

SHORT TITLE: Retirement; Oklahoma Teachers' Retirement System;  
increased tax apportionment; annual payments to retirees. Effective  
date. Emergency.

STATE OF OKLAHOMA

2nd Session of the 46th Legislature (1998)

SENATE BILL NO. 1039

By: Herbert

AS INTRODUCED

An Act relating to retirement; amending 68 O.S. 1991, Section 1004a, as amended by Section 2, Chapter 337, O.S.L. 1995 (68 O.S. Supp. 1997, Section 1004a), which relates to apportionment of tax; correcting language; modifying apportionment of tax revenue to the Oklahoma Teachers' Retirement System; amending 70 O.S. 1991, Section 17-108.1, as last amended by Section 2, Chapter 359, O.S.L. 1996 (70 O.S. Supp. 1997, Section 17-108.1), which relates to retirement contributions; changing cap on employer contributions to the Oklahoma Teachers' Retirement System; providing one-time payments to certain retirees; providing biannual payments to retirees; limiting when biannual payments can be made; providing for codification; providing an effective date; and declaring an emergency.

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

SECTION 1. AMENDATORY 68 O.S. 1991, Section 1004a, as amended by Section 2, Chapter 337, O.S.L. 1995 (68 O.S. Supp. 1997, Section 1004a), is amended to read as follows:

Section 1004a. A. An amount equal to the revenue including penalty and interest thereon derived from ~~five percent (5%)~~ five-

sevenths (5/7) of the gross value of the production of petroleum or other crude or mineral oil and natural gas and/or casinghead gas levied by Section 1001 of this title shall be apportioned monthly by the Oklahoma Tax Commission as provided by Section 1004 of this title.

B. All Except as otherwise provided by this section, all revenue derived from the remaining ~~two percent (2%)~~ two-sevenths (2/7) of the ~~seven percent (7%)~~ revenue derived from the levies imposed in Section 1001 of this title shall be deposited in the State Treasury to the credit of the General Revenue Fund of the state to be used for governmental functions and to be paid out only pursuant to direct appropriation by the Legislature.

C. Beginning July 1, 1998, and each year thereafter, the apportionment of the revenue prescribed by subsection B of this section, attributed to the gross production tax on natural gas and/or casinghead gas, shall be paid to the Teachers' Retirement System of Oklahoma.

SECTION 2. AMENDATORY 70 O.S. 1991, Section 17-108.1, as last amended by Section 2, Chapter 359, O.S.L. 1996 (70 O.S. Supp. 1997, Section 17-108.1), is amended to read as follows:

Section 17-108.1 A. The employer of any member of the Teachers' Retirement System of Oklahoma shall make the following contributions to the System:

1. Beginning July 1, 1992, through June 30, 1993, seven percent (7%) of the regular annual compensation of the member not in excess of the maximum compensation level of the member;

2. Beginning July 1, 1993, through June 30, 1994, seven and one-half percent (7 1/2%) of the regular annual compensation of the member not in excess of the maximum compensation level of the member;

3. Beginning July 1, 1994, through June 30, 1995, eight percent (8%) of the regular annual compensation of the member not in excess of the maximum compensation level of the member;

4. Beginning July 1, 1995, through June 30, 1996, eight and one-half percent (8 1/2%) of the regular annual compensation of the member not in excess of any applicable maximum compensation level of the member;

5. Beginning July 1, 1996, through June 30, 1997, nine and one-half percent (9 1/2%) of the regular annual compensation of the member not in excess of any applicable maximum compensation level of the member;

6. Beginning July 1, 1997, through June 30, 1998, ten and one-half percent (10 1/2%) of the regular annual compensation of the member not in excess of any applicable maximum compensation level of the member;

7. Beginning July 1, 1998, through June 30, 1999, eleven and one-half percent (11 1/2%) of the regular annual compensation of the member not in excess of any applicable maximum compensation level of the member;

8. Beginning July 1, 1999, through June 30, 2000, twelve and one-half percent (12 1/2%) of the regular annual compensation of the member not in excess of any applicable maximum compensation level of the member; and

9. Beginning July 1, 2000, through June 30, 2001, and for each fiscal year thereafter, ~~thirteen and one-half percent (13 1/2%)~~ (13%) of the regular annual compensation of the member not in excess of any applicable maximum compensation level of the member;

~~10. Beginning July 1, 2001, through June 30, 2002, fourteen and one-half percent (14 1/2%) of the regular annual compensation of the member not in excess of any applicable maximum compensation level of the member;~~

~~11. Beginning July 1, 2002, through June 30, 2003, fifteen and one-half percent (15 1/2%) of the regular annual compensation of the member not in excess of any applicable maximum compensation level of the member;~~

~~12. Beginning July 1, 2003, through June 30, 2004, sixteen and one-half percent (16 1/2%) of the regular annual compensation of the member not in excess of any applicable maximum compensation level of the member;~~

~~13. Beginning July 1, 2004, through June 30, 2005, seventeen and one-half percent (17 1/2%) of the regular annual compensation of the member not in excess of any applicable maximum compensation level of the member; and~~

~~14. Beginning July 1, 2005, through June 30, 2006, and for each fiscal year thereafter, eighteen percent (18%) of the regular annual compensation of the member not in excess of any applicable maximum compensation level of the member.~~

Any employer contribution paid to the System pursuant to this subsection shall not be considered as salary, fringe benefit, or total compensation due to members for the purpose of meeting any legislative or contractual obligation of the employer.

B. For entities or institutions within The Oklahoma State System of Higher Education, the contributions to the retirement system specified in subsection A of this section shall be made on regular annual compensation of a member who is an employee of such entity or institution not to exceed the maximum compensation level in effect for the member as prescribed by law.

C. Employers paying contributions to the Retirement System pursuant to subsection A or B of this section shall receive credit for that portion of the gross production tax on natural gas and/or casinghead gas apportioned to the Retirement System ~~pursuant to subsection 2 of Section 1004 of Title 68 of the Oklahoma Statutes~~ in meeting the total required employer contribution. On an annual

basis, the Board of Trustees shall estimate the net additional cost required to be paid by the contributing employers in order to meet the total employer contribution as provided in subsection A or B of this section. The Board of Trustees shall approve the amount of the additional contribution required to be paid by contributing employers as a percentage of total member salaries and fringe benefits for each fiscal year ending June 30, no later than April 1 of the previous fiscal year. In no event shall the additional contribution required to be paid by the contributing employer under this subsection be less than the contribution required under this subsection in the prior year. In the event actual contributions do not equal the required total contribution as provided in subsection A or B of this section, the net difference between the actual contributions and the required total contributions shall be determined and shall be included in the amount of the additional contribution required to be paid by contributing employers for the next fiscal year. All contributing employers shall pay the same percentage of total member salaries and fringe benefits during each fiscal year.

D. Any school district, state college or university, State Board of Education, State Board of Vocational Education, or other state agency may, for and on behalf of any member of the Teachers' Retirement System, pay all or any portion of the contribution required by Section 17-108 of this title. Provided, the contribution so paid by any school district, state college or university, State Board of Education, State Board of Vocational Education, or other state agency shall be and remain subject to the withdrawal provisions set forth under the Teachers' Retirement System. Wherever the term "contribution" is used, it shall be deemed to include contributions paid for and on behalf of a member by a school district, state college or university, State Board of

Education, State Board of Vocational Education, or other state agency.

SECTION 3. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 17-121 of Title 70, unless there is created a duplication in numbering, reads as follows:

A. For the following years an annual payment will be made to retirees of the System who have retired according to the following dates and for the following amounts:

1. In 1998, seven percent (7%) of the annualized retirement benefit for those who retired on or before June 30, 1987;

2. In 1998, five percent (5%) of the annualized retirement benefit for those who retired on or after July 1, 1987 and on or before June 30, 1992;

3. In 1998, three percent (3%) of the annualized retirement benefit for those who retired after June 30, 1992 and before June 30, 1997; and

4. Beginning January 1, 2000, and every even numbered year thereafter, all retirees of the System receiving benefits from the System shall receive three percent (3%) of their annualized retirement benefit.

B. The annual payment, pursuant to subsection A of this section, shall be paid by the System to the retirees in the month of December.

C. The annual payment, pursuant to subsection A of this section, shall only be made in years where the fiscal year, ending June 30 of the year the payment is intended to be made, evidences a return on investments to the Teachers' Retirement System of Oklahoma in excess of eight and one-half percent (8.5%), and further, only if this excess is able to fund the annual payment.

SECTION 4. This act shall become effective July 1, 1998.

SECTION 5. 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.

46-2-2045

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