

Representative John Dougall proposes the following substitute bill:

POST-EMPLOYMENT BENEFITS

AMENDMENTS

2011 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: John Dougall

Senate Sponsor: Daniel R. Liljenquist

LONG TITLE

General Description:

This bill amends the State Post-Retirement Benefits Trust Act to create an Elected Official Post-Retirement Benefit Trust Fund.

Highlighted Provisions:

This bill:

- ▶ creates the Elected Official Post-Retirement Benefit Trust Fund;
 - ▶ establishes the trust fund for the purpose of investing the governor and legislator postemployment health care benefits;
 - ▶ authorizes the board of trustees for the State Post-Retirement Benefits Trust Fund to serve as trustees for the Elected Official Post-Retirement Benefit Trust Fund;
 - ▶ establishes procedures for the investment of and expenditures from the trust funds;
- and
- ▶ phases out the governor and legislator's postemployment health care benefits.

Money Appropriated in this Bill:

None

Other Special Clauses:

None



26 **Utah Code Sections Affected:**

27 AMENDS:

28 **49-20-404**, as last amended by Laws of Utah 2008, Chapter 252

29 **67-19d-202**, as last amended by Laws of Utah 2010, Chapter 286

30 ENACTS:

31 **67-19d-201.5**, Utah Code Annotated 1953

32 **Uncodified Material Affected:**

33 ENACTS UNCODIFIED MATERIAL



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

36 Section 1. Section **49-20-404** is amended to read:

37 **49-20-404. Governors' and legislative benefit.**

38 (1) The state shall pay the percentage [~~described in Subsection (3)~~] of the cost of
39 providing paid-up group health coverage [~~policy~~] under Subsection (3) for members and their
40 surviving spouses covered under Chapter 19, Utah Governors' and Legislators' Retirement Act
41 who:

42 (a) retire;

43 (i) after January 1, 1998; and

44 (ii) prior to January 1, 2013;

45 (b) are at least 62 but less than 65 years of age;

46 (c) elect to receive and apply for this benefit to the program; and

47 (d) are active members at the time of retirement or have continued coverage with the
48 program until the date of eligibility for the benefit under this Subsection (1).

49 (2) The state shall pay the percentage [~~described in Subsection (3)~~] of the cost of
50 providing Medicare supplemental coverage under Subsection (3) for members and their
51 surviving spouses covered under Chapter 19, Utah Governors' and Legislators' Retirement Act
52 who:

53 (a) retire;

54 (i) after January 1, 1998; and

55 (ii) prior to January 1, 2013;

56 (b) are at least 65 years of age; and

- 57 (c) elect to receive and apply for this benefit to the program.
- 58 (3) The following percentages apply to the benefit described in Subsections (1) and (2):
- 59 (a) 100% if the member has accrued 10 or more years of service credit;
- 60 (b) 80% if the member has accrued 8 or more years of service credit;
- 61 (c) 60% if the member has accrued 6 or more years of service credit; and
- 62 (d) 40% if the member has accrued 4 or more years of service credit.

63 Section 2. Section **67-19d-201.5** is enacted to read:

64 **67-19d-201.5. Elected Official Post-Retirement Benefit Trust Fund -- Creation --**

65 **Oversight -- Dissolution.**

66 (1) There is created the "Elected Official Post-Retirement Benefit Trust Fund."

67 (2) The Elected Official Post-Retirement Benefit Trust Fund consists of:

68 (a) appropriations made to the fund by the Legislature for the purpose of funding the
69 post-retirement benefits in Section 49-20-404;

70 (b) revenues received by the state treasurer from the investment of the Elected Official
71 Post-Retirement Benefit Trust Fund; and

72 (c) other revenues received from other sources.

73 (3) The Division of Finance shall account for the receipt and expenditures of money in
74 the Elected Official Post-Retirement Benefit Trust Fund.

75 (4) (a) Except as provided in Subsection (4)(c), the state treasurer shall invest the
76 Elected Official Post-Retirement Benefit Trust Fund money by following the same procedures
77 and requirements for the investment of the State Post-Retirement Benefits Trust Fund in Part 3,
78 Trust Fund Investments.

79 (b) (i) The Elected Official Post-Retirement Benefit Trust Fund shall earn interest.

80 (ii) The state treasurer shall deposit all interest or other income earned from investment
81 of the Elected Official Post-Retirement Benefit Trust Fund back into the Elected Official Post
82 Retirement Benefit Trust Fund.

83 (c) The Elected Official Post-Retirement Benefit Trust Fund is exempt from Title 51,
84 Chapter 7, State Money Management Act.

85 (5) The board of trustees created in Section 67-19d-202 may expend money from the
86 Elected Official Post-Retirement Benefit Trust Fund for:

87 (a) the employer portion of the cost of the program established in Section 49-20-404;

88 and

89 (b) reasonable administrative costs that the board of trustees incurs in performing its
90 duties as trustees of the Elected Official Post-Retirement Benefit Trust Fund.

91 (6) The board of trustees shall ensure that:

92 (a) money deposited into the Elected Official Post-Retirement Benefit Trust Fund is
93 irrevocable and is expended only for the employer portion of the costs of post-retirement
94 benefits under Section 49-20-404; and

95 (b) creditors of the board of trustees and of employers liable for the post-retirement
96 benefits may not seize, attach, or otherwise obtain assets of the Elected Official
97 Post-Retirement Benefit Trust Fund.

98 (7) When all of the liabilities for which the Elected Official Post-Retirement Benefit
99 Trust Fund was created are paid, the Division of Finance shall transfer any assets remaining in
100 the Elected Official Post-Retirement Trust Fund into the appropriate fund.

101 Section 3. Section **67-19d-202** is amended to read:

102 **67-19d-202. Board of trustees of the State Post-Retirement Benefits Trust Fund.**

103 (1) (a) There is created a board of trustees of the State Post-Retirement Benefits Trust
104 Fund composed of three members:

105 (i) the state treasurer or designee;

106 (ii) the director of the Division of Finance or designee; and

107 (iii) the director of the Governor's Office of Planning and Budget or designee.

108 (b) The state treasurer is chair of the board.

109 (c) Three members of the board are a quorum.

110 (d) A member may not receive compensation or benefits for the member's service, but
111 may receive per diem and travel expenses in accordance with:

112 (i) Section 63A-3-106;

113 (ii) Section 63A-3-107; and

114 (iii) rules made by the Division of Finance pursuant to Sections 63A-3-106 and
115 63A-3-107.

116 (e) (i) Except as provided in Subsection (1)(e)(ii), the state treasurer shall staff the
117 board of trustees.

118 (ii) The Division of Finance shall provide accounting services for the trust fund.

- 119 (2) The board shall:
- 120 (a) on behalf of the state, act as trustee of the ~~[trust fund]~~ State Post-Retirement
- 121 Benefits Trust Fund and the Elected Official Post-Retirement Benefit Trust Fund and exercise
- 122 the state's fiduciary responsibilities;
- 123 (b) meet at least twice per year;
- 124 (c) review and approve all policies, projections, rules, criteria, procedures, forms,
- 125 standards, performance goals, and actuarial reports;
- 126 (d) review and approve the ~~[trust fund]~~ budget for the State Post-Retirement Benefits
- 127 Trust Fund and the Elected Official Post-Retirement Benefit Trust Fund;
- 128 (e) review financial records of the ~~[trust fund]~~ State Post-Retirement Benefits Trust
- 129 Fund and the Elected Official Post-Retirement Benefit Trust Fund, including trust fund
- 130 receipts, expenditures, and investments;
- 131 (f) commission and obtain actuarial studies of the ~~[trust fund]~~ State Post-Retirement
- 132 Benefits Trust Fund and the Elected Official Post Retirement Benefit Trust Fund liabilities;
- 133 (g) for purposes of the State Post-Retirement Benefits Trust Fund, establish labor
- 134 additive rates to charge all federal, state, and other programs to cover:
- 135 (i) the annual required contribution as determined by actuary; and
- 136 (ii) the administrative expenses of the trust fund; and
- 137 (h) do any other things necessary to perform the state's fiduciary obligations under the
- 138 ~~[trust fund]~~ State Post-Retirement Benefits Trust Fund and the Elected Official
- 139 Post-Retirement Benefit Trust Fund.
- 140 (3) The attorney general shall:
- 141 (a) act as legal counsel and provide legal representation to the board of trustees; and
- 142 (b) attend, or direct an attorney from the Office of the Attorney General to attend, each
- 143 meeting of the board of trustees.
- 144 **Section 4. Intent Language regarding Finance Mandated Line Item -- OPEB.**
- 145 The Legislature intends that the Division of Finance transfer any unspent funds from
- 146 the current or any prior fiscal years, and additional funds appropriated during the 2011 General
- 147 Session in the Department of Administrative Services - Finance-Mandated-OPEB-Other
- 148 Post-Employment Benefits Program to the Elected Official Post-Retirement Benefit Trust
- 149 Fund.

FISCAL NOTE

H.B. 331 2nd Sub. (Gray)

SHORT TITLE: **Post-employment Benefits Amendments**

SPONSOR: **Dougall, J.**

2011 GENERAL SESSION, STATE OF UTAH

STATE GOVERNMENT (UCA 36-12-13(2)(b))

Enactment of this bill will reduce the accrued liability of the elected officials' post retirement benefits (currently \$24,515,000), which will in turn reduce the annual required contribution (currently \$2,188,000). An actuarial valuation is needed to determine the degree of savings.

LOCAL GOVERNMENTS (UCA 36-12-13(2)(c))

Enactment of this bill likely will not result in direct, measurable costs for local governments.

DIRECT EXPENDITURES BY UTAH RESIDENTS AND BUSINESSES (UCA 36-12-13(2)(d))

Enactment of this bill likely will not result in direct, measurable expenditures by Utah residents or businesses.