

SHORT TITLE: Tax-sheltered income deferment plans; creating the State Employees Matching Fund; appropriating funds to the State Employees Matching Fund; adding state matching of employee contributions; effective date; emergency.

STATE OF OKLAHOMA

1st Session of the 46th Legislature (1997)

SENATE BILL NO. 550

By: Monson

AS INTRODUCED

An Act relating to employee benefits; amending 74 O.S. 1991, Section 1701, as amended by Section 12, Chapter 359, O.S.L. 1993 (74 O.S. Supp. 1996, Section 1701), which relates to government deferred compensation plans; creating a State Employees Matching Fund; appropriating funds to the State Employees Matching Fund; adding state matching of employee contributions; providing an effective date; and declaring an emergency.

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

SECTION 1. AMENDATORY 74 O.S. 1991, Section 1701, as amended by Section 12, Chapter 359, O.S.L. 1993 (74 O.S. Supp. 1996, Section 1701), is amended to read as follows:

Section 1701. A. The State of Oklahoma, its agencies and the political subdivisions thereof and the employees of a duly constituted authority or instrumentality of the State of Oklahoma, its agencies and the political subdivisions thereof, municipalities and any local governmental entity may enter into a written agreement to defer a portion of any employee's compensation which is derived from a state or local government. The compensation to be deferred shall be subject to any federal limitations imposed by the Internal Revenue Code, Sections 1 et seq. of Title 26 of the United States Code. The state or local governments may, under a written

agreement, invest the deferred compensation in life insurance, annuities, United States Treasury Bills, Notes or Bonds, savings accounts and/or mutual funds with a company licensed to do business in the state or in a contract trust or program maintained by a nonprofit organization classified as tax exempt by the Internal Revenue Service of the United States government. Deferred compensation programs shall exist and be in addition to, and not be a part of, any existing retirement, pension or Social Security system provided for the benefit of state and local government employees.

B. The Oklahoma Public Employees Retirement System Board shall offer a deferred compensation program and shall be responsible for establishing rules and regulations and participation agreement forms for said program. The Employee Benefits Council shall communicate this program with eligible participants.

C. The Office of the Attorney General of this state shall be responsible for interpreting all applicable laws and fiduciary responsibilities for the deferred compensation programs of state and local governments.

D. Prior to January 1, 1991, the Board of Trustees of the Oklahoma Public Employees Retirement System, the Plan Administrator, and the Office of State Finance shall jointly develop a system that provides for state employee participation amounts in the deferred compensation plan be posted and transferred to the investment option selected by the state employee within ten (10) business days of the payday, the end of the payroll period, or the process date for supplemental payrolls, whichever is later.

E. 1. There is hereby created in the State Treasury a revolving fund for the State Treasurer, to be designated the "State Employees Matching Fund", which shall consist of monies appropriated by the State Legislature. All monies accruing to the credit of the fund are hereby appropriated and may be budgeted and expended by the

State Treasurer for the matching of employee deferred compensation contributions. Expenditures from the fund shall be made upon warrants issued by the State Treasurer against claims filed as prescribed by law with the Director of State Finance for approval and payment.

2. The matching contribution is Twenty-five Dollars (\$25.00) per month per qualified participant. The State Treasurer shall transfer the matching contribution to a plan established pursuant to the provisions of the Internal Revenue Code, Section 401(a), for each qualified participant in the state's deferred compensation program.

3. For purposes of this section, "qualified participant" means an employee member of the Oklahoma Public Employees Retirement System who is making continuous deferrals of at least Twenty-five Dollars (\$25.00) per month to the deferred compensation program and has been a member of the Oklahoma Public Employees Retirement System at least twelve (12) consecutive months immediately preceding the commencement of any amount transferred pursuant to this section.

4. The State Treasurer shall transfer monthly the matching contributions to the Oklahoma Public Employees Retirement System.

5. The matching contributions shall not be considered income for the purpose of calculating retirement benefits or contributions.

SECTION 2. This act shall become effective July 1, 1997.

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.

46-1-0281

SJ