

## House Bill 278 (RLS)

Prepared by Representative Mike Hawker's Office

Updated April 20, 2006

- Section 1:** Allows a Teacher's Retirement System (TRS) employer to make a lump sum payment to prepay all or a part its share of the accrued actuarial pension liability; allows the commissioner to accept a lump sum payment that is less than the full amount; allows administrative fees to be charged; outlines how the lump sum payment and earnings or losses will be credited; and holds an employer who prepays its liability harmless if there are future state discretionary payments that benefit multiple employers.
- Section 2:** Outlines how municipalities can join together to issue debt obligations and allows funds diversion agreements between the municipalities and state agencies.
- Sections 3 & 4:** Adds facilitating language to two sections of the accounting statute for the Public Employees Retirement System (PERS) to accommodate the lump sum payments allowed in section five of this bill.
- Section 5:** Allows a PERS employer to make a lump sum payment to prepay all or a part its share of the accrued actuarial pension liability; allows the commissioner to accept a lump sum payment that is less than the full amount; allows administrative fees to be charged; outlines how the lump sum payment and earnings or losses will be credited; and holds an employer who prepays its liability harmless if there are future state discretionary payments that benefit multiple employers.
- Section 6:** Adds to the statutory policies established for the Municipal Bond Bank Authority. Provides a directive to assist governmental employers to meet their unfunded retirement system obligations by issuing debt instruments (often generally called Pension Obligation Bonds) on their behalf. Specifies that the bond bank should provide the lowest rates possible without subsidizing the employers beyond their means.
- Section 7:** Grants the Municipal Bond Bank Authority the power to create subsidiary entities to assist governmental employers as outlined in section eight of this bill.
- Section 8:** New statute defining the powers of the Municipal Bond Bank Authority to engage in "Pension Obligation Bond" transactions on behalf of governmental employers.
- Section 9:** Exempts "Pension Obligation Bonds" from the current limit for revenue bonds that the Municipal Bond Bank may issue each year.
- Section 10:** Authorizes the Municipal Bond Bank to issue "Pension Obligation Bonds".
- Section 11:** Exempts "Pension Obligation Bonds" from the current limit for total revenue bonds and notes that the Municipal Bond Bank may have outstanding at any time.
- Section 12:** Adds a definition for "governmental employer" to the definitions section for the Municipal Bond Bank.
- Section 13:** Immediate effective date.