

2012 -- H 7262

=====
LC00709
=====

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2012

—————
A N A C T

RELATING TO STATE AFFAIRS AND GOVERNMENT - STATE EXPENDITURES

Introduced By: Representatives Ehrhardt, and Reilly

Date Introduced: January 26, 2012

Referred To: House Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. Section 42-149-3.1 of the General Laws in Chapter 42-149 entitled "State
2 Expenditures for Non-State Employee Services" is hereby repealed.

3 ~~42-149-3.1. Assessment on state expenditures for non-state employee services. --~~
4 ~~Whenever a department, commission, board, council, agency or public corporation incurs~~
5 ~~expenditures through contracts or agreements by which a nongovernmental person or entity~~
6 ~~agrees to provide services which are substantially similar to and in lieu of services hereto fore~~
7 ~~provided, in whole or in part, by regular employees of the department, commission, board,~~
8 ~~council, agency or public corporation covered by chapter 36-8, those expenditures shall be~~
9 ~~subject to an assessment equal to five and one half percent (5.5%) of the cost of the service. That~~
10 ~~assessment shall be paid to the retirement system on a quarterly basis in accordance with~~
11 ~~subsection 36-10-2(e).~~

12 SECTION 2. Section 36-10-2 of the General Laws in Chapter 36-10 entitled "Retirement
13 System-Contributions and Benefits" is hereby amended to read as follows:

14 **36-10-2. State contributions.** -- (a) The State of Rhode Island shall make its contribution
15 for the maintenance of the system, including the proper and timely payment of benefits in
16 accordance with the provisions of this chapter and chapters 8, 16, 28, 31 and 42 of this title, by
17 annually appropriating an amount equal to a percentage of the total compensation paid to the
18 active membership. The percentage shall be computed by the actuary employed by the retirement
19 system and shall be certified by the retirement board to the director of administration on or before

1 the fifteenth day of October in each year. In arriving at the yearly employer contribution the
2 actuary shall determine the value of:

3 (1) The contributions made by the members;

4 (2) Income on investments; and

5 (3) Other income of the system.

6 (b) The Actuary shall thereupon compute the yearly employer contribution that will:

7 (1) Pay the actuarial estimate of the normal cost for the next succeeding fiscal year;

8 (2) Amortize the unfunded liability of the system in accordance with section 36-10-
9 2.1(b).

10 (c) The State of Rhode Island shall remit to the general treasurer the employer's share of
11 the contribution for state employees, state police, and judges on a payroll frequency basis, and for
12 teachers in a manner pursuant to section 16-16-22.

13 (d) (1) In accordance with the intent of section 36-8-20 that the retirement system satisfy
14 the requirements of section 401(a) of the Internal Revenue Code of 1986, the state shall pay to the
15 retirement system:

16 (i) By June 30, 1995, an amount equal to the sum of the benefits paid to state legislators
17 pursuant to section 36-10-10.1 in excess of ten thousand dollars (\$10,000) per member (plus
18 accrued interest on such amount at eight percent (8%)) for all fiscal years beginning July 1, 1991,
19 and ending June 30, 1995, but this amount shall be paid only if section 36-10-10.1(e) becomes
20 effective January 1, 1995; and

21 (ii) By December 31, 1994, twenty million seven hundred eighty eight thousand eight
22 hundred twelve dollars and nineteen cents (\$20,788,812.19) plus accrued interest on that amount
23 at eight percent (8%) compounded monthly beginning March 1, 1991, and ending on the date this
24 payment is completed (reduced by amortized amounts already repaid to the retirement system
25 with respect to the amounts withdrawn by the state during the fiscal year July 1, 1990 -- June 30,
26 1991); and

27 (iii) By June 30, 1995, the sum of the amounts paid by the retirement system for retiree
28 health benefits described in section 36-12-4 for all fiscal years beginning July 1, 1989, and ending
29 June 30, 1994, to the extent that the amounts were not paid from the restricted fund described in
30 subsection (c).

31 (2) Any and all amounts paid to the retirement system under this subsection shall not
32 increase the amount otherwise payable to the system by the state of Rhode Island under
33 subsection (a) for the applicable fiscal year. The actuary shall make such adjustments in the
34 amortization bases and other accounts of the retirement system as he or she deems appropriate to

1 carry out the provisions and intent of this subsection.

2 (e) In addition to the contributions provided for in subsection (a) through (c) and in order
3 to provide supplemental employer contributions to the retirement system, commencing in fiscal
4 year 2006, and each year thereafter:

5 (1) Except for fiscal year 2009, fiscal year 2010 and fiscal year 2011, for each fiscal year
6 in which the actuarially determined state contribution rate for state employees, including state
7 contributions under chapter 36-10.3, is lower than that for the prior fiscal year, the governor shall
8 include an appropriation to that system equivalent to twenty percent (20%) of the rate reduction
9 for the state's contribution rate for state employees to be applied to the actuarial accrued liability
10 of the state employees' retirement system for state employees for each fiscal year;

11 (2) Except for fiscal year 2009, fiscal year 2010 and fiscal year 2011, for each fiscal year
12 in which the actuarially determined state contribution rate for teachers, including state
13 contributions under chapter 36-10.3, is lower than that for the prior fiscal year, the governor shall
14 include an appropriation to that system equivalent to twenty percent (20%) of the rate reduction
15 for the state's share of the contribution rate for teachers to be applied to the actuarial accrued
16 liability of the state employees' retirement system for teachers for each fiscal year;

17 (3) The amounts to be appropriated shall be included in the annual appropriation bill and
18 shall be paid by the general treasurer into the retirement system.

19 ~~(4) Assessments pursuant to section 42-149-3.1 shall be included in the annual~~
20 ~~appropriation bill and shall be paid by the general treasurer into the retirement system beginning~~
21 ~~FY2013.~~

22 (f) While the retirement system's actuary shall not adjust the computation of the annual
23 required contribution for the year in which supplemental contributions are received, such
24 contributions once made may be treated as reducing the actuarial liability remaining for
25 amortization in the next following actuarial valuation to be performed.

26 SECTION 3. This act shall take effect upon passage.

=====
LC00709
=====

EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
A N A C T
RELATING TO STATE AFFAIRS AND GOVERNMENT - STATE EXPENDITURES

- 1 This act would repeal a section of the state pension and retirement reform act having to
- 2 do with an assessment on expenditures for non-governmental contractors.
- 3 This act would take effect upon passage.

=====
LC00709
=====