

2024 -- S 2865

=====
LC005300
=====

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2024

—————
A N A C T

RELATING TO PUBLIC OFFICERS AND EMPLOYEES -- RETIREMENT SYSTEM--
CONTRIBUTIONS AND BENEFITS

Introduced By: Senators Raptakis, Tikoian, LaMountain, Burke, McKenney, F.
Lombardi, Britto, and Sosnowski

Date Introduced: March 22, 2024

Referred To: Senate Finance

(General Treasurer)

It is enacted by the General Assembly as follows:

1 SECTION 1. Sections 36-10-2.1 and 36-10-39 of the General Laws in Chapter 36-10
2 entitled "Retirement System — Contributions and Benefits" are hereby amended to read as follows:

3 **36-10-2.1. Actuarial cost method.**

4 (a) To determine the employer contribution rate for the State of Rhode Island for fiscal year
5 2002 and for all fiscal years subsequent, the actuary shall compute the costs under chapter 10 of
6 title 36 using the entry age normal cost method.

7 (b) The determination of the employer contribution rate for fiscal year 2013 shall include
8 a reamortization of the current Unfunded Actuarial Accrued Liability (UAAL) over a closed
9 twenty-five (25) year period. After an initial period of five (5) years, future actuarial gains and
10 losses occurring within a plan year will be amortized over individual new twenty (20) year closed
11 periods.

12 (c) The determination of the employer contribution rate commencing with fiscal year 2017
13 shall include a re-amortization of the current unfunded actuarial accrued liability (UAAL)
14 attributable to the sixty percent (60%) of contribution responsibility not partitioned to the state in
15 § 16-16-22 over a closed twenty-five (25) year period. This will be accomplished by dividing the
16 UAAL as of June 30, 2014 into two (2) separate amortization periods. Future actuarial gains and
17 losses occurring within a plan year will be amortized over individual new twenty (20) year closed
18 periods and allocated in the forty percent (40%) state / sixty percent (60%) municipal proportion

1 set forth in § 16-16-22.

2 (d) Commencing with fiscal year 2025, any benefit changes occurring within a plan year
3 that result in an increase to actuarially calculated plan costs shall be amortized over individual new
4 five (5) year closed periods and allocated in the forty percent (40%) state/sixty percent (60%)
5 municipal proportion set forth in § 16-16-22.

6 **36-10-39. Fiscal impact of proposed legislation impacting the retirement system.**

7 Proposed legislation which directly impacts the retirement system can potentially affect the
8 benefits of all plan participants and beneficiaries. Since it is in the best interests of plan participants
9 and beneficiaries to determine the financial consequences of any proposed legislation which would
10 directly impact the state's liability to the retirement system, such legislation shall not be approved
11 by the general assembly unless an explanatory statement or note, prepared and paid for by the
12 employees' retirement system of the state of Rhode Island is appended to the proposed legislation
13 which actuarially calculates, based upon approved retirement board assumptions, the projected
14 twenty (20) year cost of the proposed legislation. Commencing with fiscal year 2025, any benefit
15 changes from proposed legislation which would increase actuarially calculated plan costs for the
16 state or any municipal system within a plan year shall be amortized over individual new five (5)
17 year closed periods. These statements or notes shall be known as "pension impact notes," and they
18 shall accompany each such bill or resolution prior to consideration of the house in which the bill or
19 resolution originated. The reasonable cost of preparing pension impact notes shall be charged as an
20 administrative expense and paid from the retirement system's restricted receipts account
21 established pursuant to § 36-8-10.1. Only the chair of the senate committee on finance with the
22 approval of the president of the senate can request a pension impact note on proposed legislation
23 that originates in the senate. Only the chair of the house committee on finance with the approval of
24 the speaker of the house can request a pension impact note on proposed legislation that originates
25 in the house. The governor can request a pension impact note on proposed legislation recommended
26 in the appropriation acts required by §§ 35-3-7 or 35-3-8. This section shall be in addition to the
27 requirements of chapter 12 of title 22.

28 SECTION 2. Sections 45-21-42.2 and 45-21-43.1 of the General Laws in Chapter 45-21
29 entitled "Retirement of Municipal Employees" are hereby amended to read as follows:

30 **45-21-42.2. Fiscal impact of proposed legislation impacting the retirement system.**

31 Proposed legislation which directly impacts the retirement system can potentially affect the
32 benefits of all plan participants and beneficiaries. Since it is in the best interests of plan participants
33 and beneficiaries to determine the financial consequences of any proposed legislation which would
34 directly impact the liability to the retirement system of participating municipalities, such legislation

1 shall not be approved by the general assembly unless an explanatory statement or note, prepared
2 and paid for by the retirement system, is appended to the proposed legislation which actuarially
3 calculates, based upon approved retirement board assumptions, the projected twenty (20) year cost
4 of the proposed legislation. [Commencing with fiscal year 2025, any benefit changes from proposed](#)
5 [legislation which would increase actuarially calculated plan costs for the state or any municipal](#)
6 [system within a plan year shall be amortized over individual new five \(5\) year closed periods.](#) These
7 statements or notes shall be known as “pension impact notes,” and they shall accompany each such
8 bill or resolution prior to consideration by the chamber in which the bill or resolution originated.
9 The reasonable cost of preparing pension impact notes shall be charged as an administrative
10 expense and paid from the retirement system’s restricted receipts account established pursuant to §
11 36-8-10.1. Only the chair of the senate committee on finance with the approval of the president of
12 the senate can request a pension impact note on proposed legislation that originates in the senate.
13 Only the chair of the house committee on finance with the approval of the speaker of the house can
14 request a pension impact note on proposed legislation that originates in the house. The governor
15 can request a pension impact note on proposed legislation recommended in the appropriation acts
16 required by §§ 35-3-7 or 35-3-8. This section shall be in addition to the requirements of chapter 12
17 of title 22. If one or more participating municipalities requests an actuarial study or other study that
18 impacts only the liability of the participating municipality making the request, the participating
19 municipality making the request shall pay any and all costs associated with the preparation of the
20 study or report.

21 **45-21-43.1. Actuarial cost method.**

22 (a) To determine the employer contribution rate for any participating municipality, the
23 actuary shall compute the costs under chapters 21 and 21.2 of title 45 using the entry age normal
24 cost method.

25 (b) The determination of the employer contribution rate for fiscal year 2013 shall include
26 a re-amortization of the unfunded actuarial accrued liability (UAAL) over a closed twenty-five (25)
27 year period. After an initial period of five (5) years, future actuarial gains and losses occurring
28 within a plan year will be amortized over individual new twenty (20) year closed periods.

29 (c) The determination of the employer contribution rate commencing with fiscal year 2017
30 shall include a re-amortization of the current unfunded actuarial accrued liability as of June 30,
31 2014, over a closed twenty-five (25) year period. Future actuarial gains and losses occurring within
32 a plan year will be amortized over individual new twenty (20) year closed periods. Employers shall
33 have the one-time option before August 1, 2015, to remain under the amortization schedule set
34 forth in subsection (b) above.

1 (d) Commencing with fiscal year 2025, any benefit changes occurring within a plan year
2 that result in an increase to actuarially calculated plan costs shall be amortized over individual new
3 five (5) year closed periods.

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

=====
LC005300
=====

EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF

A N A C T

RELATING TO PUBLIC OFFICERS AND EMPLOYEES -- RETIREMENT SYSTEM--
CONTRIBUTIONS AND BENEFITS

1 This act would require any benefit enhancements afforded under the employees' retirement
2 system of Rhode Island or the municipal employees' retirement system to be amortized over
3 individual five (5) year closed periods.

4 This act would take effect upon passage.

=====
LC005300
=====