

ENGROSSED HOUSE  
BILL NO. 1789

By: Taylor, Nance, Reese,  
Tyler, Hutchison and Stites  
of the House

and

Shurden of the Senate

( public retirement systems - amending 11 O.S., Sections  
50-101 and 50-135 - Oklahoma Police Pension and  
Retirement System - penalty for certain nonpayment -  
amending 74 O.S., Sections 902, 914, 915 and 917 -  
Oklahoma Public Employees Retirement System -  
retirement - codification - effective date -  
emergency )

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

SECTION 1. AMENDATORY 11 O.S. 1991, Section 50-101, as  
last amended by Section 1, Chapter 307, O.S.L. 2000 (11 O.S. Supp.  
2000, Section 50-101), is amended to read as follows:

Section 50-101. As used in this article:

1. "System" means the Oklahoma Police Pension and Retirement  
System and all predecessor municipal Police Pension and Retirement  
Systems;

2. "Article" means Article 50 of this title;

3. "State Board" means the Oklahoma Police Pension and  
Retirement Board;

4. "Local board" means the local police pension and retirement  
boards;

5. "Fund" means the Oklahoma Police Pension and Retirement  
Fund;

6. "Officer" means any duly appointed and sworn full-time officer of the regular police department of a municipality whose duties are to preserve the public peace, protect life and property, prevent crime, serve warrants, enforce all laws and municipal ordinances of this state, and any political subdivision thereof, and who is authorized to bear arms in the execution of such duties;

7. "Member" means all eligible officers of a participating municipality ~~and~~, any person hired by a participating municipality who is undergoing police training to become a permanent police officer of the municipality and any reserve municipal law enforcement officer. A member does not include a "leased employee" as defined under Section 414(n)(2) of the Internal Revenue Code of 1986. Any individual who agrees with the State Board that the individual's services are to be performed as a leased employee or an independent contractor shall not be a member regardless of any classification as a common law employee by the Internal Revenue Service or any other governmental agency, or any court of competent jurisdiction. A member shall include members of the Oklahoma State Bureau of Narcotics and Dangerous Drugs Control who elect to participate in the System pursuant to Section ~~2~~ 50-111.5 of this ~~act~~ title;

8. "Normal retirement date" means the date at which the member is eligible to receive the unreduced payments of the member's accrued retirement benefit. Such date shall be the first day of the month coinciding with or following the date the member completes twenty (20) years of credited service except as otherwise provided by Section 3 of this act. If the member's employment continues past the normal retirement date of the member, the actual retirement date of the member shall be the first day of the month after the member terminates employment with more than twenty (20) years of credited service;

9. "Credited service" means the period of service used to determine the eligibility for and the amount of benefits payable to a member. Credited service shall consist of the period during which the member participated in the System or the predecessor municipal systems as an active employee in an eligible membership classification, plus any service prior to the establishment of the predecessor municipal systems which was credited under the predecessor municipal systems or credited service granted by the State Board. For purposes of Section 2 of this act, "credited service" shall mean any period of service actually performed by a reserve municipal law enforcement officer or the period of time during which the reserve law enforcement officer was eligible to perform such services in addition to any service purchased by the reserve municipal law enforcement officer pursuant to Section 4 of this act;

10. "Participating municipality" means a municipality which is making contributions to the System on behalf of its officers. The Oklahoma State Bureau of Narcotics and Dangerous Drugs Control shall be treated as a participating municipality only regarding those members who elect to participate in the System pursuant to Section ~~2~~ 50-111.5 of this ~~act~~ title;

11. "Permanent total disability" means incapacity due to accidental injury or occupational disease, to earn any wages in the employment for which the member is physically suited and reasonably fitted through education, training or experience. Further, the member must be declared one hundred percent (100%) impaired as defined by the "American Medical Association's Guides to the Evaluation of Permanent Impairment" on the basis of a physical medical examination by a physician licensed to practice medicine in this state, as selected by the State Board;

12. "Permanent partial disability" means permanent disability which is less than permanent total disability as defined in this

section. The member must be declared no greater than ninety-nine percent (99%) impaired as defined by the "American Medical Association's Guides to the Evaluation of Permanent Impairment" on the basis of a physical medical examination by a physician licensed to practice medicine in this state, as selected by the State Board;

13. "Beneficiary" means a member's surviving spouse or any surviving children, including biological and adopted children, at the time of the member's death. The surviving spouse must have been married to the member for the thirty (30) continuous months immediately preceding the member's death, provided a surviving spouse of a member who died while in, and as a consequence of, the performance of the member's duty for a participating municipality, shall not be subject to the thirty-month marriage requirement for survivor benefits. A surviving child of a member shall be a beneficiary until reaching eighteen (18) years of age or twenty-two (22) years of age if the child is enrolled full time and regularly attending a public or private school or any institution of higher education. Any child adopted by a member after the member's retirement shall be a beneficiary only if the child is adopted by the member for the thirty (30) continuous months preceding the member's death. Any child who is adopted by a member after the member's retirement and such member dies accidentally or as a consequence of the performance of the member's duty as a police officer shall not be subject to the thirty-month adoption requirement. This definition of beneficiary shall be in addition to any other requirement set forth in this article;

14. "Executive Director" means the managing officer of the System employed by the State Board;

15. "Eligible employer" means any municipality with a municipal police department and shall include any municipality supervising the services performed by a reserve municipal law enforcement officer;

16. "Entry date" means the date as of which an eligible employer joins the System. The first entry date pursuant to this article shall be January 1, 1981;

17. "Final average salary" means the average paid gross salary of the member for normally scheduled hours over the highest salaried thirty (30) consecutive months of the last sixty (60) months of credited service.

a. Gross salary shall not include payment for accumulated sick and annual leave upon termination of employment or any uniform allowances. Provided, for purposes of determining the normal disability benefit, final average salary shall be based on the member's total service if less than thirty (30) months. Gross salary shall include any amount of elective salary reduction under Section 457 of the Internal Revenue Code of 1986, as amended, and any amount of nonelective salary reduction under Section 414(h) of the Internal Revenue Code of 1986, as amended. Only salary on which required contributions have been made may be used in computing the final average salary.

b. In addition to other applicable limitations, and notwithstanding any other provision to the contrary, for plan years beginning on or after July 1, 1996, the annual compensation of each "Noneligible Member" taken into account under the System shall not exceed the Omnibus Budget Reconciliation Act of 1993 (OBRA '93) annual compensation limit. The OBRA '93 annual compensation limit is One Hundred Fifty Thousand Dollars (\$150,000.00), as adjusted by the Commissioner for increases in the cost of living in accordance with Section 401(a)(17)(B) of the Internal Revenue Code of 1986, as amended. The annual compensation limit in

effect for a calendar year applies to any period, not exceeding twelve (12) months, over which compensation is determined ("determination period") beginning in such calendar year. If a determination period consists of fewer than twelve (12) months, the OBRA '93 annual compensation limit will be multiplied by a fraction, the numerator of which is the number of months in the determination period, and the denominator of which is twelve (12). For purposes of this section, a "Noneligible Member" is any member who first became a member during a plan year commencing on or after July 1, 1996.

- c. For plan years beginning on or after July 1, 1996, any reference in the System to the annual compensation limit under Section 401(a)(17) of the Internal Revenue Code of 1986, as amended, shall mean the OBRA '93 annual compensation limit set forth in this provision.
- d. If compensation for any prior determination period is taken into account in determining a Noneligible Member's benefits accruing in the current plan year, the compensation for that prior determination period is subject to the OBRA '93 annual compensation limit in effect for that prior determination period. For this purpose, for determination periods beginning before the first day of the first plan year beginning on or after July 1, 1996, the OBRA '93 annual compensation limit is One Hundred Fifty Thousand Dollars (\$150,000.00).
- e. Effective July 1, 1989, through June 30, 1997, in determining the compensation of a member for purposes of this limitation, the rules of Section 414(q)(6) of the Internal Revenue Code of 1986, as amended, shall

apply, except in applying such rules, the term "family" shall include only the spouse of the member and any lineal descendants of the member who have not attained age nineteen (19) before the close of the year. If, as a result of the application of such rules, the adjusted annual compensation limitation is exceeded, then the limitation shall be prorated among the affected individuals in proportion to each such individual's compensation as determined under this section prior to the application of this limitation.

f. The family member aggregation rules set forth in the preceding paragraph shall apply only to plan years beginning prior to July 1, 1997;

18. "Accrued retirement benefit" means:

- a. two and one-half percent (2 1/2%) of the member's final average salary multiplied by the member's years of credited service not to exceed thirty (30) years, or
- b. the benefit provided by Section 2 of this act for reserve municipal law enforcement officers;

19. "Normal disability benefit" means two and one-half percent (2 1/2%) of the member's final average salary multiplied by twenty (20) years;

20. "Limitation year" means the year used in applying the limitations of Section 415 of the Internal Revenue Code of 1986, as amended, which year shall be the calendar year; ~~and~~

21. "Paid base salary" means compensation that shall include longevity, educational allowances, and normal compensation paid on a regularly scheduled pay period of which said pay period shall include holidays, annual leave and sick leave. Paid base salary shall not include overtime. This shall exclude any incremental increases due to reimbursement or payment of benefits or other

allowances including but not limited to insurance premium reimbursements; and

22. "Reserve municipal law enforcement officer" means a peace officer who is certified by the Council on Law Enforcement Education and Training, but who is not a full-time peace officer for any governmental entity who performs or who is eligible to perform volunteer service for a participating employer of the System.

SECTION 2. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 50-114A of Title 11, unless there is created a duplication in numbering, reads as follows:

A. Upon reaching a normal retirement date, a reserve municipal law enforcement officer shall receive a benefit, payable in equal monthly installments, equal to Six Dollars and twenty-seven cents (\$6.27) for each year of credited service.

B. Reserve municipal law enforcement officers shall be eligible to participate in the Deferred Retirement Option Plan pursuant to Section 50-111.3 of Title 11 of the Oklahoma Statutes.

SECTION 3. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 50-114B of Title 11, unless there is created a duplication in numbering, reads as follows:

A. If a reserve municipal law enforcement officer terminates service after completing ten (10) years of credited service, the reserve municipal law enforcement officer shall receive a vested benefit.

B. The reserve municipal law enforcement officer shall be entitled to a monthly pension commencing on the date the officer reaches fifty (50) years of age or the date the officer would have had twenty (20) years of credited service had the officer's service continued uninterrupted, whichever is later.

C. The monthly amount of such retirement benefit shall be the amount being paid to reserve municipal law enforcement officers at the time the member vests multiplied by the number of years of

credited service. Credited service must be established at the time of the reserve municipal law enforcement officer's termination.

D. If a reserve municipal law enforcement officer who terminates employment and receives a vested benefit dies prior to being eligible to receive benefits, the reserve municipal law enforcement officer's beneficiary shall be entitled to the reserve municipal law enforcement officer's normal monthly retirement benefit on the date the deceased reserve municipal law enforcement officer would have been eligible to receive the benefit.

SECTION 4. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 50-114C of Title 11, unless there is created a duplication in numbering, reads as follows:

A. A reserve municipal law enforcement officer may acquire a maximum of five (5) years of credited service for reserve municipal law enforcement service performed prior to July 1, 2001. The service authorized by this section may be purchased by the reserve municipal law enforcement officer at actuarial cost in the same manner and subject to the same requirements as provided by Section 50-111.4 of Title 11 of the Oklahoma Statutes.

B. Service purchased at actuarial cost as authorized by subsection A of this section shall be treated in the same manner as other service purchases at actuarial cost for purposes of determining eligibility to terminate service and elect a vested benefit, for purposes of determining a normal retirement date within the System and for other purposes.

SECTION 5. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 50-109A of Title 11, unless there is created a duplication in numbering, reads as follows:

Each participating municipality supervising the services performed by a reserve municipal law enforcement officer shall make an annual contribution to the System equal to Zero Dollars (\$0.00). The contribution payment shall be made to the System not later than

July 31 of each year and shall be made for each reserve municipal law enforcement officer who performed services for the municipality during the preceding fiscal year.

SECTION 6. AMENDATORY 11 O.S. 1991, Section 50-135, is amended to read as follows:

Section 50-135. Any participating municipality that does not comply with the contribution requirements ~~of this act~~ with respect to any member of the System, including reserve municipal law enforcement officers, shall forfeit that proportionate share of the Motor Fuel Excise Tax which is received through the Oklahoma Tax Commission. It shall be the duty of the Oklahoma Tax Commission to withhold these funds until such time as the Attorney General shall certify to the Oklahoma Tax Commission, upon proof presented, that the provisions of this act are being complied with by the participating municipality, that the forfeiture of the Motor Fuel Excise Tax is terminated. It shall be the duty of the Attorney General to enforce the provisions of this section.

SECTION 7. AMENDATORY 74 O.S. 1991, Section 902, as last amended by Section 1, Chapter 379, O.S.L. 2000 (74 O.S. Supp. 2000, Section 902), is amended to read as follows:

Section 902. As used in Section 901 et seq. of this title:

(1) "System" means the Oklahoma Public Employees Retirement System as established by this act and as it may hereafter be amended;

(2) "Accumulated contributions" means the sum of all contributions by a member to the System which shall be credited to the member's account;

(3) "Act" means Sections 901 to 932, inclusive, of this title;

(4) "Actuarial equivalent" means a deferred income benefit of equal value to the accumulated deposits or benefits when computed upon the basis of the actuarial tables in use by the System;

(5) "Actuarial tables" means the actuarial tables approved and in use by the Board at any given time;

(6) "Actuary" means the actuary or firm of actuaries employed by the Board at any given time;

(7) "Beneficiary" means any person named by a member to receive any benefits as provided for by Section 901 et seq. of this title. If there is no beneficiary living at time of member employee's death, the member's estate shall be the beneficiary;

(8) "Board" means the Oklahoma Public Employees Retirement System Board of Trustees;

(9) "Compensation" means all salary and wages, including amounts deferred under deferred compensation agreements entered into between a member and a participating employer, but exclusive of payment for overtime, payable to a member of the System for personal services performed for a participating employer, including maintenance, or any allowance in lieu thereof provided a member as a part of compensation but shall not include compensation or reimbursement for traveling, or moving expenses, or any compensation in excess of the maximum compensation level, provided:

(a) For compensation for service prior to January 1, 1988, the maximum compensation level shall be Twenty-five Thousand Dollars (\$25,000.00) per annum.

For compensation for service on or after January 1, 1988, through June 30, 1994, the maximum compensation level shall be Forty Thousand Dollars (\$40,000.00) per annum.

For compensation for service on or after July 1, 1994, through June 30, 1995, the maximum compensation level shall be Fifty Thousand Dollars (\$50,000.00) per annum; for compensation for service on or after July 1, 1995, through June 30, 1996, the maximum compensation level shall be Sixty Thousand Dollars

(\$60,000.00) per annum; for compensation for service on or after July 1, 1996, through June 30, 1997, the maximum compensation level shall be Seventy Thousand Dollars (\$70,000.00) per annum; and for compensation for service on or after July 1, 1997, through June 30, 1998, the maximum compensation level shall be Eighty Thousand Dollars (\$80,000.00) per annum. For compensation for services on or after July 1, 1998, there shall be no maximum compensation level for retirement purposes.

(b) Compensation for retirement purposes shall include any amount of elective salary reduction under Section 457 of the Internal Revenue Code of 1986 and any amount of non-elective salary reduction under Section 414(h) of the Internal Revenue Code of 1986.

(c) Notwithstanding any provision to the contrary, the compensation taken into account for any employee in determining the contribution or benefit accruals for any plan year is limited to the annual compensation limit under Section 401(a)(17) of the federal Internal Revenue Code;

(10) "Credited service" means the sum of participating service, prior service and elected service;

(11) "Dependent" means a parent, child, or spouse of a member who is dependent upon the member for at least one-half (1/2) of the member's support;

(12) "Effective date" means the date upon which the System becomes effective by operation of law;

(13) "Eligible employer" means the state and any county, county hospital, city or town, conservation districts, and any public or private trust in which a county, city or town participates and is the primary beneficiary is to be an eligible employer for the

purpose of this act only, whose employees are covered by Social Security and are not covered by or eligible for another retirement plan authorized under the laws of this state which is in operation on the initial entry date. Emergency medical service districts may join the System upon proper application to the Board. Provided affiliation by a county hospital shall be in the form of a resolution adopted by the board of control.

- (a) If a class or several classes of employees of any above-defined employers are covered by Social Security and are not covered by or eligible for and will not become eligible for another retirement plan authorized under the laws of this state, which is in operation on the effective date, such employer shall be deemed an eligible employer, but only with respect to that class or those classes of employees as defined in this section.
- (b) A class or several classes of employees who are covered by Social Security and are not covered by or eligible for and will not become eligible for another retirement plan authorized under the laws of this state, which is in operation on the effective date, and when the qualifications for employment in such class or classes are set by state law; and when such class or classes of employees are employed by a county or municipal government pursuant to such qualifications; and when the services provided by such employees are of such nature that they qualify for matching by or contributions from state or federal funds administered by an agency of state government which qualifies as a participating employer, then the agency of state government administering the state or federal funds shall be deemed an eligible employer,

but only with respect to that class or those classes of employees as defined in this subsection; provided, that the required contributions to the retirement plan may be withheld from the contributions of state or federal funds administered by the state agency and transmitted to the System on the same basis as the employee and employer contributions are transmitted for the direct employees of the state agency. The retirement or eligibility for retirement under the provisions of law providing pensions for service as a volunteer fire fighter shall not render any person ineligible for participation in the benefits provided for in Section 901 et seq. of this title. An employee of any public or private trust in which a county, city or town participates and is the primary beneficiary shall be deemed to be an eligible employee for the purpose of this act only;

(14) "Employee" means any officer or employee of a participating employer, whose employment is not seasonal or temporary and whose employment requires at least one thousand (1,000) hours of work per year and whose salary or wage is equal to the hourly rate of the monthly minimum wage for state employees. For those eligible employers outlined in Section 910 of this title, the rate shall be equal to the hourly rate of the monthly minimum wage for that employer. Each employer, whose minimum wage is less than the state's minimum wage, shall inform the System of the minimum wage for that employer. This notification shall be by resolution of the governing body.

(a) Any employee of the county extension agents who is not currently participating in the Teachers' Retirement System of Oklahoma shall be a member of this System.

- (b) Eligibility shall not include any employee who is a contributing member of the United States Civil Service Retirement System.
- (c) It shall be mandatory for an officer, appointee or employee of the office of district attorney to become a member of this System if he or she is not currently participating in a county retirement system. Provided further, that if an officer, appointee or employee of the office of district attorney is currently participating in such county retirement system, he or she is ineligible for this System as long as he or she is eligible for such county retirement system. Any eligible officer, appointee or employee of the office of district attorney shall be given credit for prior service as defined in this section. The provisions outlined in Section 917 of this title shall apply to those employees who have previously withdrawn their contributions.
- (d) Eligibility shall also not include any officer or employee of the Oklahoma Employment Security Commission, except for those officers and employees of the Commission electing to transfer to this System pursuant to the provisions of Section 910.1 of this title or any other class of officers or employees specifically exempted by the laws of this state, unless there be a consolidation as provided by Section 912 of this title. Employees of the Oklahoma Employment Security Commission who are ineligible for enrollment in the Employment Security Commission Retirement Plan, that was in effect on January 1, 1964, shall become members of this System.

(e) Any employee employed by the Legislative Service Bureau, State Senate or House of Representatives for the full duration of a regular legislative session shall be eligible for membership in the System regardless of classification as a temporary employee and may participate in the System during the regular legislative session at the option of the employee. For purposes of this subparagraph, the determination of whether an employee is employed for the full duration of a regular legislative session shall be made by the Legislative Service Bureau if such employee is employed by the Legislative Service Bureau, the State Senate if such employee is employed by the State Senate, or by the House of Representatives if such employee is employed by the House of Representatives. Each regular legislative session during which the legislative employee or an employee of the Legislative Service Bureau participates full time shall be counted as six (6) months of full-time participating service.

(i) Except as otherwise provided by this subparagraph, once a temporary session employee makes a choice to participate or not, the choice shall be binding for all future legislative sessions during which the employee is employed.

(ii) Notwithstanding the provisions of division (i) of this subparagraph, any employee, who is eligible for membership in the System because of the provisions of this subparagraph and who was employed by the State Senate or House of Representatives after January 1, 1989, may file an election, in a manner specified by the Board,

to participate as a member of the System prior to September 1, 1989.

(iii) Notwithstanding the provisions of division (i) of this subparagraph, a temporary legislative session employee who elected to become a member of the System may withdraw from the System effective the day said employee elected to participate in the System upon written request to the Board. Any such request must be received by the Board prior to October 1, 1990. All employee contributions made by the temporary legislative session employee shall be returned to the employee without interest within four (4) months of receipt of the written request.

(iv) A temporary legislative session employee who did not initially elect to participate as a member of the System pursuant to subparagraph (e) of this paragraph and who has not elected to participate as a member of the System pursuant to any other provision of this subparagraph shall be able to elect to become a member of the System and to acquire service performed as a temporary legislative session employee for periods of service performed prior to the election if:

- a. the employee files an election with the System not later than December 31, 1998, to become a member of the System and, subject to the requirements of this division, to purchase the prior service; and
- b. the employee makes payment to the System of the actuarial cost of the service credit pursuant to subsection A of Section 913.5 of

this title. The provisions of Section 913.5 of this title shall be applicable to the purchase of the service credit, including the provisions for determining service credit in the event of incomplete payment due to cessation of payments, death, termination of employment or retirement, but the payment may extend for a period not to exceed ninety-six (96) months;

(15) "Entry date" means the date on which an eligible employer joins the System. The first entry date pursuant to Section 901 et seq. of this title shall be January 1, 1964;

(16) "Executive Director" means the managing officer of the System employed by the Board under Section 901 et seq. of this title;

(17) "Federal Internal Revenue Code" means the federal Internal Revenue Code of 1954 or 1986, as amended and as applicable to a governmental plan as in effect on July 1, 1999;

(18) "Final average compensation" means the average annual salary, including amounts deferred under deferred compensation agreements entered into between a member and a participating employer, up to, but not exceeding the maximum compensation levels as provided in paragraph (9) of this section received during the highest three (3) of the last ten (10) years of participating service immediately preceding retirement or termination of employment. Provided, no member shall retire with a final average compensation unless the member has made the required contributions on such compensation;

(19) "Fiscal year" means the period commencing July 1 of any year and ending June 30 of the next year. The fiscal year is the plan year for purposes of the federal Internal Revenue Code;

however, the calendar year is the limitation year for purposes of Section 415 of the federal Internal Revenue Code;

(20) "Fund" means the Oklahoma Public Employees Retirement Fund as created by Section 901 et seq. of this title;

(21) "Leave of absence" means a period of absence from employment without pay, authorized and approved by the employer and acknowledged to the Board, and which after the effective date does not exceed two (2) years;

(22) "Member" means an eligible employee or elected official who is in the System and is making the required employee or elected official contributions, or any former employee or elected official who shall have made the required contributions to the System and shall have not received a refund or withdrawal and shall also include a reserve deputy sheriff participating in the System as provided by law;

(23) "Military service" means service in the Armed Forces of the United States in time of war or national emergency by honorably discharged, not to exceed five (5) years for combined participating and/or prior service, for persons who served as follows:

- (a) in the Armed Forces of the United States at any time during the period from April 6, 1917, to November 11, 1918, both dates inclusive,
- (b) in the Armed Forces of the United States as members of the 45th Division at any time during the period from September 16, 1940, to December 7, 1941, both dates inclusive,
- (c) in the Armed Forces of the United States at any time during the period from December 7, 1941, to December 31, 1946, both dates inclusive,
- (d) in the Armed Forces of the United States at any time during the period from June 27, 1950, to January 31, 1955, both dates inclusive,

- (e) for a period of ninety (90) days or more, unless discharged from active duty for a service-connected disability, in the Armed Forces of the United States during the period of time in which the United States participated in a war, campaign or battle, but excluding any person who shall have served on active duty for training only, unless discharged from active duty for service-connected disability,
- (f) in the Armed Forces of the United States at any time during the period which began on:
  - (i) February 28, 1961, and ended on May 7, 1975, in the case of a veteran who served in the Republic of Vietnam during that period, and
  - (ii) August 5, 1964, and ended on May 7, 1975, in all other cases,except that such period shall be deemed to have ended on December 31, 1976, when determining eligibility for education and training benefits, or
- (g) in the Armed Forces of the United States on or after August 1, 1990, and ended on December 31, 1991, excluding any person who shall have served on active duty for training only, unless discharged from active duty for service-connected disability.

An eligible member under this paragraph shall include only those persons who shall have served during the times or in the areas prescribed in this paragraph, and those persons who were awarded service medals, as authorized by the United States Department of Defense as reflected in the veteran's Defense Department Form 214, related to the Vietnam Conflict who served prior to August 5, 1964;

(24) "Normal retirement date" means the date on which a member may retire with full retirement benefits as provided in Section 901 et seq. of this title, such date being whichever occurs first:

- (a) the first day of the month coinciding with or following a member's sixty-second birthday,
- (b) for any person who initially became a member prior to July 1, 1992, the first day of the month coinciding with or following the date at which the sum of a member's age and number of years of credited service total eighty (80); such a normal retirement date will also apply to any person who became a member of the sending system as defined in Section 901 et seq. of this title, prior to July 1, 1992, regardless of whether there were breaks in service after July 1, 1992,
- (c) for any person who became a member after June 30, 1992, the first day of the month coinciding with or following the date at which the sum of a member's age and number of years of credited service total ninety (90),
- (d) in addition to subparagraphs (a), (b) and (c) of this paragraph, the first day of the month coinciding with or following a member's completion of at least twenty (20) years of full-time-equivalent employment as a correctional or probation and parole officer with the Department of Corrections and at the time of retirement, the member was a correctional or probation and parole officer with the Department of Corrections,  
~~or~~
- (e) for any member who was continuously employed by an entity or institution within The Oklahoma State System of Higher Education and whose initial employment with such entity or institution was prior to July 1, 1992, and who without a break in service of more than thirty (30) days became employed by an employer participating

in the Oklahoma Public Employees Retirement System,  
the first day of the month coinciding with or  
following the date at which the sum of the member's  
age and number of years of credited service total  
eighty (80), or

(f) for reserve deputy sheriffs the period of time  
prescribed by Section 9 of this act;

(25) "Participating employer" means an eligible employer who  
has agreed to make contributions to the System on behalf of its  
employees and shall include any employer supervising the services  
performed by a reserve deputy sheriff;

(26) "Participating service" means the period of employment  
after the entry date for which credit is granted a member or the  
period of time described by Section 8 of this act for a reserve  
deputy sheriff;

(27) "Prior service" means the period of employment of a member  
by an eligible employer prior to the member's entry date for which  
credit is granted a member under Section 901 et seq. of this title  
or the period of time purchased by a reserve deputy sheriff pursuant  
to the requirements of Section 10 of this act;

(28) "Retirant" means a member who has retired under the  
System;

(29) "Retirement benefit" means a monthly income with benefits  
accruing from the first day of the month coinciding with or  
following retirement and ending on the last day of the month in  
which death occurs or the actuarial equivalent thereof paid in such  
manner as specified by the member pursuant to Section 901 et seq. of  
this title or as otherwise allowed to be paid at the discretion of  
the Board;

(30) "Retirement coordinator" means the individual designated  
by each participating employer through whom System transactions and  
communication shall be directed;

(31) "Social Security" means the old-age survivors and disability section of the Federal Social Security Act;

(32) "Total disability" means a physical or mental disability accepted for disability benefits by the Federal Social Security System;

(33) "Service-connected disability benefits" means military service benefits which are for a service-connected disability rated at twenty percent (20%) or more by the Veterans Administration or the Armed Forces of the United States;

(34) "Elected official" means a person elected to a state office in the legislative or executive branch of state government or a person elected to a county office for a definite number of years and shall include an individual who is appointed to fill the unexpired term of an elected state official;

(35) "Elected service" means the period of service as an elected official; ~~and~~

(36) "Limitation year" means the year used in applying the limitations of Section 415 of the Internal Revenue Code of 1986, which year shall be the calendar year; and

(37) "Reserve deputy sheriff" means a person who is a peace officer certified by the Council on Law Enforcement Education and Training, but who is not an elected official or a deputy sheriff, but who performs services for a county in the capacity as a peace officer and who is not a full-time peace officer for any other governmental employer.

SECTION 8. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 914.1 of Title 74, unless there is created a duplication in numbering, reads as follows:

Upon reaching a normal retirement date, a reserve deputy sheriff may receive a retirement benefit, payable in equal monthly installments, in the amount of Six Dollars and twenty-seven cents

(\$6.27) for each year of participating or prior service performed by the reserve deputy sheriff.

SECTION 9. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 914.1a of Title 74, unless there is created a duplication in numbering, reads as follows:

A. If a reserve deputy sheriff terminates service after completing ten (10) years of credited service, the reserve deputy sheriff shall receive a vested benefit.

B. The reserve deputy sheriff shall be entitled to a monthly pension commencing on the date the reserve deputy sheriff reaches fifty (50) years of age or the date the reserve deputy sheriff would have had twenty (20) years of credited service had the reserve deputy sheriff's service continued uninterrupted, whichever is later.

C. The monthly amount of such retirement benefit shall be the amount being paid to reserve deputy sheriffs at the time the member vests multiplied by the number of years of credited service. Credited service must be established at the time of the reserve deputy sheriff's termination.

D. If a reserve deputy sheriff who terminates employment and receives a vested benefit dies prior to being eligible to receive benefits, the reserve deputy sheriff's beneficiary shall be entitled to the reserve deputy sheriff's normal monthly retirement benefit on the date the deceased reserve deputy sheriff would have been eligible to receive the benefit.

SECTION 10. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 914.1b of Title 74, unless there is created a duplication in numbering, reads as follows:

A. A reserve deputy sheriff may acquire a maximum of five (5) years of service for reserve deputy sheriff service performed prior to July 1, 2001. The service authorized by this section may be purchased by the reserve deputy sheriff at actuarial cost in the

same manner and subject to the same requirements as provided by Section 913.5 of Title 74 of the Oklahoma Statutes.

B. Service purchased at actuarial cost as authorized by subsection A of this section shall be treated in the same manner as other service purchases at actuarial cost for purposes of determining eligibility to terminate service and elect a vested benefit, for purposes of determining a normal retirement date within the System and for other purposes.

SECTION 11. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 920B of Title 74, unless there is created a duplication in numbering, reads as follows:

Notwithstanding the provisions of either Section 920 or Section 920A of Title 74 of the Oklahoma Statutes, each county supervising the services performed by a reserve deputy sheriff shall make an annual contribution to the System equal to Zero Dollars (\$0.00). The contribution payment shall be made to the System not later than July 31 of each year and shall be made for each reserve deputy sheriff who performed services for the county during the preceding fiscal year.

SECTION 12. AMENDATORY 74 O.S. 1991, Section 914, as last amended by Section 37, Chapter 257, O.S.L. 1999 (74 O.S. Supp. 2000, Section 914), is amended to read as follows:

Section 914. A. The normal retirement date for a member of the System shall be as defined in Section 902 of this title or by Section 9 of this act for reserve deputy sheriffs, provided members employed on or after January 1, 1983, shall have six (6) or more years of full-time-equivalent employment with a participating employer before receiving any retirement benefits or if the member is a legislative session employee of the Legislature, shall have three (3) or more years of full-time-equivalent employment with a participating employer before receiving any retirement benefits. In no event shall a normal retirement date for a member be before six

(6) months after the entry date of the participating employer by whom he or she is employed.

B. A member may be employed beyond the normal retirement date by the appointing authority of the participating employer. However, the member may not receive retirement pay so long as he continues employment under this act. Any member who has terminated employment with a participating employer prior to the month immediately preceding said member's normal retirement date must elect a vested benefit pursuant to Section 917 of this title before receiving any retirement benefits.

C. Notice for retirement shall be filed through the retirement coordinator for the participating employer in such form and manner as the Board shall prescribe; provided, that such notice for retirement shall be filed with the office of the retirement system at least sixty (60) days prior to the date selected for the member's retirement; provided further, that the Board may waive the aforesaid sixty-day notice at its discretion.

D. No retirement benefits shall be payable to any member until the first day of the month following the termination of the member's employment with any participating employer. The type of retirement benefit selected by a member may not be changed on or after the effective date of the member's retirement. Receipt of workers' compensation benefits shall in no respect disqualify retirant for benefits.

E. If a retirant should be elected or appointed to any position or office for which compensation for service is paid from levies or taxes imposed by the state or any political subdivision thereof, the retirant shall not receive any retirement benefit for any month for which the retirant serves in such position or office after the retirant has received compensation in a sum equal to the amount allowable as wages or earnings by the Social Security Administration in any calendar year; provided, this subsection shall not apply to

service rendered by a retirant as a juror, as a witness in any legal proceeding or action, as an election board judge or clerk, or in any other office or position of a similar nature, or to an employer that is not a participating employer. Provided, further, that any participating employer who is employing such a retirant shall make proper written notification to the System informing it of the beginning date of such retirant's employment and the date such retirant reaches the maximum compensation allowed by this section in the calendar year; and provided, also, that any retirant returning to work for a participating employer shall make contributions to the System and the employer shall do likewise. All retirants who have returned to employment and participation in the System following retirement shall have post-retirement benefits calculated on one of the following methods:

1. All service accumulated from date of reemployment shall be computed based on the benefit formula applicable at that time and the additional benefits shall be added to the previous benefits. Such additional benefits shall be calculated each year based upon additional service accrued from July 1 to June 30 of the previous year and the additional benefit, if any, will be added to the retirant's monthly benefit beginning January 1, 2000, and each January 1 thereafter; however, the post-retirement service credit shall be cumulative, beginning with service credit accrued after the date of retirement, provided that the retirant has not received a distribution of the post-retirement contributions.

2. Any retirant who returns to employment with a participating employer may elect not to receive any retirement benefits while so reemployed. If such an election is made and reemployment is for a minimum period of thirty-six (36) consecutive months, all service accumulated from date of reemployment shall be participating service. For purposes of determining the retirement benefits of such a member upon the termination of such reemployment all

creditable service of the member shall be computed based on the benefit formula applicable at the time of termination of such reemployment. Provided, a retirant who became reemployed prior to July 1, 1982, and who is reemployed for a minimum of thirty-six (36) consecutive months shall have all the creditable service of such retirant computed based on the benefit formula applicable at the time of termination of such reemployment if the retirant elects not to receive retirement benefits prior to such termination of reemployment. A retirant who has waived receipt of the monthly benefit, but is not reemployed for the full thirty-six (36) consecutive months, shall upon termination of such reemployment have only the additional amount added to his or her benefit as if they had not waived the benefit as provided in paragraph 1 of this subsection.

3. All post-retirement additional benefits shall be calculated using actual hours worked as well as the actual compensation received and upon which contributions are paid. Post-retirement service is not subject to the partial year round-up provisions of subsection C of Section 913 of this title.

F. Any member may elect to retire before his or her normal retirement date on the first day of any month coinciding with or following the attainment of age fifty-five (55), provided such member has completed ten (10) years of participating service, but in no event before six (6) months after the entry date. Any member who shall retire before the normal retirement date shall receive an annual retirement benefit adjusted in accordance with the following percentage schedule:

Age	Percentage of Normal Retirement Benefit
62	100.00%
61	93.33%
60	86.67%

59	80.00%
58	73.33%
57	66.67%
56	63.33%
55	60.00%

SECTION 13. AMENDATORY 74 O.S. 1991, Section 915, as last amended by Section 2, Chapter 379, O.S.L. 2000 (74 O.S. Supp. 2000, Section 915), is amended to read as follows:

Section 915. A. (1) Except as provided in paragraph (2) of this subsection ~~and~~, as provided for elected officials in Section 913.4 of this title and as provided by Section 8 of this act, any member who shall retire on or after the member's normal retirement date shall be entitled to receive an annual retirement benefit equal to two percent (2%) of the member's final average compensation as determined pursuant to paragraph (18) of Section 902 of this title, multiplied by the number of years of credited service that has been credited to the member in accordance with the provisions of Section 913 of this title, and provided, the minimum final average compensation for any person who becomes a member of the System on or after July 1, 1995:

- a. and who had twenty (20) or more years of credited service within the System as of the member's retirement date shall be no less than Thirteen Thousand Eight Hundred Dollars (\$13,800.00) per annum,
- b. and who had at least fifteen (15) but not more than nineteen (19) years of credited service within the System as of the member's retirement date shall be no less than Six Thousand Nine Hundred Dollars (\$6,900.00) per annum,
- c. and who had less than fifteen (15) years of credited service within the System as of the member's retirement date shall not be eligible for any minimum

amount of final average compensation and the member's final average compensation shall be the final average compensation as defined by paragraph (18) of Section 902 of this title,

Provided, further, any member who has elected a vested benefit pursuant to Section 917 of this title shall be entitled to receive benefits as outlined in this section except the percent factor and the member's maximum compensation level in effect the date the member's employment was terminated with a participating employer shall be applicable.

(2) Any member who is a correctional officer or a probation and parole officer employed by the Department of Corrections at the time of retirement and who retires on or before June 30, 2000, shall be entitled to receive an annual retirement benefit equal to two and one-half percent (2 1/2%) of the final average compensation of the member not to exceed Twenty-five Thousand Dollars (\$25,000.00) and two percent (2%) of the final average salary in excess of Twenty-five Thousand Dollars (\$25,000.00) but not exceeding the maximum compensation level as provided in paragraph (9) of Section 902 of this title, multiplied by the number of years of service as a correctional officer or a probation and parole officer, provided, any years accrued prior to July 1, 1990, as a correctional officer or a probation and parole officer by a member who is employed as a correctional officer or a probation and parole officer on July 1, 1990, shall be calculated for retirement purposes at two and one-quarter percent (2 1/4%) of the final average compensation of the member not to exceed Twenty-five Thousand Dollars (\$25,000.00) and two percent (2%) of the final average salary in excess of Twenty-five Thousand Dollars (\$25,000.00) but not exceeding the maximum compensation level as provided in paragraph (9) of Section 902 of this title, multiplied by the number of years of such service and any years in excess of twenty (20) years as such an officer or years

credited to the member in accordance with the provisions of Section 913 of this title shall be calculated for retirement purposes at two percent (2%) of the final average compensation of the member multiplied by the number of years of such service. Any person who contributes to the System as a correctional officer or a probation and parole officer as provided in paragraph (c) of subsection (1) of Section 919.1 of this title, on or before June 30, 2000, but who does not make such contributions after June 30, 2000, and who does not qualify for normal retirement under subparagraph (c) of paragraph (24) of Section 902 of this title shall have retirement benefits for each year of full-time-equivalent participating service as a correctional or a probation and parole officer after July 1, 1990 computed on two and one-half percent (2 1/2%) of the final average compensation based upon those years as a correctional officer or a probation and parole officer.

(3) Any member who is a correctional officer or a probation and parole officer employed by the Department of Corrections at the time of retirement and who retires on or after July 1, 2000, shall be entitled to receive an annual retirement benefit equal to two and one-half percent (2 1/2%) of the final average compensation of the member, but not exceeding the maximum compensation level as provided in paragraph (9) of Section 902 of this title, multiplied by the number of years of service as a correctional officer or a probation and parole officer, and any years in excess of twenty (20) years as such an officer, or years credited to the member in accordance with the provisions of Section 913 of this title, shall be calculated for retirement purposes at two percent (2%) of the final average compensation of the member multiplied by the number of years of such service.

(4) Any person who contributes to the System as a correctional officer or a probation and parole officer as provided in paragraph (c) of subsection (1) of Section 919.1 of this title, on or after

July 1, 2000, and who does not qualify for normal retirement under subparagraph (d) of paragraph (24) of Section 902 of this title shall have retirement benefits for each year of full-time-equivalent participating service as a correctional or a probation and parole officer, computed on two and one-half percent (2 1/2%) of the final average compensation based upon those years as a correctional officer or a probation and parole officer.

(5) Upon death of a retirant, there shall be paid to his beneficiary an amount equal to the excess, if any, of his accumulated contributions over the sum of all retirement benefit payments made.

(6) Such annual retirement benefits shall be paid in equal monthly installments, except that the Board may provide for the payment of retirement benefits which total less than Two Hundred Forty Dollars (\$240.00) a year on other than a monthly basis.

(7) Pursuant to the rules established by the Board, a retiree receiving monthly benefits from the System may authorize warrant deductions for any products currently offered to active state employees through the Employees Benefits Council, provided that product is offered to state retirees as a group and has a minimum participation of five hundred state retirees. The System has no responsibility for the marketing, enrolling or administration of such products, but shall retain a processing fee of two percent (2%) of the gross deductions for the products. Retirement benefit deductions shall be made for membership dues for any statewide association for which payroll deductions are authorized pursuant to subsection B of Section 7.10 of Title 62 of the Oklahoma Statutes for retired members of any state-supported retirement system, upon proper authorization given by the member to the board from which the member or beneficiary is currently receiving retirement benefits.

B. A member shall be considered disabled if such member qualifies for the payment of Social Security disability benefits, or

the payment of benefits pursuant to the Railroad Retirement Act of 1974, Section 231 et seq. of Title 45 of the United States Code, and shall be eligible for benefits hereunder upon proof of such disability, provided such member is an active regularly scheduled employee with a participating employer at the time of injury or inception of illness or disease resulting in subsequent certification of eligibility for Social Security disability benefits by reason of such injury, illness or disease, providing such disability is certified by the Social Security Administration within one (1) year after the last date physically on the job and after completion of at least eight (8) years of participating service or combined prior and participating service or resulting in subsequent certification of eligibility of disability by the Railroad Retirement Board providing such certification is made by the Railroad Retirement Board within one (1) year after the last date physically on the job and after completion of at least eight (8) years of participating service or combined prior and participating service. The member shall submit to the Retirement System the Social Security Award Notice or the Railroad Retirement Award Notice certifying the date of entitlement for disability benefits, as issued by the Social Security Administration, Department of Health and Human Services or the Railroad Retirement Board. Disability benefits shall become effective on the date of entitlement as established by the Social Security Administration or the Railroad Retirement Board, but not before the first day of the month following removal from the payroll, whichever is later, and final approval by the Retirement System. Benefits shall be based upon length of service and compensation as of the date of disability, without actuarial reduction because of commencement prior to the normal retirement date. The only optional form of benefit payment available for disability benefits is Option A as provided for in Section 918 of this title. Option A must be elected in accordance

with the provisions of Section 918 of this title. Benefit payments shall cease upon the member's recovery from disability prior to the normal retirement date. Future benefits, if any, shall be paid based upon length of service and compensation as of the date of disability. In the event that disability ceases and the member returns to employment within the System credited service to the date of disability shall be restored, and future benefits shall be determined accordingly.

C. Any actively participating member of the System on or after July 1, 1998, except for those employees provided in subparagraph (e) of paragraph (14) of Section 902 of this title, whose employment is less than full-time, shall have his or her final average compensation calculated on an annualized basis using his or her hourly wage subject to the maximum compensation limits; provided, however, any such member who has at least three (3) years of full-time employment during the last ten (10) years immediately preceding termination or retirement shall not be eligible for the annualization provisions contained herein. The Board of Trustees shall promulgate such administrative rules as are necessary to implement the provisions of this subsection.

SECTION 14. AMENDATORY 74 O.S. 1991, Section 917, as last amended by Section 2, Chapter 387, O.S.L. 1999 (74 O.S. Supp. 2000, Section 917), is amended to read as follows:

Section 917. (1) Upon termination of employment with a participating employer, not followed by employment with such participating employer, or another participating employer, within four (4) calendar months, the member shall be paid an amount equal to the amount of money he or she has paid into the System upon the filing of the proper application with the System. Payment of these accumulated contributions may be made in less than four (4) calendar months only in the event that a member is not eligible to elect a vested benefit pursuant to this section and said member is

terminally ill, as evidenced by a physician's certification that the member is not expected to live beyond four (4) months.

(2) ~~If~~ a. Except as otherwise provided by this section, if such member has completed eight (8) years of credited service at date of termination or if the member has completed twenty (20) years of full-time-equivalent employment as a correctional officer or probation and parole officer with the Department of Corrections and is such an officer at the time of election of a vested benefit or if the member is a legislative session employee of the Legislature or if the employee is a session employee employed by the Legislative Service Bureau, four (4) years of credited service at date of termination, he may elect a vested benefit in lieu of receiving his accumulated contributions. The amount of the vested benefit shall commence at the normal retirement date and shall be paid monthly during the lifetime of the retirant with the last payment made on the last day of the month in which death occurs.

b. A reserve deputy sheriff who terminates employment prior to accruing ten (10) years of participating service as a reserve deputy sheriff shall not be eligible for any distribution of any contribution made to the System on behalf of such member. If a reserve deputy sheriff does not accrue at least ten (10) years of participating service as a reserve deputy sheriff within the System, such member shall not be entitled to any retirement benefit whatsoever. If a reserve deputy sheriff terminates employment with ten (10) or more years of credited service, the provisions of Section 9 of this act shall determine the member's eligibility for a retirement benefit.

(3) Upon death before the normal or early retirement date of a member who has elected a vested benefit, his accumulated contributions shall be paid to his beneficiary unless the spouse of the deceased member is the beneficiary and elects monthly benefits as provided for in Section 918 of this title.

(4) Upon death after the normal or early retirement date of a retirant who elected a vested benefit without an option, the excess, if any, of his accumulated contributions over the sum of all payments of the vested benefit made to date of death shall be paid to his beneficiary.

(5) If a former employee, who meets the eligibility requirements for membership, returns to employment after the expiration of four (4) calendar months following the termination of his employment and the employee has withdrawn his accumulated contributions, he may pay to the System the sum of the accumulated contributions he has withdrawn plus interest of not to exceed ten percent (10%), as determined by the Board, and shall receive the same benefits as if he had never withdrawn his contributions. No member shall be permitted to take advantage of the payback for restoration of creditable service more than one time. If a member, who has elected a vested benefit, or a reemployed member, who has not withdrawn the member's contributions, again becomes an employee of a participating employer, the period of absence shall not be counted as a break in service; however, the period of absence shall not be credited.

(6) Prior to January 1, 1991, members, who at the time of employment were ineligible for membership into the System due to their age, shall receive benefits for the period of ineligibility if the employer and employee contributions are paid the System for that ineligible period. No interest shall be paid on a payback of this type. However, effective January 1, 1991, to receive benefits, the

member shall pay the amount determined by the Board pursuant to Section 913.5 of this title.

(7) When any error in calculation or participation coverage to a prior or current employee exists, it shall be the responsibility of the participating employer which made the error to pay the amount determined by the Board pursuant to Section 913.5 of this title. This obligation of the participating employer to pay the amount due pursuant to this section shall be considered a current obligation of the employer until the amount is paid in full, regardless of the dates of the periods of service.

(8) Upon application to the Board and payment as determined by the Board, a member of the System may receive service credit for those years of service that the member was eligible to receive service credit from the Teachers' Retirement System of Oklahoma. To receive the service credit, the member shall pay the amount determined by the Board pursuant to Section 913.5 of this title.

(9) Upon the death of a retired member, the benefit payment for the month in which the retired member died, if not previously paid, shall be made to the beneficiary of the member or to the member's estate if there is no beneficiary. Such benefit payment shall be made in an amount equal to a full monthly benefit payment regardless of the day of the month in which the retired member died.

SECTION 15. This act shall become effective July 1, 2001.

SECTION 16. 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.

Passed the House of Representatives the 13th day of March, 2001.

\_\_\_\_\_  
Presiding Officer of the House of  
Representatives

Passed the Senate the \_\_\_\_ day of \_\_\_\_\_, 2001.

\_\_\_\_\_  
Presiding Officer of the Senate