
Resolution Opposing the *Public Employee Pension Transparency Act (PEPTA)*

Adopted by the NCOIL Executive Committee on November 20, 2011, and by the NCOIL Financial Services & Investment Products Committee on November 17, 2011. Sponsored by Sen. Carroll Leavell (NM) and Rep. Kathie Keenan (VT)

WHEREAS, NCOIL strongly supports the states' rights to regulate their unique markets—including insurance, healthcare, and financial services industries—and jurisdiction-specific policies and programs; and

WHEREAS, NCOIL advocates targeted state-based modernization initiatives that aim to protect consumers and streamline regulation; and

WHEREAS, NCOIL believes that states have a proven track record in providing appropriate solutions to state or local policy concerns and that such history precludes any need for new federal preemption; and

WHEREAS, retirement security issues are important to all Americans and to public officials at all levels of government; and

WHEREAS, state and local governments have designed unique retirement systems that represent the promise of future benefits for their specific populations of public employees; and

WHEREAS, public pension plans are continuously evaluated at the state and local levels to protect the retirement security of public employees and to ensure that taxpayer dollars are allocated appropriately; and

WHEREAS, according to the National Conference of State Legislatures (NCSL), 39 states enacted significant revisions to their state retirement plans in 2010 or 2011, with reforms addressing employee contributions, eligibility, calculation of benefits, and cost-of-living adjustments (COLAs), among other things; and

WHEREAS, in addition to the efforts of state and local government policymakers, the independent Government Accounting Standards Board (GASB) in July 2011 exposed new draft rules for state and local government pension plan accounting and financial reporting; and

WHEREAS, despite state and local government efforts to strengthen their individual public pension plans, Members of Congress have considered legislation that would insert the federal government into the administration of such plans; and

WHEREAS, H.R. 567/S. 347, the *Public Employee Pension Transparency Act (PEPTA)*, was introduced in the U.S. House of Representatives and in the U.S. Senate on February 9 and 15, 2011, respectively; and

WHEREAS, PEPTA would mandate that state and/or local government pension plan sponsors make annual reports to the U.S. Secretary of the Treasury related to funding status, schedule of contributions, alternative projections and assumptions, actuarial assumptions, plan participants, investment returns,

and outstanding pension obligation bonds, among other things, and would dictate the form, timing, and calculations used to submit such reports; and

WHEREAS, PEPTA would put the funding for state and local government projects at risk by making continued tax benefits for government bonds conditional upon compliance with these new federally directed reporting requirements; and

WHEREAS, PEPTA—at a time when many in Washington, DC, are looking to reduce federal spending—would needlessly require the creation of a new U.S. Treasury Department bureaucracy to handle state and local pension plan information, including development and maintenance of a searchable website to house such information; and

WHEREAS, PEPTA would also declare that the United States would not bail out any state or local government pension plan—despite the fact that state and local governments have not sought a federal bailout; and

WHEREAS, numerous organizations representing state and local governments/officials, including the National Conference of State Legislatures, the National Association of Counties, the U.S. Conference of Mayors, the National League of Cities, the National Association of State Auditors Comptrollers & Treasurers, the Government Finance Officers Association, and the National Association of State Retirement Administrators have cautioned that PEPTA would set “a precedent for federal intervention into areas that are the financial responsibility of, and have thus been historically regulated by, the states and/or localities.”; and

NOW, THEREFORE BE IT RESOLVED that NCOIL joins state and local government officials, and other public pension plan stakeholders, in opposing H.R. 567/S. 347, the *Public Employee Pension Transparency Act* (PEPTA); and

BE IT ALSO RESOLVED that NCOIL urges Congress to defer to the expertise and experience of state and local government officials in managing their unique pension systems and to therefore oppose H.R. 567/S. 347; and

BE IT FINALLY RESOLVED that a copy of this Resolution be sent to all Members of the 112th Congress and to state legislative leaders and governors.