

HOUSE OF REPRESENTATIVES
Wednesday, March 24, 1999

ENGROSSED

Senate Bill No. 295

As Amended

ENGROSSED SENATE BILL NO. 295 -- By FISHER and LITTLEFIELD of the Senate and ERVIN and LEIST of the House.

AN ACT RELATING TO RETIREMENT; AMENDING SECTION 12, CHAPTER 419, O.S.L. 1998 (74 O.S. SUPP. 1998, SECTION 910.5), WHICH RELATES TO CERTAIN EXCESS CONTRIBUTIONS; PROVIDING FOR ELECTION BY CERTAIN EMPLOYEES; AUTHORIZING PURCHASE OF SERVICE CREDIT; PRESCRIBING METHOD FOR PURCHASE OF CREDIT; PROHIBITING USE OF CREDIT FOR CERTAIN PURPOSES; REQUIRING PROMULGATION OF RULES; REPEALING SECTION 2, CHAPTER 363, O.S.L. 1998, WHICH RELATES TO CERTAIN EXCESS CONTRIBUTIONS; PROVIDING AN EFFECTIVE DATE; AND DECLARING AN EMERGENCY.

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

SECTION 1. AMENDATORY Section 12, Chapter 419, O.S.L. 1998 (74 O.S. Supp. 1998, Section 910.5), is amended to read as follows:

Section 910.5 A. Any active member, as of July 1, 1998, whose compensation for service exceeded Twenty-five Thousand Dollars (\$25,000.00) per annum prior to July 1, 1994, and who, prior to July 1, 1998, had voluntarily elected to increase the maximum compensation level pursuant to statutes in effect at that time, shall be refunded or have transferred, pursuant to this section and the procedures established by the Board, the employee contributions made on compensation for service which is in excess of Twenty-five Thousand Dollars (\$25,000.00) per annum prior to July 1, 1994. It is the intent of the Legislature that the excess contributions which were paid on a pretax basis and considered as picked up under the provisions of Section 414(h)(2) of the Internal Revenue Code of 1986 shall be transferred directly to an account established for the employee in the Oklahoma State Employees Deferred Savings Incentive Plan, and the excess contributions which were paid on an after-tax basis and not considered picked up under the provisions of Section 414(h)(2) of the Internal Revenue Code of 1986 shall be refunded directly to the employee. The provisions for refund or transfer contained in this section shall not take effect until the Board receives official written notice that this distribution satisfies the tax qualification requirements for

governmental plans applicable to such refunds or transfers as specified in the Internal Revenue Code of 1986, as amended from time to time and as applicable to governmental plans and the relevant regulatory provisions and guidance related thereto .

B. In lieu of having excess contributions refunded or transferred pursuant to subsection A of this section, the employee may elect to purchase, with such excess contributions, a prorated amount of service credit with the System. The amount of service credit that can be purchased pursuant to this subsection shall be determined by the Board pursuant to Section 913.5 of this title. Such purchased service credit shall not be used in determining a member's normal retirement date or date of vesting but shall be used in determining years of service in calculating the retirement benefit. The Board shall promulgate rules necessary to implement the provisions of this subsection.

SECTION 2. REPEALER Section 2, Chapter 363, O.S.L. 1998 (74 O.S. Supp. 1998, Section 910.5), is hereby repealed.

SECTION 3. This act shall become effective July 1, 1999.

SECTION 4 . 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.