S T A T E   O F   N E W   Y O R K

4067

2011-2012 Regular Sessions

I N S E N A T E

March 16, 2011

Introduced by Sen. GOLDEN -- read twice and ordered printed, and when printed to be committed to the Committee on Education

AN ACT to amend the education law, the general municipal law and the public authorities law, in relation to allowing school districts the option of amortizing future payments to the New York state teachers' retirement system

THE PEOPLE OF THE STATE OF NEW YORK, REPRESENTED IN SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

Section 1. Section 521 of the education law is amended by adding a new subdivision 3 to read as follows:

3. NOTWITHSTANDING ANY OTHER PROVISION OF LAW TO THE CONTRARY, THE GOVERNING BOARD OF AN EMPLOYER MAY ELECT TO PROVIDE FOR THE FINANCING OF A CERTAIN PORTION OF THE CONTRIBUTIONS DUE FROM SUCH EMPLOYER PURSUANT TO THIS SECTION ON ACCOUNT OF PENSIONABLE COMPENSATION PAID BY SUCH EMPLOYER DURING THE PLAN YEARS JULY FIRST, TWO THOUSAND ELEVEN THROUGH JUNE THIRTIETH, TWO THOUSAND TWELVE AND JULY FIRST, TWO THOUSAND TWELVE THROUGH JUNE THIRTIETH, TWO THOUSAND THIRTEEN IN ACCORDANCE WITH THE FOLLOWING PROVISIONS.

A. SUCH EMPLOYER SHALL HAVE THE AUTHORITY TO ADOPT A BOND RESOLUTION AUTHORIZING THE FINANCING OF THE PAYMENT OF A PORTION OF THE CONTRIBUTIONS DUE FROM SUCH EMPLOYER ON ACCOUNT OF PENSIONABLE COMPENSATION PAID BY SUCH EMPLOYER IN SUCH PLAN YEARS BY THE ISSUANCE OF BONDS WITHOUT CONDUCTING A VOTE ON A TAX TO BE COLLECTED IN INSTALLMENTS NOT EXTENDING BEYOND FIFTEEN YEARS, PROVIDED THE ISSUANCE OF SUCH OBLIGATIONS OTHERWISE COMPLIES WITH THE REQUIREMENTS OF THE LOCAL FINANCE LAW AND THIS CHAPTER AND PROVIDED FURTHER THE AMOUNT OF BONDS ISSUED PURSUANT TO THIS AUTHORITY SHALL NOT IN THE AGGREGATE EXCEED ONE HUNDRED TWENTY-FIVE PER CENTUM OF THE CONTRIBUTIONS DUE FROM SUCH EMPLOYER ON ACCOUNT OF PENSIONABLE COMPENSATION PAID DURING THE PLAN YEAR JULY FIRST, TWO THOUSAND TEN THROUGH JUNE THIRTIETH, TWO THOUSAND ELEVEN. FOR CITIES WITH A POPULATION OF ONE HUNDRED TWENTY-FIVE THOUSAND OR MORE BUT

EXPLANATION--Matter in ITALICS (underscored) is new; matter in brackets [ ] is old law to be omitted.

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LESS THAN ONE MILLION, SUCH EMPLOYER SHALL HAVE THE AUTHORITY TO CONTRACT WITH THE STATE DORMITORY AUTHORITY FOR THE PURPOSES OF FINANCING THE PAYMENT UNDER THIS SECTION.

B. THE PROCEEDS OF SUCH BOND ISSUANCE SHALL BE DEPOSITED BY SUCH EMPLOYER IN A RETIREMENT CONTRIBUTION RESERVE ACCOUNT ESTABLISHED PURSUANT TO SECTION SIX-R OF THE GENERAL MUNICIPAL LAW AND SHALL BE APPLIED TO OFFSET THOSE CONTRIBUTIONS DUE FROM SUCH EMPLOYER TO THE SYSTEM ON ACCOUNT OF PENSIONABLE COMPENSATION PAID DURING THE PLAN YEARS JULY FIRST, TWO THOUSAND ELEVEN THROUGH JUNE THIRTIETH, TWO THOUSAND TWELVE AND JULY FIRST, TWO THOUSAND TWELVE THROUGH JUNE THIRTIETH, TWO THOUSAND THIRTEEN AND PAID TO THE SYSTEM FROM THE APPROPRIATION FOR THE SUPPORT OF COMMON SCHOOLS PURSUANT TO THIS SECTION AS FOLLOWS:

(I) SO MUCH OF SUCH PROCEEDS SHALL BE APPLIED TO OFFSET THE CONTRIBUTIONS DUE FROM SUCH EMPLOYER ON ACCOUNT OF PENSIONABLE COMPENSATION PAID BY SUCH EMPLOYER DURING THE PLAN YEAR JULY FIRST, TWO THOUSAND ELEVEN THROUGH JUNE THIRTIETH, TWO THOUSAND TWELVE AND PAID TO THE SYSTEM FROM THE APPROPRIATION FOR THE SUPPORT OF COMMON SCHOOLS PURSUANT TO THIS SECTION, BUT IN NO EVENT SHALL THE OFFSET EXCEED THE AMOUNT BY WHICH THE CONTRIBUTION OBLIGATION OF SUCH EMPLOYER EXCEEDS EIGHT AND SIXTY-TWO ONE HUNDREDTHS PER CENTUM OF SUCH PENSIONABLE COMPENSATION; AND

(II) THE REMAINDER OF SUCH PROCEEDS, IF ANY SHALL BE APPLIED TO OFFSET THE CONTRIBUTIONS DUE FROM SUCH EMPLOYER ON ACCOUNT OF PENSIONABLE COMPENSATION PAID BY SUCH EMPLOYER DURING THE PLAN YEAR JULY FIRST, TWO THOUSAND TWELVE THROUGH JUNE THIRTIETH, TWO THOUSAND THIRTEEN AND PAID TO THE SYSTEM FROM THE APPROPRIATION FOR THE SUPPORT OF COMMON SCHOOLS PURSUANT TO THIS SECTION, BUT IN NO EVENT SHALL THE OFFSET EXCEED THE AMOUNT BY WHICH THE CONTRIBUTION OBLIGATION OF THE EMPLOYER EXCEEDS EIGHT AND SIXTY-TWO ONE HUNDREDTHS PER CENTUM OF SUCH PENSIONABLE COMPENSATION; AND

(III) ANY BALANCE OF SUCH PROCEEDS, IF ANY REMAINING AFTER THE ACTIONS PRESCRIBED IN SUBPARAGRAPHS (I) AND (II) OF THIS PARAGRAPH SHALL BE APPLIED TO OFFSET THE CONTRIBUTIONS DUE FROM SUCH EMPLOYER ON ACCOUNT OF PENSIONABLE COMPENSATION PAID BY SUCH EMPLOYER DURING THE PLAN YEAR JULY FIRST, TWO THOUSAND THIRTEEN THROUGH JUNE THIRTIETH, TWO THOUSAND FOURTEEN, USED TO OFFSET DEBT RESULTING FROM THIS BOND ISSUANCE OR PAY FUTURE EMPLOYER PENSION CONTRIBUTIONS.

S 2. Paragraphs b and c of subdivision 1 of section 6-r of the general municipal law, as added by chapter 260 of the laws of 2004, are amended to read as follows:

b. "Participating employer" means a participating employer as defined in subdivision twenty of section two of the retirement and social security law or in subdivision twenty of section three hundred two of such law OR AN EMPLOYER AS DEFINED IN SUBDIVISION THREE OF SECTION FIVE HUNDRED ONE OF THE EDUCATION LAW.

c. "Retirement contribution" shall mean all or any portion of the amount payable by a municipal corporation to either the New York state and local employees' retirement system or the New York state and local police and fire retirement system pursuant to section seventeen or three hundred seventeen of the retirement and social security law OR TO THE NEW YORK STATE TEACHERS' RETIREMENT SYSTEM PURSUANT TO SECTIONS FIVE HUNDRED SEVENTEEN AND FIVE HUNDRED TWENTY-ONE OF THE EDUCATION LAW.

S 3. Section 6-r of the general municipal law is amended by adding a new subdivision 11 to read as follows:

11. A PARTICIPATING EMPLOYER WHICH HAS DEPOSITED THE PROCEEDS OF A BOND ISSUANCE AUTHORIZED PURSUANT TO SUBDIVISION THREE OF SECTION FIVE

HUNDRED TWENTY-ONE OF THE EDUCATION LAW IS AUTHORIZED TO WITHDRAW SUCH PROCEEDS WHEN BUT ONLY TO THE EXTENT SUCH PROCEEDS HAVE BEEN OFFSET AGAINST THE CONTRIBUTION OBLIGATION OF SUCH EMPLOYER TO THE NEW YORK STATE TEACHERS' RETIREMENT SYSTEM AS PROVIDED IN SUCH SUBDIVISION.

S 4. Section 1678 of the public authorities law is amended by adding a new subdivision 26 to read as follows:

26. TO ENTER INTO A CONTRACT OR CONTRACT WITH AN EMPLOYER AS DEFINED UNDER SUBDIVISION THREE OF SECTION FIVE HUNDRED ONE OF THE EDUCATION LAW FOR THE PURPOSE OF FINANCING RETIREMENT CONTRIBUTIONS PAYMENTS PURSUANT TO SUBDIVISION THREE OF SECTION FIVE HUNDRED TWENTY-ONE OF THE EDUCATION LAW.

S 5. This act shall take effect immediately.

FISCAL NOTE.--Pursuant to Legislative Law, Section 50:

This bill would amend Section 521 of the Education Law to allow the governing board of a participating employer of the New York State Teachers' Retirement System to finance a certain portion of the contributions due from such employer on account of pensionable compensation paid by such employer during the two plan years July 1, 2011 through June 30, 2012 and July 1, 2012 through June 30, 2013. An employer will have the authority to adopt a bond resolution authorizing the financing of these contributions over a period not to extend beyond fifteen years. The amount of such bonds shall not exceed 125% of the contributions due from such employer on account of pensionable compensation paid during the plan year July 1, 2010 through June 30, 2011. The proceeds of such bond issuance shall be deposited by an employer in a retirement contribution reserve account and shall be applied to offset contributions due from such employer to the System on account of pensionable compensation paid during the plan years July 1, 2011 through June 30, 2012 and July 1, 2012 through June 30, 2013. In no event shall the offset exceed the amount by which the contribution obligation of such employer exceeds 8.62% of such pensionable compensation paid during the applicable plan years. Any remaining balance of such proceeds shall be applied to offset the contributions due from such employer on account of pensionable compensation paid by such employer during the plan year July 1, 2013 through June 30, 2014, used to offset debt resulting from the bond issuance or pay future employer pension contributions.

It is estimated that there will be no annual cost to the employers of members of the New York State Teachers' Retirement System, with respect to additional employer contributions to the System, if this bill is enacted. The annual actuarially required employer contributions will continue to be paid in full and on time to the Retirement System as provided under current law. However, there will be bond-related expenses to employers who elect to finance a portion of employer contributions through the issuance of bonds.

The source of this estimate is Fiscal Note 2011-08 dated February 8, 2011 prepared by the Actuary of the New York State Teachers' Retirement System and is intended for use only during the 2011 Legislative Session.