

STATE OF OKLAHOMA

2nd Session of the 46th Legislature (1998)

HOUSE BILL NO. 2662

By: Rice

AS INTRODUCED

An Act relating to the Teachers' Retirement System of Oklahoma; providing for payment of employee contribution amount; providing for dollar amount of picked-up contributions for teachers; providing for dollar amount of picked-up contributions for nonclassified support personnel; prescribing procedures for federal income tax treatment of picked-up contributions; providing an effective date; and declaring an emergency.

BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

SECTION 1. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 17-108.3 of Title 70, unless there is created a duplication in numbering, reads as follows:

A. For the plan year beginning July 1, 1998, and ending June 30, 1999, a teacher employed by any school district or employed by a vocational-technical school district who qualifies for a minimum salary pursuant to the schedule contained in Section 18-114.7 of Title 70 of the Oklahoma Statutes, and any nonclassified optional personnel as defined in subsection (4) of Section 17-101 of Title 70 of the Oklahoma Statutes, shall have credited against the employee

contribution amount, as applicable to the amount of compensation required to be paid to the teacher as a minimum salary pursuant to Section 18-114.7 of Title 70 of the Oklahoma Statutes, or for nonclassified optional personnel, against the employee contribution otherwise required pursuant to Section 17-116.2 of Title 70 of the Oklahoma Statutes, an annual amount as follows:

1. (\$0.00) for teachers qualifying for a minimum salary pursuant to Section 18-114.7 of Title 70 of the Oklahoma Statutes; and

2. (\$0.00) for nonclassified optional personnel.

B. The state shall pick up and pay the annual amount prescribed by subsection A of this section to the Teachers' Retirement System of Oklahoma. The annual amount prescribed by subsection A of this section shall be divided into monthly amounts as may be required in order to give full effect to the credit amount without the necessity of dividing the annual credit amount into twelve (12) equal installments.

C. If an eligible teacher or nonclassified optional employee terminates service prior to June 30, 1999, the amounts prescribed by subsection A, and appropriated to the Teachers' Retirement System pursuant to law shall be retained by the Teachers' Retirement System of Oklahoma and treated as an actuarial gain of the System.

D. If an employing school district has contractually committed to make payment of the employee contributions required by Section 17-116.2 of Title 70 of the Oklahoma Statutes for a member who is eligible for the credit amount prescribed by subsection A of this section for the fiscal year beginning July 1, 1998, using funds available to the district and not by effecting the employee contribution through a deduction from the member's gross salary, the district shall pay additional compensation to each of its eligible employees in an amount equal to the amount prescribed by subsection A of this section. If an eligible member is hired by a school

district or a vocational-technical school district and receives compensation for less than one hundred eighty (180) days of service, the district shall determine a pro rata amount of the annual credit amount and shall pay additional compensation to the member equal to the pro rata amount for each month during which the member is employed. The monthly credit amount for such member shall be added to the member's compensation beginning with the first full month during which the member is employed by the district. The amount required to be added to the compensation of the eligible member pursuant to this subsection shall be subject to any applicable federal or state taxes upon the additional income. The amount by which the employee contribution paid by the employer is reduced as a result of the credit prescribed by subsection A of this section shall be treated by the employer as an amount which qualifies for the "picked up" contribution provisions of 26 U.S.C., Section 414(h)(2). The amount required to be added to the compensation of the eligible member pursuant to this subsection shall not be treated as regular annual compensation for purposes of Section 17-116.2 of Title 70 of the Oklahoma Statutes or as salary or fringe benefits for purposes of determining the minimum salary pursuant to the requirements of Section 18-114.7 of Title 70 of the Oklahoma Statutes or for purposes of meeting the requirements of any locally adopted salary schedule. E. If an employing school district has contractually committed to deduct employee contributions required by Section 17-116.2 of Title 70 of the Oklahoma Statutes by effecting the employee contribution through a deduction from the member's gross salary, the district shall decrease the amount of the payroll deduction for such employee contribution by the amount as prescribed in subsection A of this section.

F. The credited amount prescribed by subsection A of this section as a contribution eligible for the treatment provided by Section 414(h)(2) of the Internal Revenue Code of 1986, as amended,

shall be reflected in the payroll and accounting records of the employing school district or vocational-technical district as a contribution "picked up" pursuant to the provisions of Section 414(h)(2) of the Internal Revenue Code of 1986, as amended, and the amount so credited shall be excluded from "gross wages" paid to the eligible member when the statement of taxable wages is prepared for the employee as required pursuant to the Internal Revenue Code.

SECTION 2. This act shall become effective July 1, 1998.

SECTION 3. It being immediately necessary for the preservation of the public peace, health and safety, an emergency is hereby declared to exist, by reason whereof this act shall take effect and be in full force from and after its passage and approval.

46-2-7952

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