer shall contribute an amount to the System equal to a percentage of monthly compensation of each member, not to exceed the allowable annual compensation defined in paragraph (9) of Section 902 of this title as follows:

July 1, 2005 - June 30, 2006	11 1/2%
July 1, 2006 - June 30, 2007	12 1/2%
July 1, 2007 - June 30, 2008	13 1/2%
July 1, 2008 - June 30, 2009	14 1/2%
July 1, 2009 - June 30, ~~2010~~ 2011	15 1/2%
July 1, ~~2010~~ 2011 - June 30, ~~2011~~ 2012 and each year thereafter	16 1/2%

(6) The Board shall certify, on or before November 1 of each year, to the Office of State Finance an actuarially determined estimate of the rate of contribution which will be required, together with all accumulated contributions and other assets of the System, to be paid by each participating employer to pay all

liabilities which shall exist or accrue under the System, including amortization of the past service cost over a period of not to exceed forty (40) years from June 30, 1987, and the cost of administration of the System, as determined by the Board, upon recommendation of the actuary.

(7) The Office of State Finance and the Governor shall include in the budget and in the budget request for appropriations the sum required to satisfy the state's obligation under this section as certified by the Board and shall present the same to the Legislature for allowance and appropriation.

(8) Each other participating employer shall appropriate and pay to the System a sum sufficient to satisfy the obligation under this section as certified by the Board.

(9) Each participating employer is hereby authorized to pay the employer's contribution from the same fund that the compensation for which said contribution is paid from or from any other funds available to it for such purpose.

(10) Forfeitures arising from severance of employment, death or for any other reason may not be applied to increase the benefits any member would otherwise receive under the System's law. However, forfeitures may be used to reduce an employer's contribution.

SECTION 2. This act shall become effective July 1, 2010.

SECTION 3. It being immediately necessary for the preservation of the public peace, health and safety, an emergency is hereby declared to exist, by reason whereof this act shall take effect and be in full force from and after its passage and approval.

Passed the Senate the 28th day of May, 2010.

Presiding Officer of the Senate

Passed the House of Representatives the 28th day of May, 2010.

Presiding Officer of the House of Representatives

OFFICE OF THE GOVERNOR

Received by the Governor this 28th **day of** May, **20** 10, **at** 8:40 **o'clock** P **M.**

By:

Approved by the Governor of the State of Oklahoma the 10th **day of** June, **20** 10, **at** 6:00 **o'clock** P **M.**

Governor of the State of Oklahoma

OFFICE OF THE SECRETARY OF STATE

Received by the Secretary of State this 11th **day of** June, **20** 10, **at** 4:18 **o'clock** P **M.**

By: M. Susan Savage

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May 27, 2010

Senator Mike Johnson
Room 519

Re: 2nd Conference Committee Substitute for Senate Bill No. 1580
RBS No. 4106

The 2nd Conference Committee Substitute for Senate Bill No. 1580 sets the state's contribution rate to OPERS at the current rate of 15.5% of compensation for FY July 1, 2010 – June 30, 2011 . The contribution rate is 16.5% for all years after July 1, 2011.

2nd Conference Committee Substitute for Senate Bill No. 1580 is a nonfiscal retirement bill as defined by the Oklahoma Pension Legislation Actuarial Analysis Act.

Freezing contributions to a retirement systems increases the unfunded accrued actuarial liability but does not increase the accrued actuarial liability. A retirement bill must increase the accrued actuarial liability to be considered a fiscal retirement bill having a fiscal impact under OPLAA.

Thomas E. Cummins

Thomas E. Cummins, MAAA