



Senate

General Assembly

File No. 400

January Session, 2005

Substitute Senate Bill No. 1358

Senate, April 19, 2005

The Committee on Finance, Revenue and Bonding reported through SEN. DAILY of the 33rd Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

AN ACT CONCERNING THE CREATION, MANAGEMENT AND FUNDING OF MUNICIPAL POST-EMPLOYMENT HEALTH AND LIFE BENEFIT SYSTEMS.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subsection (b) of section 7-374 of the general statutes is
2 repealed and the following is substituted in lieu thereof (*Effective*
3 *October 1, 2005*):

4 (b) No town and no municipality coterminous with or within such
5 town shall incur any indebtedness in any of the following classes
6 through the issuance of bonds which will cause the aggregate
7 indebtedness, in that class, of such town and of all municipalities
8 coterminous with and within such town, jointly, to exceed the multiple
9 stated below for each class times the aggregate annual receipts of such
10 town and of all municipalities coterminous with and within such town,
11 jointly, from taxation for the most recent fiscal year next preceding the
12 date of issue: (1) All debt other than debt for urban renewal projects,

13 water pollution control projects, school building projects, as defined in
14 section 10-289, and the funding of an unfunded past benefit obligation,
15 as defined in section 7-374c, as amended by this act, two and one-
16 quarter; (2) debt for urban renewal projects, three and one-quarter; (3)
17 debt for water pollution control projects, three and three-quarters; (4)
18 debt for school building projects, as defined in section 10-289, four and
19 one-half; (5) debt for the funding of an unfunded past benefit
20 obligation, as defined in section 7-374c, as amended by this act, with
21 respect to a pension plan, three; [and] (6) debt for the funding of an
22 unfunded past benefit obligation, as defined in section 7-374c, as
23 amended by this act, with respect to a post-employment health and life
24 benefit plan, three; and (7) total debt including subdivisions (1), (2), (3),
25 (4), [and] (5) and (6) of this subsection, seven. In the computation of
26 annual receipts from taxation, there shall be included as such receipts
27 interest, penalties, late payment of taxes and payments made by the
28 state to such town and to municipalities coterminous with and within
29 such town under section 12-129d and section 7-528. In computing such
30 aggregate indebtedness, there shall be excluded each bond, note and
31 other evidence of indebtedness (i) issued in anticipation of taxes; (ii)
32 issued for the supply of water, for the supply of gas, for the supply of
33 electricity, for the construction of subways for cables, wires and pipes,
34 for the construction of underground conduits for cables, wires and
35 pipes and for two or more of such purposes; (iii) issued in anticipation
36 of the receipt of proceeds from assessments which have been levied
37 upon property benefited by any public improvement; (iv) issued in
38 anticipation of the receipt of proceeds from any state or federal grant
39 for which the town or municipality has received a written commitment
40 or for which an allocation has been approved by the State Bond
41 Commission or from a contract with the state, a state agency or another
42 municipality providing for the reimbursement of capital costs but only
43 to the extent such indebtedness can be paid from such proceeds; (v)
44 issued for water pollution control projects in order to meet the
45 requirements of an abatement order of the Commissioner of
46 Environmental Protection, provided the municipality files a certificate
47 signed by its chief fiscal officer with the commissioner demonstrating

48 to the satisfaction of the commissioner that the municipality has a plan
49 for levying a system of charges, assessments or other revenues which
50 are sufficient, together with other available funds of the municipality,
51 to repay such obligations as the same become due and payable; and
52 (vi) upon placement in escrow of the proceeds of refunding bonds,
53 notes or other obligations or other funds of the municipality in an
54 amount sufficient, together with such investment earnings thereon as
55 are to be retained in said escrow, to provide for the payment when due
56 of the principal of and interest on such bond, note or other evidence of
57 indebtedness. "Urban renewal project", as used in this section, shall
58 include any project authorized under title 8, the bonds for which are
59 not otherwise, by general statute or special act, excluded from the
60 computation of aggregate indebtedness or borrowing capacity. In the
61 case of a town that is a member of a regional school district, a portion
62 of the aggregate indebtedness of such regional school district shall be
63 included in the aggregate indebtedness of such town for school
64 building projects for the purposes of this section. Such portion shall be
65 determined by applying to the indebtedness of the district, other than
66 indebtedness issued in anticipation of the receipt by the district of
67 payments by its member towns or the state for the operations of such
68 district's schools and of proceeds from any state or federal grant for
69 which the district has received a written commitment or for which an
70 allocation has been approved by the State Bond Commission or from a
71 contract with the state, a state agency or another municipality
72 providing for the reimbursement of capital costs but only to the extent
73 such indebtedness can be paid from such proceeds, such member
74 town's percentage share of the net expenses of such district for the
75 most recent fiscal year next preceding the date of issue payable by such
76 town as determined in accordance with subsection (b) of section 10-51.

77 Sec. 2. Subsection (b) of section 7-374b of the general statutes is
78 repealed and the following is substituted in lieu thereof (*Effective*
79 *October 1, 2005*):

80 (b) Any municipality may authorize the issuance of bonds, notes or
81 other obligations in accordance with the provisions of this chapter for

82 the purpose of funding a loss and retiree benefits reserve fund
83 established pursuant to section 7-403a, as amended by this act. The
84 provisions of subsection (c) of section 7-374c, as amended by this act,
85 regarding the establishment of post-employment health and life
86 benefit systems, shall not affect the provisions of this section.

87 Sec. 3. Section 7-374c of the general statutes is repealed and the
88 following is substituted in lieu thereof (*Effective October 1, 2005*):

89 (a) For purposes of this section:

90 (1) "Actuarial valuation" means a determination certified by an
91 enrolled actuary, in a method and using assumptions meeting the
92 parameters established by generally accepted accounting principles, of
93 the normal cost, actuarial accrued liability, actuarial value of assets and
94 related actuarial present values for a pension or post-employment
95 health and life benefit plan of a municipality as of a valuation date not
96 more than thirty months preceding the date of issue of the pension or
97 other post-employment benefit deficit funding bonds, together with an
98 actuarial update of such valuation as of a date not more than three
99 months preceding the date of notification of the secretary by the
100 municipality, in accordance with subdivision (1) of subsection (c) of
101 this section, of its intent to issue the pension or other post-employment
102 benefit deficit funding bonds.

103 (2) "Actuarially recommended contribution" means the lesser of the
104 annual employer normal cost or the recommended annual required
105 contribution to the pension or post-employment health and life benefit
106 plan of the municipality, each of which is established by the actuarial
107 valuation and determined by an enrolled actuary in a method and
108 using assumptions meeting the parameters established by generally
109 accepted accounting principles provided such contribution shall, in a
110 time and manner to be prescribed by regulations adopted by the
111 secretary, in consultation with the Treasurer, be at least equal to the
112 amount actuarially determined necessary to maintain the pension or
113 post-employment health and life benefit plan's funding ratio
114 substantially the same as immediately succeeding the deposit of the

115 proceeds of the pension or post-employment health and life benefit
116 deficit funding bonds in such pension or post-employment health and
117 life benefit plan.

118 (3) "Chief executive officer" means such officer as described in
119 section 7-193.

120 (4) "Enrolled actuary" means a person who is enrolled by the Joint
121 Board for the Enrollment of Actuaries established under subtitle C of
122 title III of the Employee Retirement Income Security Act of 1974, as
123 from time to time amended.

124 (5) "General obligation" means an obligation issued by a
125 municipality and secured by the full faith and credit and taxing power
126 of such municipality.

127 (6) "Municipal Finance Advisory Commission" means the Municipal
128 Finance Advisory Commission established pursuant to section 7-394b.

129 (7) "Municipality" means a municipality, as defined in section 7-369.

130 (8) "Obligation" means any bond or any other transaction which
131 constitutes debt in accordance with both municipal reporting
132 standards in section 7-394a and the regulations prescribing municipal
133 financial reporting adopted by the secretary pursuant to said section 7-
134 394a.

135 (9) "Pension or other post-employment benefit deficit funding bond"
136 means any obligation issued by a municipality to fund, in whole or in
137 part, an unfunded past benefit obligation. "Pension or other post-
138 employment benefit deficit funding bond" shall not include any bond
139 issued by a municipality pursuant to and in accordance with the
140 provisions of subsection (g) of this section to pay, fund or refund prior
141 to maturity any of its pension or other post-employment benefit deficit
142 funding bonds previously issued, or any bond issued prior to January
143 1, 1999, but may include any bond issued by a municipality prior to
144 January 1, 1999, for the sole and exclusive purposes of (A) applying the
145 provisions of subsection (f) of this section in lieu of subsection (c) of

146 section 7-403a as the municipality may determine, and (B) requiring
147 the municipality to apply and comply with the provisions of
148 subsections (c) and (d) of this section.

149 (10) "Secretary" means the Secretary of the Office of Policy and
150 Management or the secretary's designee.

151 (11) "Treasurer" means the Treasurer of the state of Connecticut or
152 the Treasurer's designee.

153 (12) "Unfunded past benefit obligation" means the unfunded
154 actuarial accrued liability of the pension or post-employment health
155 and life benefit plan determined in a method and using assumptions
156 meeting the parameters established by generally accepted accounting
157 principles.

158 (13) "Weighted average maturity" means (A) the sum of the
159 products, determined separately for each maturity or sinking fund
160 payment date and taking into account any mandatory redemptions of
161 the obligation, of (i) with respect to a serial obligation, the principal
162 amount of each serial maturity of such obligation and the number of
163 years to such maturity, or (ii) with respect to a term obligation, the
164 dollar amount of each mandatory sinking fund payment with respect
165 to such obligation and the number of years to such payment, divided
166 by (B) the aggregate principal amount of such obligation.

167 (b) Except as expressly provided in this section, no municipality
168 shall issue any pension or other post-employment benefit deficit
169 funding bond.

170 [(c) Any municipality which has no outstanding pension deficit
171 funding bonds, other than an earlier series of such obligations issued
172 under section 7-374 or this section to partially fund an unfunded past
173 pension obligation, may authorize and issue pension deficit funding
174 bonds to fund all or a portion of an unfunded past benefit obligation,
175 as determined by an actuarial valuation, and the payment of costs
176 related to the issuance of such bonds in accordance with the following

177 requirements.]

178 (c) (1) Any municipality may, in accordance with the requirements
179 in subdivisions (2) and (3) of this subsection, authorize and issue
180 pension or other post-employment benefit deficit funding bonds to
181 fund the payment of costs related to the issuance of such bonds and all
182 or a portion of an unfunded past benefit obligation, (A) with respect to
183 a pension plan, provided the municipality has no outstanding pension
184 or other post employment benefit deficit funding bonds issued to fund
185 in whole or in part an unfunded past pension obligation, other than an
186 earlier series of such obligations issued pursuant to this section or
187 subsection (b) of section 7-374b, as amended by this act, to partially
188 fund an unfunded past pension obligation, or (B) with respect to a
189 post-employment health and life benefit plan, provided the
190 municipality has no outstanding pension or other post-employment
191 benefit deficit funding bonds issued to fund in whole or in part an
192 unfunded past post-employment health and life benefit obligation,
193 other than an earlier series of such obligations issued pursuant to this
194 section to partially fund an unfunded past post-employment health
195 and life benefit obligation.

196 [(1)] (2) The municipality shall, within the time and in the manner
197 prescribed by regulations adopted by the secretary or as otherwise
198 required by the secretary, notify the secretary of its intent to issue such
199 pension or other post-employment benefit deficit funding bonds and
200 shall include with such notice (A) the actuarial valuation, (B) an
201 actuarial analysis of the method by which the municipality proposes to
202 fund any unfunded past benefit obligation not to be defrayed by the
203 pension or other post-employment benefit deficit funding bonds,
204 which method may include a plan of issuance of a series of pension or
205 other post-employment benefit deficit funding bonds, (C) an
206 explanation of the municipality's investment strategic plan for the
207 pension or post-employment health and life benefit plan with respect
208 to which the pension or other post-employment benefit deficit funding
209 bonds are to be issued, including, but not limited to, an asset allocation
210 plan, (D) a three-year financial plan, including the plan of finance for

211 such pension or other post-employment benefit deficit funding bonds,
212 prepared in the manner prescribed by the secretary, (E) documentation
213 of the municipality's authorization of the issuance of such pension or
214 other post-employment benefit deficit funding bonds, and (F) such
215 other information and documentation, as defined in regulations, as [is]
216 are required by the secretary or the Treasurer to carry out the
217 provisions of this section.

218 [(2)] (3) So long as the pension or other post-employment benefit
219 deficit funding bonds or any bond refunding such bonds are
220 outstanding, the municipality shall (A) meet any actuarially
221 recommended contribution in each fiscal year of the municipality
222 commencing with the fiscal year in which the bonds are issued, and (B)
223 notify the secretary annually, who shall in turn notify the Treasurer, of
224 the amount and the rate of any such actuarially recommended
225 contribution and the amount and the rate, if any, of the actual annual
226 contribution by the municipality to the pension or post-employment
227 health and life benefit plan to meet such actuarially recommended
228 contribution.

229 [(3)] (4) The municipality shall not issue pension or other post-
230 employment benefit deficit funding bonds prior to, nor more than six
231 months subsequent to, receipt of the written final review required
232 under subsection (d) of this section. A municipality may renotify the
233 secretary of its intention to issue pension or other post-employment
234 benefit deficit funding bonds and provide the secretary with updated
235 information and documentation in the manner and as described in
236 subdivision [(1)] (2) of this subsection, and request an updated final
237 review from the secretary if more than six months will elapse between
238 the receipt of the prior final review of the secretary and the proposed
239 date of issue of the pension or other post-employment benefit deficit
240 funding bonds.

241 (d) Upon receipt of notification from a municipality that it intends
242 to issue pension or other post-employment benefit deficit funding
243 bonds, the secretary shall inform the Treasurer and the Municipal

244 Finance Advisory Commission of such notification. The secretary and
245 the Treasurer shall review the information and documentation
246 required in subsection (c) of this section and within fifteen days shall
247 notify the municipality as to the adequacy of the materials provided
248 and whether any additional information is required. The secretary and
249 the Treasurer shall issue a written final review to the municipality
250 verifying that the municipality has complied with the provisions of
251 subdivision [(1)] (2) of subsection (c) of this section and, including any
252 recommendations to the municipality concerning the issuance of
253 pension or other post-employment benefit deficit funding bonds, not
254 later than thirty days following the receipt of such information and
255 documentation. The secretary shall file a copy of such final review
256 with the chief executive officer of the municipality and the Municipal
257 Finance Advisory Commission. If the secretary and the Treasurer fail
258 to provide a written final review to the municipality by the forty-fifth
259 day following the receipt of such information and documentation,
260 such final review shall be deemed to have been received by the
261 municipality.

262 (e) Except as otherwise provided by this section, the provisions and
263 limitations of this chapter shall apply to any pension or other post-
264 employment benefit deficit funding bonds issued pursuant to the
265 provisions of this section. Such pension or other post-employment
266 benefit deficit funding bonds shall be general obligations of the
267 municipality, and shall be serial bonds maturing in annual or
268 semiannual installments of principal, or shall be term bonds with
269 mandatory annual or semiannual deposits of sinking fund payments
270 into a sinking fund. Notwithstanding the provisions of any other
271 general statute or of any special act, charter, special act charter, home-
272 rule ordinance, local ordinance or local law, (1) the first installment of
273 any series of pension or other post-employment benefit deficit funding
274 bonds shall mature or the first sinking fund payment of any series of
275 pension or other post-employment benefit deficit funding bonds shall
276 be due not later than eighteen months from the date of the issue of
277 such series, provided that such first installment shall mature or such
278 first sinking fund payment shall be due not later than the fiscal year of

279 the municipality next following the fiscal year in which such series is
280 issued, and the last installment of such series shall mature or the last
281 sinking fund payment of such series shall be due not later than thirty
282 years from such date of issue, (2) any such pension or other post-
283 employment benefit deficit funding bonds may be sold at public sale
284 on sealed proposal, by negotiation or by private placement in such
285 manner at such price or prices, at such time or times and on such terms
286 or conditions as the municipality, or the officers or board of the
287 municipality delegated the authority to issue such bonds, determines
288 to be in the best interest of the municipality, and (3) no municipality
289 shall issue temporary notes in anticipation of the receipt of the
290 proceeds from the sale of its pension or other post-employment benefit
291 deficit funding bonds.

292 (f) Proceeds of the pension or other post-employment benefit deficit
293 funding bonds, to the extent not applied to the payment of costs
294 related to the issuance thereof, shall be deposited in the pension or
295 post-employment health and life benefit plan of the municipality to
296 fund the unfunded past benefit obligation for which the bonds were
297 issued, and, notwithstanding any limitations on the investment of
298 proceeds received from the sale of bonds, notes or other obligations set
299 forth in section 7-400 may be invested in accordance with the terms of
300 said pension or post-employment health and life benefit plan, as such
301 terms may be amended from time to time.

302 (g) A municipality may authorize and issue refunding bonds to pay,
303 fund or refund prior to maturity any of its pension or other post-
304 employment benefit deficit funding bonds in accordance with the
305 provisions of section 7-370c, provided, notwithstanding the provisions
306 of said section 7-370c, the weighted average maturity of such
307 refunding bonds shall not exceed the weighted average maturity of the
308 outstanding pension or other post-employment benefit deficit funding
309 bonds being paid, funded or refunded by such refunding bonds. The
310 municipality shall notify the secretary, who shall in turn notify the
311 Treasurer, of its intention to issue refunding bonds pursuant to this
312 subsection, not less than fifteen days prior to the issuance thereof, and

313 shall provide the secretary with a copy of the final official statement, if
314 any, prepared for the refunding bonds, not more than fifteen days after
315 the date of issue of such bonds.

316 (h) The secretary, in consultation with the Treasurer, shall adopt
317 regulations, in accordance with the provisions of chapter 54, as
318 necessary to establish guidelines concerning compliance with the
319 provisions of subsections (c), (d) and (g) of this section.

320 Sec. 4. Subsection (a) of section 7-403a of the general statutes is
321 repealed and the following is substituted in lieu thereof (*Effective*
322 *October 1, 2005*):

323 (a) Upon the recommendation of the chief executive officer of a
324 municipality and approval of the budget-making authority of the
325 municipality, the legislative body of any municipality, as defined in
326 section 7-369, may, by a majority vote, create a loss and retiree benefits
327 reserve fund. The provisions of subsection (a) of section 7-450, as
328 amended by this act, regarding the establishment of post-employment
329 health and life benefit systems, shall not affect the provisions of this
330 section.

331 Sec. 5. Section 7-450 of the general statutes is repealed and the
332 following is substituted in lieu thereof (*Effective October 1, 2005*):

333 (a) Any municipality or subdivision thereof may, by ordinance,
334 establish pension, [and] retirement, or other post-employment health
335 and life benefit systems for its officers and employees and their
336 beneficiaries, or amend any special act concerning its pension, [or]
337 retirement, or other post-employment health and life benefit [system]
338 systems, toward the maintenance in sound condition of a pension,
339 retirement, or other post-employment health and life benefit fund or
340 funds, provided the rights or benefits granted to any individual under
341 any municipal pension or retirement [or pension] system shall not be
342 diminished or eliminated. The legislative body of any such
343 municipality, by a two-thirds vote, may provide for pensions to
344 persons, including survivors' benefits for widows of such persons, not

345 included in such pension or retirement [or pension] system.

346 (b) The provisions of subsection (a) of this section shall not operate
347 to invalidate the establishment of any post-employment health and life
348 benefit system duly established prior to the effective date of this act, by
349 any municipality or subdivision thereof, pursuant to the provisions of
350 any public or special act, charter, special act charter, home-rule
351 ordinance, local ordinance or local law.

352 Sec. 6. Section 7-450a of the general statutes is repealed and the
353 following is substituted in lieu thereof (*Effective October 1, 2005*):

354 (a) Any municipality, in which a pension, [or] retirement, or other
355 post-employment health and life benefit system applicable with
356 respect to any employees of such municipality has been established by
357 ordinance or under the authority of any public or special act, charter or
358 special act charter, shall have prepared, no less often than once every
359 five years commencing July 1, 1977, an actuarial evaluation of such
360 system, including evaluation of accumulated or past service liability
361 and the annual liability related to benefits currently earned under such
362 system. Such evaluation shall be prepared by an actuary enrolled by
363 the joint board for the enrollment of actuaries established under
364 Subtitle C of Title III of the federal act entitled Employee Retirement
365 Income Security Act of 1974, and such evaluation shall be prepared on
366 the basis of such assumptions as to interest earnings, mortality
367 experience, employee turnover and any other factors affecting future
368 liabilities under such system, which in the judgment of such actuary
369 represent the best estimate as to future experience under such system.

370 (b) No ordinance or act altering the pension, [or] retirement, or
371 other post-employment health and life benefit system shall be enacted
372 until the legislative body, as defined in subsection (3) of section 7-425,
373 has requested and received a qualified cost estimate from such
374 enrolled actuary.

375 (c) Any municipality subject to the requirements in subsection (a) of
376 this section shall have prepared, within six months following the

377 adoption of any amendment to such system increasing benefits to any
 378 extent, in addition to such evaluations as required under subsection
 379 (a), a revision of the last preceding evaluation reflecting the increase in
 380 potential municipal liability under such system. If such amendment is
 381 adopted within one year preceding a date on which an actuarial
 382 evaluation is required under subsection (a) of this section, an
 383 additional evaluation shall not be required.

384 (d) Any actuarial evaluation prepared for a municipality in
 385 accordance with this section shall be delivered to the chief fiscal officer
 386 of such municipality who shall file a certified copy thereof with the
 387 town or city clerk for custody in the manner of other public records. A
 388 summary of such evaluation, including a statement prepared by the
 389 actuary as to the amount of annual payment that should be made for
 390 proper funding on the basis of such evaluation with respect to benefits
 391 currently earned and the accumulated or past service liability, shall be
 392 included in the first annual report of the municipality next following
 393 completion of each such evaluation.

This act shall take effect as follows and shall amend the following sections:		
Section 1	October 1, 2005	7-374(b)
Sec. 2	October 1, 2005	7-374b(b)
Sec. 3	October 1, 2005	7-374c
Sec. 4	October 1, 2005	7-403a(a)
Sec. 5	October 1, 2005	7-450
Sec. 6	October 1, 2005	7-450a

FIN *Joint Favorable Subst.*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

OFA Fiscal Note

State Impact: None

Municipal Impact:

Municipalities	Effect	FY 06 \$	FY 07 \$
Various Municipalities	Potential Savings	See Below	See Below

Explanation

The bill allows municipalities more flexibility in choosing the method by which they finance health and life benefits for retirees. The financing options provided under the bill could lead to higher returns which would lower municipal costs.

Background

The provisions of the bill relate to the Governmental Accounting Standards Board's recently issued Statement No. 45 *Accounting & Financial Reporting By Employers For Post Employment Benefits Other Than Pensions*. Currently, most Other Post Employment Benefits (OPEB) are funded on a pay-as-you-go basis. Financial statements generally do not report the financial effects of OPEB until the benefits are paid. Statement No. 45 establishes standards for the measurement, recognition and display of OPEB expenses and liabilities. This is similar to the methodology used to account for pension benefits.

Statement No. 45 implementation is required in three phases based on a government's total annual revenues in the first fiscal year after June 15, 1999 and is effective beginning in FY 07 for governments with total annual revenues of \$100 million or more.

OLR Bill Analysis

sSB 1358

AN ACT CONCERNING THE CREATION, MANAGEMENT AND FUNDING OF MUNICIPAL POST-EMPLOYMENT HEALTH AND LIFE BENEFIT SYSTEMS**SUMMARY:**

This bill expressly allows municipalities to establish, by ordinance, and finance and maintain post-employment health and life benefit plans and other post-employment benefits (OPEBs) for former municipal officials and employees and their beneficiaries. OPEBs are benefits, other than pensions, that a municipality provides to retirees and former employees. They can include medical insurance and vision, dental, life insurance, or long-term care benefits. The bill extends to OPEB systems existing requirements for periodic actuarial evaluations of municipal pension systems.

The bill allows towns to bond unfunded past OPEB system liability, just as they already can unfunded past pension liability. It imposes a separate limit on the amount of such bonds. The limit is the same as that which already applies to unfunded past pension liability bonds, namely three times the municipality's annual tax revenue for the fiscal year preceding the bond issuance. The bill also allows municipalities to issue bonds to finance all or part of a post-employment health and life benefit system deficit under the same conditions, and with the same oversight, as already apply to pension deficit-funding bonds.

The bill states that the new authority to establish OPEBs does not invalidate any municipal post-employment health and life benefit system established before its effective date under any public or special act, charter, home-rule or local ordinance, or local law. The bill specifies that it does not affect a municipal legislative body's authority to create a loss and retiree benefit reserve fund. Finally, it specifies that its grant of authority to issue OPEB deficit-funding bonds does not affect a municipality's existing authority to issue bonds to fund a loss and retiree benefit reserve.

EFFECTIVE DATE: October 1, 2005

COMMITTEE ACTION

Finance, Revenue and Bonding Committee

Joint Favorable Substitute

Yea 36 Nay 7