

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

4067--A

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 -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee

AN ACT to amend the education law and the the general municipal 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:

1 Section 1. Section 521 of the education law is amended by adding a new
2 subdivision 3 to read as follows:
3 3. NOTWITHSTANDING ANY OTHER PROVISION OF LAW TO THE CONTRARY, THE
4 GOVERNING BOARD OF AN EMPLOYER MAY ELECT TO PROVIDE FOR THE FINANCING OF
5 A CERTAIN PORTION OF THE CONTRIBUTIONS DUE FROM SUCH EMPLOYER PURSUANT
6 TO THIS SECTION ON ACCOUNT OF PENSIONABLE COMPENSATION PAID BY SUCH
7 EMPLOYER DURING THE PLAN YEARS JULY FIRST, TWO THOUSAND ELEVEN THROUGH
8 JUNE THIRTIETH, TWO THOUSAND TWELVE AND JULY FIRST, TWO THOUSAND TWELVE
9 THROUGH JUNE THIRTIETH, TWO THOUSAND THIRTEEN IN ACCORDANCE WITH THE
10 FOLLOWING PROVISIONS.
11 A. SUCH EMPLOYER SHALL HAVE THE AUTHORITY TO ADOPT A BOND RESOLUTION
12 AUTHORIZING THE FINANCING OF THE PAYMENT OF A PORTION OF THE CONTRIB-
13 UTIONS DUE FROM SUCH EMPLOYER ON ACCOUNT OF PENSIONABLE COMPENSATION
14 PAID BY SUCH EMPLOYER IN SUCH PLAN YEARS BY THE ISSUANCE OF BONDS WITH-
15 OUT CONDUCTING A VOTE ON A TAX TO BE COLLECTED IN INSTALLMENTS NOT
16 EXTENDING BEYOND FIFTEEN YEARS, PROVIDED THE ISSUANCE OF SUCH OBLI-
17 GATIONS OTHERWISE COMPLIES WITH THE REQUIREMENTS OF THE LOCAL FINANCE
18 LAW AND THIS CHAPTER AND PROVIDED FURTHER THE AMOUNT OF BONDS ISSUED
19 PURSUANT TO THIS AUTHORITY SHALL NOT IN THE AGGREGATE EXCEED ONE HUNDRED
20 TWENTY-FIVE PER CENTUM OF THE CONTRIBUTIONS DUE FROM SUCH EMPLOYER ON
21 ACCOUNT OF PENSIONABLE COMPENSATION PAID DURING THE PLAN YEAR JULY
22 FIRST, TWO THOUSAND TEN THROUGH JUNE THIRTIETH, TWO THOUSAND ELEVEN.

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

LBD09879-06-1

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

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

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

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

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

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

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

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

52 11. A PARTICIPATING EMPLOYER WHICH HAS DEPOSITED THE PROCEEDS OF A
53 BOND ISSUANCE AUTHORIZED PURSUANT TO SUBDIVISION THREE OF SECTION FIVE
54 HUNDRED TWENTY-ONE OF THE EDUCATION LAW IS AUTHORIZED TO WITHDRAW SUCH
55 PROCEEDS WHEN BUT ONLY TO THE EXTENT SUCH PROCEEDS HAVE BEEN OFFSET

1 AGAINST THE CONTRIBUTION OBLIGATION OF SUCH EMPLOYER TO THE NEW YORK
2 STATE TEACHERS' RETIREMENT SYSTEM AS PROVIDED IN SUCH SUBDIVISION.

3 S 4. 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.