

(S. B. 524)

**(No. 34)**

(Approved July 27, 2005)

**AN ACT**

To amend Sections 2 and 8 of Act No. 20 of May 31, 1985, as amended, which creates the Retirement Systems Special Permanent Commission, in order to eliminate the Electric Power Authority Retirement System as one of its members and thus, to exempt it from the payment required by this Act.

**STATEMENT OF MOTIVES**

Act No. 20 of May 31, 1985, as amended, created the Retirement Systems Special Permanent Commission in order to study, investigate, and evaluate all that is related to the functioning, operation, and administration of the retirement systems and the pensioners of the Government of the Commonwealth of Puerto Rico.

This Permanent Commission has the duty of studying government retirement systems to propose methods and means to improve them. It shall also evaluate the proposals submitted by the Legislative Branch on these systems or their participants and achieve uniformity in their administration and operation.

However, the Electric Power Authority Employees Retirement System was the product of the collective bargaining between the *Unión de Trabajadores de la Industria Eléctrica y Riego* (UTIER, Spanish acronym), and the Electric Power Authority. Article XI of the collective bargaining agreement, which became effective on September 20, 1942, provided that:

“Both parties agree that a pension system shall be established for all workers covered under this agreement and whose study and drafting shall fall upon a committee composed of representatives of the Union and the Authority; Provided, that upon its approval by the parties, the plan shall be included in this collective bargaining agreement as part thereof.” The commitment made at the negotiating table became official through Resolution No. 200 of June 25, 1945, of the Governing Board of the Electric Power Authority, in which their Employee Retirement System was created.

The Retirement System belongs to the employees of said Corporation and no law governs the same. The governing body established through Regulations is in charge of the Board of Trustees, composed of eight (8) members of which one (1) shall be the Executive Director of the Electric Power Authority, three (3) of its members shall be members of the Retirement System and shall be elected by them, three (3) shall be elected by the Governing Board of the Authority, and one (1) shall be elected by the retired members. Section 6, subsection 5 provides that “the decision of the Board of Trustees, as to any matter in controversy, shall be definite.” We understand that an Act of the Legislature cannot amend a Resolution created by said System, nor the Resolutions of the Board or the Regulations which provide for its operations.

This Legislature recognizes the elimination of the Electric Power Authority Retirement System as a member of said Commission, and thus, it exempts the same from the payment required by said Act.

**BE IT ENACTED BY THE LEGISLATURE OF PUERTO RICO:**

Section 1.- Section 2 of Act No. 20 of May 31, 1985, as amended, known as the “Act which creates the Special Permanent Commission for the

Study of the Retirement Systems of the Government,” is hereby amended to read as follows:

“Section 2.- Composition

The Special Permanent Commission, henceforth the Commission, shall be composed of ten members as follows: one (1) member of the House of Representatives, one (1) member of the Senate of Puerto Rico; four (4) members representing each one of the following retirement systems existing in Puerto Rico, to wit: of the Employees of the Government of Puerto Rico and its agencies, of the Judiciary, of the University of Puerto Rico, of the Teachers; two (2) members, one (1) who shall represent the Pensioners Association of the Government of Puerto Rico and another who shall represent the Employees Association of the Commonwealth of Puerto Rico. The other two (2) additional members who shall represent the public interest shall be citizens who have broad knowledge and experience in the actuarial, finance, and insurance fields.

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Section 2.- Section 8 of Act No. 20 of May 31, 1985, as amended, is hereby amended to read as follows:

“Section .- Expenses

The other necessary and regular expenses for the functioning of the Commission shall be defrayed by charging them to a special account to be established in the Department of the Treasury, which shall be denominated as the Special Permanent Commission for the Study of the Government’s Retirement Systems Account.” This special fund shall be nourished, as

provided below, by contributions of the presently established retirement systems that are part of the Special Permanent Commission for the Study of the Government's Retirement Systems and shall be administered by the Commission, pursuant to the applicable rules and regulations of the Department of the Treasury.

(a) Each year the Puerto Rico Government Employee Retirement Systems existing at present that are part of the Special Permanent Commission for the Study of the Government's Retirement System shall contribute the amount agreed upon by its Retirement Board, which shall not be less than fifty thousand (50,000) dollars to the especial account established in this Section.

(b) ...

(c) ...”

Section 3.- Effectiveness

This Act shall take effect immediately after its approval.

## CERTIFICATION

I hereby certify to the Secretary of State that the following Act No. 34 (S.B. 524) of the 1<sup>st</sup> Session of the 15<sup>th</sup> Legislature of Puerto Rico:

**AN ACT** to amend Sections 2 and 8 of Act No. 20 of May 31, 1985, as amended, which creates the Retirement Systems Special Permanent Commission, in order to eliminate the Electric Power Authority Retirement System as one of its members and thus, to exempt it from the payment required by this Act,

has been translated from Spanish to English and that the English version is correct.

In San Juan, Puerto Rico, today 1<sup>st</sup> of February of 2006.

Francisco J. Domenech  
Director