

# AN ACT

To amend sections 133.09, 133.20, 717.07, 742.30, 742.37, 742.3715, 742.3718, and 742.39 and to enact sections 505.265 and 742.3720 of the Revised Code to increase the pensions payable to certain retirees and survivors of the Police and Firemen's Disability and Pension Fund, to allow a township to pay in a single payment its accrued liability to the Fund by entering into an agreement with the Fund, to allow a municipal corporation or township to enter into an agreement with other municipal corporations or townships to issue on behalf of those municipal corporations or townships certain securities for the purpose of paying the employer's accrued liability to the Fund, and to declare an emergency.

*Be it enacted by the General Assembly of the State of Ohio:*

SECTION 1. That sections 133.09, 133.20, 717.07, 742.30, 742.37, 742.3715, 742.3718, and 742.39 be amended and sections 505.265 and 742.3720 of the Revised Code be enacted to read as follows:

Sec. 133.09. A township shall not incur net indebtedness that exceeds an amount equal to five per cent of its tax valuation, and, except as specifically authorized by section 505.262 of the Revised Code or other laws, shall not incur any net indebtedness unless authorized by vote of the electors.

In calculating the net indebtedness of a township, no obligation incurred under division (B) of section 513.17 or under section 505.264 or 505.265 of the Revised Code shall be considered.

Sec. 133.20. (A) This section applies to bonds that are general obligation Chapter 133. securities. If the bonds are payable as to principal by provision for annual installments, the period of limitations on their last maturity, referred to as their maximum maturity, shall be measured from a date twelve months prior to the first date on which provision for payment of principal is made. If the bonds are payable as to principal by provision for

semiannual installments, the period of limitations on their last maturity shall be measured from a date six months prior to the first date on which provision for payment of principal is made.

(B) Bonds issued for the following permanent improvements or for permanent improvements for the following purposes shall have maximum maturities not exceeding the number of years stated:

(1) Fifty years:

(a) The clearance and preparation of real property for redevelopment as an urban redevelopment project;

(b) Acquiring, constructing, widening, relocating, enlarging, extending, and improving a publicly owned railroad or line of railway or a light or heavy rail rapid transit system, including related bridges, overpasses, underpasses, and tunnels, but not including rolling stock or equipment.

(2) Forty years:

(a) General waterworks or water system permanent improvements, including buildings, water mains, or other structures and facilities in connection therewith;

(b) Sewers or sewage treatment or disposal works or facilities, including fireproof buildings or other structures in connection therewith;

(c) Storm water drainage, surface water, and flood prevention facilities.

(3) Thirty years:

(a) Municipal recreation, excluding recreational equipment;

(b) Urban redevelopment projects;

(c) Acquisition of real property;

(d) Street or alley lighting purposes or relocating overhead wires, cables, and appurtenant equipment underground.

(4) Twenty years: constructing, reconstructing, widening, opening, improving, grading, draining, paving, extending, or changing the line of roads, highways, expressways, freeways, streets, sidewalks, alleys, or curbs and gutters, and related bridges, viaducts, overpasses, underpasses, grade crossing eliminations, service and access highways, and tunnels.

(5) Fifteen years:

(a) Resurfacing roads, highways, streets, or alleys;

(b) Alarm, telegraph, or other communications systems for police or fire departments or other emergency services;

(c) Passenger buses used for mass transportation.

(6) Ten years:

(a) Water meters;

(b) Fire department apparatus and equipment;

(c) Road rollers and other road construction and servicing vehicles;

- (d) Furniture, equipment, and furnishings;
- (e) Landscape planting and other site improvements;
- (f) Playground, athletic, and recreational equipment and apparatus;
- (g) Energy conservation measures as authorized by section 133.06, 307.041, 505.264, or 717.02 of the Revised Code.

(7) Five years: New motor vehicles other than those described in any other division of this section and those for which provision is made in other provisions of the Revised Code.

(C) Bonds issued for any permanent improvements not within the categories set forth in division (B) of this section shall have maximum maturities of from five to thirty years as the fiscal officer estimates is the estimated life or period of usefulness of those permanent improvements. Bonds issued under section 133.51 of the Revised Code for purposes other than permanent improvements shall have such maturities, not to exceed forty years, as the taxing authority shall specify.

(D) Securities issued under section 505.265 or 717.07 of the Revised Code shall mature not later than December 31, 2035.

(E) A securities issue for one purpose may include permanent improvements within two or more categories under divisions (B) and (C) of this section. The maximum maturity of such a bond issue shall not exceed the average number of years of life or period of usefulness of the permanent improvements as measured by the weighted average of the amounts expended or proposed to be expended for the categories of permanent improvements.

Sec. 505.265. (A) A township may enter into an agreement with the board of trustees of the police and firemen's disability and pension fund in accordance with section 742.30 of the Revised Code. The board of township trustees may issue securities under Chapter 133. of the Revised Code, including Chapter 133. special obligation securities that pledge taxes, other than ad valorem property taxes, or other revenues for the purpose of providing some or all of the funds required to satisfy the township's obligation under the agreement.

(B) A township may enter into an agreement with one or more other townships or municipal corporations to issue on behalf of those townships or municipal corporations the securities described in division (A) of this section. The agreement may authorize the township issuing the securities to appoint one or more fiscal agents to perform any functions necessary to carry out an agreement entered into under this division.

Sec. 717.07. (A) A municipal corporation may enter into an agreement with the board of trustees of the police and firemen's disability and pension

fund in accordance with section 742.30 of the Revised Code. The legislative authority of a municipal corporation may issue securities under Section 3 of Article XVIII, Ohio Constitution, or under Chapter 133. of the Revised Code, including Chapter 133. special obligation securities that pledge taxes, other than ad valorem property taxes, or other revenues for the purpose of providing some or all of the funds required to satisfy the municipal corporation's obligation under the agreement.

(B) A municipal corporation may enter into an agreement with one or more other municipal corporations or townships to issue on behalf of those municipal corporations or townships the securities described in division (A) of this section. The agreement may authorize the municipal corporation issuing the securities to appoint one or more fiscal agents to perform any functions necessary to carry out an agreement entered into under this division.

Sec. 742.30. (A) The employer's accrued liability, as determined pursuant to former section 742.29 of the Revised Code, shall be paid to the police and firemen's disability and pension fund. Payments shall be credited to the policemen's pension reserve fund, or to the firemen's pension reserve fund, in accordance with the relief and pension fund from which the liability for such payment arises, until such time as the employer's accrued liability on account of pensioners and other benefit recipients on the rolls of the particular police relief and pension fund or firemen's relief and pension fund is satisfied. Thereafter, payments shall be credited to the policemen's contribution fund or the firemen's contribution fund, in accordance with the relief and pension fund from which the liability for such payments arises, until such time as the employer's accrued liability on account of deductions made from the compensation of ~~policemen~~ police officers or ~~firemen~~ firefighters under the particular police relief and pension fund or firemen's relief and pension fund is satisfied. Thereafter, payments shall be credited to the policemen employers' contribution fund, or firemen employers' contribution fund, in accordance with the relief and pension fund from which the liability for such payments arises, until such time as the employer's total accrued liability under the particular police relief and pension fund or firemen's relief and pension fund is satisfied.

(B) That part of the employer's accrued liability remaining unpaid on January 1, 1969, shall be paid by the employer at not less than the following rates per year: two per cent in 1969, two per cent in 1970, three per cent in 1971, four per cent in 1972, and five per cent per annum beginning in 1973 and each year thereafter for sixty-two years. Except as provided in division (C) of this section, payments shall be fixed annually and paid on dates fixed

by the board of trustees of the police and firemen's disability and pension fund.

(C) ~~The board of trustees of the police and firemen's disability and pension fund~~ may enter into an agreement with a municipal corporation or township for a single payment by the municipal corporation or township of the employer's accrued liability. The agreement may provide for a reduction in the amount of the accrued liability based on the value to the fund of receiving a single payment. A municipal corporation or township that has made payment in accordance with such an agreement shall have no further obligation to make payments under this section.

(D) The board shall report every two years to the general assembly during its first regular session on the condition of the retirement system, with particular emphasis upon the payment of the employer's accrued liability, and make such recommendations, upon the advice of its actuary, as it considers necessary for the proper funding of the liabilities.

Sec. 742.37. The board of trustees of the police and firemen's disability and pension fund shall adopt rules for the management of the fund and for the disbursement of benefits and pensions as set forth in this section and section 742.39 of the Revised Code. Any payment of a benefit or pension under this section is subject to the provisions of section 742.461 of the Revised Code. Notwithstanding any other provision of this section, no pension or benefit paid or determined under division (B) or (C) of this section or section 742.39 of the Revised Code shall exceed the limit established by section 415 of the "Internal Revenue Code of 1986," 100 Stat. 2085, 26 U.S.C.A. 415, as amended.

(A) Persons who were receiving benefit or pension payments from a police relief and pension fund established under former section 741.32 of the Revised Code, or from a firemen's relief and pension fund, established under former section 521.02 or 741.02 of the Revised Code, at the time the assets of the fund were transferred to the police and firemen's disability and pension fund, shall receive benefit and pension payments from the police and firemen's disability and pension fund in the same amount and subject to the same conditions as such payments were being made from the former fund on the date of the transfer.

(B) A member of the fund who, pursuant to law, elected to receive benefits and pensions from a police relief and pension fund established under former section 741.32 of the Revised Code, or from a firemen's relief and pension fund established under former section 741.02 of the Revised Code, in accordance with the rules of the fund governing the granting of benefits or pensions therefrom in force on April 1, 1947, shall receive

fits and pensions from the police and firemen's disability and pension fund in accordance with such rules; provided, that any member of the fund who is not receiving a benefit or pension from the fund on August 12, 1975, may, upon application for a benefit or pension to be received on or after August 12, 1975, elect to receive a benefit or pension in accordance with division (C) of this section.

(C) Members of the fund who have not elected to receive benefits and pensions from a police relief and pension fund or a firemen's relief and pension fund in accordance with the rules of the fund in force on April 1, 1947, shall receive pensions and benefits in accordance with the following provisions:

(1) A member of the fund who has completed twenty-five years of active service in a police or fire department and has attained forty-eight years of age may, at the member's election, retire from the police or fire department, and upon notifying the board in writing of the election, shall receive an annual pension, payable in twelve monthly installments, in an amount equal to a percentage of the member's average annual salary. The percentage shall be the sum of two and one-half per cent for each of the first twenty years the member was in the active service of the department, plus two per cent for each of the twenty-first to twenty-fifth years the member was in the active service of the department, plus one and one-half per cent for each year in excess of twenty-five years the member was in the active service of the department. The annual pension shall not exceed seventy-two per cent of the member's average annual salary.

A member who completed twenty-five years of active service, has resigned or been discharged, and has left the sum deducted from the member's salary on deposit in the pension fund shall, upon attaining forty-eight years of age, be entitled to receive a normal service pension benefit computed and paid under division (C)(1) of this section.

(2) A member of the fund who has served fifteen or more years as an active member of a police or fire department and who voluntarily resigns or is discharged from the department for any reason other than dishonesty, cowardice, intemperate habits, or conviction of a felony, shall receive an annual pension, payable in twelve monthly installments, in an amount equal to one and one-half per cent of the member's average annual salary multiplied by the number of full years the member was in the active service of the department. The pension payments shall not commence until the member has attained the age of forty-eight years and until twenty-five years have elapsed from the date on which the member became a full-time regular police officer or firefighter in the department.

(3) A member of the fund who has completed fifteen or more years of active service in a police or fire department and who has attained sixty-two years of age, may retire from the department and, upon notifying the board in writing of the election to retire, shall receive an annual pension, payable in twelve monthly installments, in an amount equal to a percentage of the member's average annual salary. The percentage shall be the sum of two and one-half per cent for each of the first twenty years the member was in the active service of the department, plus two per cent for each of the twenty-first to twenty-fifth years the member was in the active service of the department, plus one and one-half per cent for each year in excess of twenty-five years the member was in the active service of the department. The annual pension shall not exceed seventy-two per cent of the member's average annual salary.

(4) With the exception of those persons who may make application for benefits as provided in section 742.26 of the Revised Code, no person receiving a pension or other benefit under division (C) of this section on or after July 24, 1986, shall be entitled to apply for any new, changed, or different benefit.

If a member covered by division (C) of this section or section 742.38 of the Revised Code dies prior to the time the member has received a payment and leaves a surviving spouse or dependent child, the surviving spouse or dependent child shall receive a pension under division (D) or (E) of this section.

(D) ~~A~~ (1) Except as provided in division (D)(2) of this section, a surviving spouse of a deceased member of the fund shall receive a monthly pension as follows:

(a) For the period beginning July 1, 1999, and ending June 30, 2000, five hundred fifty dollars;

(b) For the period beginning July 1, 2000, and the first day of July of each year thereafter and continuing for the following twelve months, an amount equal to the monthly amount paid during the prior twelve-month period plus an amount determined by multiplying five hundred fifty dollars by the average percentage change in the consumer price index, not exceeding three per cent, as determined each year by the board under section 742.3716 of the Revised Code.

(2) A surviving spouse of a deceased member of the fund shall receive a monthly pension of four hundred ten dollars per month if one of the following is the case:

(a) At the time of death, the deceased member had been awarded a pension under this chapter based on age and service;

(b) The surviving spouse is eligible for a benefit under section 742.3714 or division (B) or (D) of section 742.63 of the Revised Code. If the surviving spouse ceases to be eligible for a benefit under division (B) or (D) of section 742.63 of the Revised Code, the pension shall be increased, effective the first day of the first month following the day on which the surviving spouse ceases to be eligible for the benefit, to the amount it would be under division (D)(1) of this section had the spouse never been eligible for a benefit under division (B) or (D) of section 742.63 of the Revised Code.

(3) A pension paid under this division shall continue during the natural life of the surviving spouse. Benefits to a deceased member's surviving spouse that were terminated under a former version of this section that required termination due to remarriage and were not resumed prior to ~~the effective date of this amendment~~ September 16, 1998, shall resume on the first day of the month immediately following receipt by the board of an application on a form provided by the board.

(E) Each surviving child of a deceased member of the fund shall receive a monthly pension of one hundred ~~eighteen~~ fifty dollars ~~per month~~ until the child attains the age of eighteen years, or marries, whichever event occurs first. ~~Benefits~~ A pension under this division, however, shall continue to be payable to a child under age twenty-two who is a student in and attending an institution of learning or training pursuant to a program designed to complete in each school year the equivalent of at least two-thirds of the full-time curriculum requirements of the institution, as determined by the board ~~of trustees of the police and firemen's disability and pension fund~~. If any surviving child, regardless of age at the time of the member's death, because of physical or mental disability, is totally dependent upon the deceased member for support at the time of ~~decease~~ death, the child shall receive a monthly pension ~~of one hundred eighteen dollars per month under this division~~ during the child's natural life or until the child has recovered from the disability.

(F) If a deceased member of the fund leaves no surviving spouse or surviving children, but leaves two parents dependent upon the deceased member for support, each parent shall be paid a monthly pension of ~~seventy-nine~~ one hundred dollars. If there is only one parent dependent upon the member for support, the parent shall be paid a monthly pension of ~~one~~ two hundred ~~fifty-eight~~ dollars. The pensions provided for in this division shall be paid during the natural life of the surviving parents, or until dependency ceases, or until remarriage, whichever event occurs first.

(G) Subject to the provisions of section 742.461 of the Revised Code, a

member of the fund who voluntarily resigns or is removed from active service in a police or fire department is entitled to receive an amount equal to the sums deducted from the member's salary and credited to the member's account in the fund, except that a member receiving a disability benefit or service pension is not entitled to receive any return of contributions to the fund.

(H) On and after January 1, 1970, all pensions shall be increased in accordance with the following provisions:

(1) A member of the fund who retired prior to January 1, 1967, has attained age sixty-five on January 1, 1970, and was receiving a pension on December 31, 1969, pursuant to division (B) or (C)(1) of this section or former division (C)(2), (3), (4), or (5) of this section, shall have the pension increased by ten per cent.

(2) The monthly pension payable to eligible surviving spouses under division (D) of this section shall be increased by forty dollars for each surviving spouse receiving a pension on December 31, 1969.

(3) The monthly pension payable to each eligible child under division (E) of this section shall be increased by ten dollars for each child receiving a pension on December 31, 1969.

(4) The monthly pension payable to each eligible dependent parent under division (F) of this section shall be increased by thirty dollars for each parent receiving a pension on December 31, 1969.

(5) A member of the fund, including a survivor of a member, who is receiving a pension in accordance with the rules governing the granting of pensions and benefits in force on April 1, 1947, that provide an increase in the original pension from time to time pursuant to changes in the salaries of active members, shall not be eligible for the benefits provided in this division.

(I) On and after January 1, 1977, a member of the fund who was receiving a pension or benefit on December 31, 1973, under division (A), (B), (C)(1) or former division (C)(2) or (7) of this section shall have the pension or benefit increased as follows:

(1) If the member's annual pension or benefit is less than two thousand seven hundred dollars, it shall be increased to three thousand dollars.

(2) If the member's annual pension or benefit is two thousand seven hundred dollars or more, it shall be increased by three hundred dollars.

The following shall not be eligible to receive increased pensions or benefits as provided in this division:

(a) A member of the fund who is receiving a pension or benefit in accordance with the rules in force on April 1, 1947, governing the granting

of pensions and benefits, which provide an increase in the original pension or benefit from time to time pursuant to changes in the salaries of active members;

(b) A member of the fund who is receiving a pension or benefit under division (A) or (B) of this section, based on funded volunteer or funded part-time service, or off-duty disability, or partial on-duty disability, or early vested service;

(c) A member of the fund who is receiving a pension under division (C)(1) of this section, based on funded volunteer or funded part-time service.

(J) On and after July 1, 1977, a member of the fund who was receiving an annual pension or benefit on December 31, 1973, pursuant to division (B) of this section, based upon partial disability, off-duty disability, or early vested service, or pursuant to former division (C)(3), (5), or (6) of this section, shall have such annual pension or benefit increased by three hundred dollars.

The following are not eligible to receive the increase provided by this division:

(1) A member of the fund who is receiving a pension or benefit in accordance with the rules in force on April 1, 1947, governing the granting of pensions and benefits, which provide an increase in the original pension or benefit from time to time pursuant to changes in the salaries of active members;

(2) A member of the fund who is receiving a pension or benefit under division (B) or (C)(2) of this section or former division (C)(3), (5), or (6) of this section based on volunteer or part-time service.

(K)(1) Except as otherwise provided in this division, every person who on July 24, 1986, is receiving an age and service or disability pension, allowance, or benefit pursuant to this chapter in an amount less than thirteen thousand dollars a year that is based upon an award made effective prior to February 28, 1984, shall receive an increase of six hundred dollars a year or the amount necessary to increase the pension or benefit to four thousand two hundred dollars after all adjustments required by this section, whichever is greater.

(2) Division (K)(1) of this section does not apply to the following:

(a) A member of the fund who is receiving a pension or benefit in accordance with rules in force on April 1, 1947, that govern the granting of pensions and benefits and that provide an increase in the original pension or benefit from time to time pursuant to changes in the salaries of active members;

(b) A member of the fund who is receiving a pension or benefit based on funded volunteer or funded part-time service.

(L) On and after July 24, 1986:

(1) The pension of each person receiving a pension under division (D) of this section on July 24, 1986, shall be increased to three hundred ten dollars per month.

(2) The pension of each person receiving a pension under division (E) of this section on July 24, 1986, shall be increased to ninety-three dollars per month.

Sec. 742.3715. (A) A member of the police and firemen's disability and pension fund who retired under section 742.37 of the Revised Code before February 28, 1980, may elect to receive the actuarial equivalent of the member's retirement allowance in a lesser amount payable for the remainder of the member's life and continuing after death to the member's spouse under one of the optional plans described under division (A)(1) or (2) of section 742.3711 of the Revised Code, provided the amount payable under the optional plan elected is certified by the actuary engaged by the board of trustees of the police and firemen's disability and pension fund to be the actuarial equivalent of the member's retirement allowance and is approved by the board. The election shall be made as follows:

(1) Not later than ninety days after September 26, 1984, the member shall file with the board ~~of trustees of the police and firemen's disability and pension fund~~ a notice that the member wishes to be eligible to make the election authorized by this section. The board shall advise the member with respect to the choices available under the optional plans and have a determination made of the monthly benefits payable under the optional plan elected by the member for inclusion in the statement to be filed under division ~~(B)~~(A)(2) of this section.

(2) Not later than one year after September 26, 1984, the member shall file a statement, on a form provided by the board, that the member elects to receive benefits under the optional benefit plan specified in the statement.

A request or form that is mailed to the board shall be considered to have been filed on its postmark date.

(B) A member of the fund who retired under section 742.37 of the Revised Code prior to September 16, 1998, was married at the time of retirement, and did not elect one of the optional plans under section 742.3711 of the Revised Code may elect to receive the actuarial equivalent of the member's retirement allowance in a lesser amount payable for the remainder of the member's life and continuing after death to the member's spouse under one of the optional plans described in division (A)(1) or (2) of

section 742.3711 of the Revised Code, provided the amount payable under the optional plan elected is certified by the actuary engaged by the board to be the actuarial equivalent of the member's retirement allowance and is approved by the board.

Not later than thirty days after the effective date of this amendment, the board shall provide to all members described in this division written notice of the election available under this division. The notice shall state that a member's failure to elect an optional plan under this division will result in the member's spouse, at the time of the member's death, being eligible only for a benefit under division (D) of section 742.37 of the Revised Code.

The election shall be made as follows:

(1) Not later than one hundred twenty days after the effective date of this amendment, the member shall file with the board a notice that the member wishes to make the election authorized by this section. The board shall advise the member with respect to the choices available under the optional plans and have a determination made of the monthly benefits payable under the optional plan elected by the member for inclusion in the statement to be filed under division (B)(2) of this section.

(2) Not later than one year after the effective date of this amendment, the member shall file a statement, on a form provided by the board, that the member elects to receive benefits under the optional plan specified in the statement. A request or form that is mailed to the board shall be considered to have been filed on its postmark date. Benefits under the optional plan shall begin on the first day of the first month following the date the statement is filed with the board.

(C)(1) The death of the member's spouse shall cancel any plan elected pursuant to this section and return the member to the member's single lifetime benefit equivalent, as determined by the board, to be effective the month following receipt by the board of notice of the death.

(2) On divorce, annulment, or marriage dissolution, a member receiving a retirement allowance under a plan that provides for continuation of all or part of the allowance after death for the lifetime of the member's surviving spouse may, with the written consent of the spouse or pursuant to an order of the court with jurisdiction over the termination of the marriage, elect to cancel the plan and receive the member's single lifetime benefit equivalent as determined by the retirement board. The election shall be made on a form provided by the board and shall be effective the month following its receipt by the board.

~~(C)~~(D) If the member remarries after cancellation under division ~~(B)~~(C)(1) or (2) of this section of an optional plan, the member may elect

not later than one year after the date of remarriage a new optional plan based on the ~~actuarial~~ actuarial equivalent of the member's single lifetime benefit as determined by the board. The plan and the member's lesser retirement allowance shall become effective on the date the election is made on a form approved by the board.

~~(D)~~(E) Any option elected and payments made under this section shall be in addition to any benefit payable under division (D) of section 742.37 of the Revised Code.

Sec. 742.3718. (A) Except as otherwise provided in this division, each person who on September 9, 1988, is receiving a pension or benefit of less than five thousand dollars annually under division (A) or (B) of section 742.37 of the Revised Code on the basis of disability or service of twenty-five years or more, under division (C)(1) of that section, or under division (C)(2) or (5) of former section 742.37 of the Revised Code shall have the pension or benefit increased to five thousand dollars a year, effective July 1, 1988. This division does not apply to any person receiving a pension or benefit based on funded volunteer or funded part-time service.

(B) On and after July 1, 1988:

(1) The pension of each person receiving a pension or benefit under division (D) of section 742.37 of the Revised Code shall be increased to four hundred ten dollars a month.

(2) The pension of each person receiving a pension or benefit under division (E) of section 742.37 of the Revised Code shall be increased to one hundred eighteen dollars a month.

(C) Notwithstanding any average annual salary limitation in section 742.37 of the Revised Code, each person who on July 1, 1999, is receiving an annual pension or benefit described in division (A), (B), or (C)(1) or (3) of that section of less than six thousand six hundred dollars shall have the pension increased to that amount, effective July 1, 1999. The increase granted under this division shall be included in a person's base for the purpose of determining future increases under section 742.3716 of the Revised Code.

(D)(1) This division applies to the following persons who are receiving a pension under division (D) of section 742.37 of the Revised Code:

(a) On the effective date of this amendment, the person is the surviving spouse of a deceased member of the fund and is not receiving a benefit under division (B) or (D) of section 742.63 Of the Revised Code.

(b) No later than one year after the effective date of this amendment, the person is the surviving spouse of a deceased member of the fund who was retired under section 742.37 Of the Revised Code with an effective date of

retirement before September 16, 1998.

(2) The monthly pension of each person described in division (D)(1) of this section shall be increased as follows:

(a) For the period beginning July 1, 1999, and ending June 30, 2000, to five hundred fifty dollars;

(b) For the period beginning July 1, 2000, and the first day of July of each year thereafter and continuing for the following twelve months, to an amount equal to the monthly amount paid during the prior twelve-month period plus an amount determined by multiplying five hundred fifty dollars by the average percentage change in the consumer price index, not exceeding three per cent, as determined each year by the board of trustees of the police and firemen's disability and pension fund under section 742.3716 of the Revised Code.

(3) If a person who is receiving a pension under division (D) of section 742.37 of the Revised Code and a benefit under division (B) or (D) of section 742.63 of the Revised Code ceases to be eligible for a benefit under division (B) or (D) of section 742.63 of the Revised Code, the person's monthly pension shall be increased, effective the first day of the first month following the date on which the person ceases to be eligible for the benefit, to the amount it would be under division (D)(2) of this section had the person never been eligible for a benefit under division (B) or (D) of section 742.63 of the Revised Code.

(E) The monthly pension of each person receiving a pension under division (E) of section 742.37 of the Revised Code shall be increased to one hundred fifty dollars effective July 1, 1999.

(F) Effective July 1, 1999, the monthly pension of each person receiving a pension under division (F) of section 742.37 of the Revised Code shall be increased as follows:

(1) If there are two dependent parents, to one hundred dollars;

(2) If there is one dependent parent, to two hundred dollars.

Sec. 742.3720. As used in this section, "eligible person" means a person who has been receiving a pension under division (E) or (F) of section 742.37 of the Revised Code for twelve months or longer.

On or before the fifteenth day of April of each year, the board of trustees of the police and firemen's disability and pension fund shall determine the average percentage change in the consumer price index prepared by the United States bureau of labor statistics (U.S. City Average for Urban Wage Earners and Clerical Workers: "All Items 1982-84 = 100") for the twelve-calendar-month period prior to the first day of January over the next preceding twelve-calendar-month period, as reported by the bureau.

On a determination by the board that this change is an increase, or that the change plus the accumulation described in this section is an increase, the board shall increase pensions payable to eligible persons by a percentage equal to the percentage increase in the consumer price index or to that increase plus the accumulation, except that the increase shall not exceed three per cent and no pension shall exceed the limit established by section 415 of the "Internal Revenue Code of 1986," 100 Stat. 2085, 26 U.S.C. 415, as amended.

Any percentage increase in the consumer price index in any year that is in excess of three per cent shall be accumulated and used to determine increases in succeeding years.

The first increase under this section is payable to eligible persons beginning July 1, 2000. The increased amount is payable for the ensuing twelve-month period or until the next increase is granted under this section, whichever is later.

The date of the first increase under this section is the anniversary date for any future increases. The pension used in the first calculation of an increase under this section shall remain as the base for all future increases paid under this section, unless a new base is established by law.

The board shall adopt any rules necessary to implement this section.

Sec. 742.39. (A) A member of the police and firemen's disability and pension fund determined to be eligible for a disability benefit under division (D)(1) of section 742.38 of the Revised Code shall be paid annual disability benefits, payable in twelve monthly installments, in an amount equal to seventy-two per cent of the member's average annual salary.

(B) A member of the fund determined to be eligible for a disability benefit under division (D)(2) of section 742.38 of the Revised Code shall be paid annual disability benefits, payable in twelve monthly installments. If the member has fewer than twenty-five years of active service in a police or fire department, the benefit shall be in an amount fixed by the board of trustees of the police and firemen's disability and pension fund. The board may increase or decrease the benefit whenever the board determines that the impairment of the member's earning capacity warrants an increase or decrease based on the standards adopted under division (C) of section 742.38 of the Revised Code applicable to the determination, but in no event shall the benefit exceed sixty per cent of the member's average annual salary.

A member who has completed twenty-five or more years of active service in the department shall receive annual disability benefits, payable in twelve monthly installments, in an amount equal to a percentage of the

ber's average annual salary. The percentage shall be the sum of two and one-half per cent for each of the first twenty years the member was in the active service of the department, plus two per cent for each of the twenty-first to twenty-fifth years the member was in the active service of the department, plus one and one-half per cent for each year in excess of twenty-five years the member was in the active service of the department. The annual disability benefit shall not exceed seventy-two per cent of the member's average annual salary.

(C) A member of the fund determined to be eligible for a disability benefit under division (D)(4) of section 742.38 of the Revised Code shall be paid annual disability benefits, payable in twelve monthly installments, in an amount to be fixed by the board. The board may increase or decrease the benefits whenever the board determines that the impairment of the member's earning capacity warrants an increase or decrease based on the standards adopted under division (C) of section 742.38 of the Revised Code applicable to the determination, but in no event shall a benefit paid to the member exceed ~~the greater of the following:~~

~~(1) Five thousand dollars;~~

~~(2) An amount fixed by the board, not exceeding sixty per cent of the member's average annual salary.~~

(D) Each of the following persons who on July 1, 1999, is receiving annual benefits of less than six thousand six hundred dollars shall have the benefits increased to that amount effective July 1, 1999:

(1) A person receiving annual benefits described in division (A) of this section;

(2) A person receiving annual benefits described in division (C) of this section based on an award made prior to September 16, 1998.

(E) Benefits payable under this section continue until death unless adjusted under division (D)(5) of section 742.38 of the Revised Code or adjusted or terminated under division (C)(3) of section 742.40 of the Revised Code.

SECTION 2. That existing sections 133.09, 133.20, 717.07, 742.30, 742.37, 742.3715, 742.3718, and 742.39 of the Revised Code are hereby repealed.

SECTION 3. Sections 742.37, 742.3718, and 742.39 of the Revised Code, as amended by this act, shall take effect July 1, 1999.

SECTION 4. The Ohio Retirement Study Council shall have prepared all of the following:

(A) A report that reviews cost-of-living allowances in the provisions of law governing Ohio's state retirement systems: the Public Employees Retirement System, Police and Firemen's Disability and Pension Fund, School Employees Retirement System, State Teachers Retirement System, and State Highway Patrol Retirement System. The report shall include an evaluation of the fiscal impact of the following proposals:

(1) Providing an annual three per cent cost-of-living allowance that is not based on the Consumer Price Index;

(2) In the case of the Police and Firemen's Disability and Pension Fund, removing limitations on who is eligible to receive a cost-of-living allowance.

(B) A report that reviews the plan adopted by the Board of Trustees of the Police and Firemen's Disability and Pension Fund to reduce to thirty years by December 31, 2006, the Fund's amortization period for funding its unfunded actuarial accrued pension liabilities. The report shall include criteria to ensure the Fund's compliance with the plan.

(C) A report that studies the pensions paid to surviving spouses of deceased members of the Police and Firemen's Disability and Pension Fund who retired before September 16, 1998, under section 742.37 of the Revised Code. The report shall include a study of the fiscal impact of increasing the pensions paid to some or all of the surviving spouses described in this division.

The reports shall be completed and submitted not later than one year after the effective date of this act to the chairpersons of the standing committees of the House of Representatives and Senate with primary responsibility for retirement legislation.

SECTION 5. Not later than the first day of the second month after the effective date of this act, the Police and Firemen's Disability and Pension Fund shall make a one-time payment for the purpose of increasing certain pensions and benefits as if the provisions of this act had taken effect on January 1, 1998. The Fund shall make the payment to all eligible persons receiving a pension or benefit on the effective date of this act. The payment shall be made, for each month the person was or will be eligible to receive a pension or benefit during the period beginning on January 1, 1998, and ending on June 30, 1999, as follows:

(A) To a person described in division (C) of section 742.3718 or division (D) of section 742.39 of the Revised Code, as amended by this act, the payment shall be the lesser of the following:

- (1) One hundred forty dollars;
- (2) The difference between:
  - (a) Five hundred fifty dollars; and
  - (b) The amount of the person's monthly pension or benefit.

(B) To a person described in division (D)(1) of section 742.3718 of the Revised Code, as amended by this act, the payment shall be one hundred forty dollars.

(C) To a person described in division (E) of section 742.3718 of the Revised Code, as amended by this act, the payment shall be thirty-two dollars.

(D) To a person described in division (F) of section 742.3718 of the Revised Code, as amended by this act, the payment shall be:

- (1) In the case of one dependent parent, forty-two dollars;
- (2) In the case of two dependent parents, twenty-one dollars.

In the event that the recipient of a payment under this section dies prior to July 1, 1999, no part of the payment under this section shall be recovered by the Fund.

SECTION 6. This act is hereby declared to be an emergency measure necessary for the immediate preservation of the public peace, health, and safety. The reason for such necessity is that certain retirees and survivors of the Police and Firemen's Disability and Pension Fund have lost a significant amount of purchasing power due to inflation, and an immediate increase in benefits is needed to regain some of this purchasing power. Therefore, this act shall go into immediate effect.

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*Speaker* \_\_\_\_\_ *of the House of Representatives.*

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*President* \_\_\_\_\_ *of the Senate.*

Passed \_\_\_\_\_, 20\_\_\_\_

Approved \_\_\_\_\_, 20\_\_\_\_

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*Governor.*

The section numbering of law of a general and permanent nature is complete and in conformity with the Revised Code.

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*Director, Legislative Service Commission.*

Filed in the office of the Secretary of State at Columbus, Ohio, on the \_\_\_\_ day of \_\_\_\_\_, A. D. 20\_\_\_\_.

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*Secretary of State.*

File No. \_\_\_\_\_ Effective Date \_\_\_\_\_