

RETIREMENT SYSTEM PARTICIPATION

2006 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: David Clark

Senate Sponsor: _____

LONG TITLE

General Description:

This bill modifies the Utah State Retirement and Insurance Benefit Act to allow the withdrawal from participation in a Utah State Retirement system or plan by an independent corporation.

Highlighted Provisions:

This bill:

- ▶ allows an independent corporation which participates in a Utah State Retirement system or plan prior to July 1, 2006, to withdraw from participation with that system or plan;

- ▶ establishes procedures for the withdrawal on a date prior to January 1, 2007, specified by the independent corporation;

- ▶ allows the independent corporation to continue its participation for all current employees covered by a system or plan; and

- ▶ allows the independent corporation to create an alternative retirement program for its employees not covered by a system or plan.

Monies Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:



28 ENACTS:

29 **49-11-622**, Utah Code Annotated 1953



31 *Be it enacted by the Legislature of the state of Utah:*

32 Section 1. Section **49-11-622** is enacted to read:

33 **49-11-622. Withdrawal of independent corporations.**

34 (1) Notwithstanding any other provision of this title, an independent corporation, as
35 defined in Section 63E-1-102, which participates in a system or plan prior to July 1, 2006, and
36 which owns a subsidiary, or other company may withdraw from participation with that system
37 or plan as follows:

38 (a) the independent corporation shall comply with the provisions of Title 63E, Chapter
39 2, Independent Corporations Act;

40 (b) upon complying with the requirements of Title 63E, Chapter 2, Independent
41 Corporations Act, the independent corporation shall determine a date that is no later than
42 January 1, 2007 on which the independent corporation shall make an election under Subsection
43 (2);

44 (c) an employee hired by the independent corporation after the date set under
45 Subsection (1)(b) may not participate in a system or plan; and

46 (d) the withdrawing independent corporation shall pay to the office any actuarial or
47 administrative cost, determined by the office, to have arisen out of the withdrawal.

48 (2) The independent corporation withdrawing from participation in a system or plan
49 under Subsection (1), shall elect to:

50 (a) continue its participation for all current employees covered by a system or plan on
51 the date set under Subsection (1)(b); or

52 (b) withdraw from participation in all systems or plans for all employees covered by a
53 system or plan as of the date set under Subsection (1)(b).

54 (3) If an independent corporation elects to continue participation under Subsection
55 (2)(a), the independent corporation and its employees shall continue to be subject to the laws
56 and the rules governing the system or plan in which the employee participates, including the
57 accrual of service credit and payment of contributions.

58 (4) The independent corporation may create an alternative retirement program for its

59 employees not covered by a system or plan in accordance with its election under Subsection
60 (2).

Legislative Review Note
as of 12-8-05 7:19 AM

Based on a limited legal review, this legislation has not been determined to have a high probability of being held unconstitutional.

Office of Legislative Research and General Counsel

Fiscal Note
Bill Number HB0224

Retirement System Participation

16-Jan-06

8:27 AM

State Impact

No fiscal impact. This bill requires independent corporations that elect to withdraw from the Utah Retirement System to pay for any actuarial or administrative costs that arise out of the withdrawal.

Individual and Business Impact

Employees of independent corporations who elect to withdraw may be impacted, depending on whether or not their employer decides to continue participation for all current employees covered by a system or plan.

Office of the Legislative Fiscal Analyst