STATUS:

S4067-A GOLDEN Same as A 6309-A Abbate

Education Law

TITLE....Allows school districts the option of amortizing future payments to the New York state teachers' retirement system

03/16/11	REFERRED TO EDUCATION
06/15/11	AMEND (T) AND RECOMMIT TO EDUCATION
06/15/11	PRINT NUMBER 4067A
06/22/11	COMMITTEE DISCHARGED AND COMMITTED TO RULES
06/22/11	ORDERED TO THIRD READING CAL.1514
06/23/11	PASSED SENATE
06/23/11	DELIVERED TO ASSEMBLY
06/23/11	referred to ways and means
06/24/11	substituted for a6309a
06/24/11	ordered to third reading rules cal.622
06/24/11	passed assembly
06/24/11	returned to senate

VOTING:

06/23/11	S4067-A	Senate Vote	Aye: 55	Nay: 7

Floor Votes:

06/23/11 S4067-A Senate Vote Aye: 55 Nay: 7

Aye Adams	**Aye** Addabbo	**Aye** Alesi	**Aye** Avella
Aye Ball	**Aye** Bonacic	**Aye** Breslin	**Aye** Carlucci
Aye DeFrancisco	**Aye** Diaz	**Aye** Dilan	**Aye** Duane
Aye Espaillat	**Aye** Farley	**Aye** Flanagan	**Nay** Fuschillo
Aye Gallivan	**Aye** Gianaris	**Aye** Golden	**Aye** Griffo
Aye Grisanti	**Aye** Hannon	**Aye** Hassell-Thompson	**Aye** Huntley
Aye Johnson	**Aye** Kennedy	**Aye** Klein	**Nay** Krueger
Aye Kruger	**Aye** Lanza	**Aye** Larkin	**Nay** LaValle
Aye Libous	**Aye** Little	**Nay** Marcellino	**Aye** Martins
Aye Maziarz	**Aye** McDonald	**Aye** Montgomery	**Aye** Nozzolio
Aye O'Mara	**Aye** Oppenheimer	**Aye** Parker	**Aye** Peralta
Aye Perkins	**Aye** Ranzenhofer	**Aye** Ritchie	**Nay** Rivera
Aye Robach	**Nay** Saland	**Aye** Sampson	**Aye** Savino
Aye Serrano	**Aye** Seward	**Aye** Skelos	**Aye** Smith

Aye Squadron **Aye** Stavisky **Aye** Stewart-Cousins **Aye** Valesky
Aye Young **Nay** Zeldin

SUMMARY:

GOLDEN
Amd S521, Ed L; amd S6-r, Gen Muni L
Allows school districts the option of amortizing future payments to the New York state teachers' retirement system.

BILL TEXT:

STATE OF NEW YORK

4067--A

2011-2012 Regular Sessions

IN SENATE

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:

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 with-

out 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.

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

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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.

§ 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**.

§ 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.

§ 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.

SPONSORS MEMO:

NEW YORK STATE SENATE
INTRODUCER'S MEMORANDUM IN SUPPORT
submitted in accordance with Senate Rule VI. Sec 1

BILL NUMBER: S4067A

SPONSOR: GOLDEN

TITLE OF BILL:
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

PURPOSE:
This legislation will allow school districts the option of Amortizing.

SUMMARY OF PROVISIONS:
Section one of the bill amends section 521 of the education law to allow the governing board of a participating employee of the New York State Teachers' Retirement System to finance a certain portion of the contributions due from such employer on account of pension able 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.

Section 2 of the bill amends the general municipal law to include educational employee as entities that are allowed to set up retirement contribution reserve funds.

Section 3 amends the general municipal law to allow education employers to deposit funds within retirement contribution reserve funds for the sole purpose of making required employer contributions to the NYSTRS.

Section 4 is the effective date.

JUSTIFICATION:
Projections indicate that the current economic downturn will cause employer contributions to New York State Teachers' Retirement system (NYSTRS) to spike over the next several years. Even as the market rebounds, this cost spike will still take place over the next two to three years then flattening out to a more even employer contribution as has been the historical trend during other such spikes.

This legislation will afford school districts the authority to adopt a bond resolution authorizing the financing of NYSTRS contributions over a period not to extend beyond fifteen years. The amount of such bonds shall not exceed 125% of the contribution due to such employer on account of pensionable compensation paid during the plan year July 1, 2012 through June 30, 2013.

The process of this bond issuance shall be deposited by an employer into a retirement contribution reserve account and shall be applied to offset

contributions due from such employer to the NYSTRS on account of pensionable compensation paid during the plan years July 1, 2012 through June 30, 2013 and July 1, 2012 through June 30, 2013, Any funding remaining in the account will be used to offset the debt from this bonding action or pay future employer pension costs in future years.

Allowing the financing of this employer obligation will help offset the reductions in school aid that districts are experiencing this year and may continue to experience going forward.

LEGISLATIVE HISTORY:
New bill.

FISCAL IMPACT ON THE STATE:
None to the NYSTRS. Bond related expenses could be incurred by school districts that choose to participate in this amortization.

EFFECTIVE DATE:
Immediately.