ENROLLED HOUSE
BILL NO. 1816

By: Toure of the House

and

Smith of the Senate

An Act relating to duplicate sections; amending, merging, consolidating, and repealing duplicate sections; amending 2 O.S. 2001, Section 1-3, as amended by Section 2, Chapter 173, O.S.L. 2002 (2 O.S. Supp. 2002, Section 1-3); repealing 2 O.S. 2001, Section 1-3, as amended by Section 1, Chapter 187, O.S.L. 2002 (2 O.S. Supp. 2002, Section 1-3); amending 10 O.S. 2001, Section 21.1, as amended by Section 1, Chapter 445, O.S.L. 2002 (10 O.S. Supp. 2002, Section 21.1); repealing 10 O.S. 2001, Section 21.1, as amended by Section 1, Chapter 413, O.S.L. 2002 (10 O.S. Supp. 2002, Section 21.1); amending 10 O.S. 2001, Section 7003-2.1, as amended by Section 5, Chapter 445, O.S.L. 2002 (10 O.S. Supp. 2002, Section 7003-2.1); repealing 10 O.S. 2001, Section 7003-2.1, as amended by Section 16, Chapter 327, O.S.L. 2002 (10 O.S. Supp. 2002, Section 7003-2.1); amending 10 O.S. 2001, Section 7303-1.3, as amended by Section 2, Chapter 473, O.S.L. 2002 (10 O.S. Supp. 2002, Section 7303-1.3); repealing 10 O.S. 2001, Section 7303-1.3, as amended by Section 25, Chapter 327, O.S.L. 2002 (10 O.S. Supp. 2002, Section 7303-1.3); amending 10 O.S. 2001, Section 7304-1.1, as amended by Section 7, Chapter 473, O.S.L. 2002 (10 O.S. Supp. 2002, Section 7304-1.1); repealing 10 O.S. 2001, Section 7304-1.1, as amended by Section 31, Chapter 327, O.S.L. 2002 (10 O.S. Supp. 2002, Section 7304-1.1); amending 12 O.S. 2001, Section 1653, as amended by Section 8, Chapter 468, O.S.L. 2002 (12 O.S. Supp. 2002, Section 1653); repealing 12 O.S. 2001, Section 1653, as amended by Section 4, Chapter 402, O.S.L. 2002 (12 O.S. Supp. 2002, Section 1653); amending 12 O.S. 2001, Section 1751, as amended by Section 9, Chapter 468, O.S.L. 2002 (12 O.S. Supp. 2002, Section 1751); repealing 12 O.S. 2001, Section 1751, as amended by Section 5, Chapter 402, O.S.L. 2002 (12 O.S. Supp. 2002, Section 1751); amending 12 O.S. 2001, Section 2403, as amended by Section 30, Chapter 468, O.S.L. 2002 (12 O.S. Supp. 2002, Section 2403); repealing 12 O.S. 2001, Section 2403, as amended by Section 1, Chapter 128, O.S.L. 2002 (12 O.S. Supp. 2002, Section 2403); amending 22 O.S. 2001, Section 18, as amended by Section 1, Chapter 475, O.S.L. 2002 (22 O.S. Supp. 2002, Section 18); repealing 22 O.S. 2001, Section 18, as amended by Section 14, Chapter 460, O.S.L. 2002 (22 O.S. Supp. 2002, Section 18); repealing 40 O.S. 2001, Section 4-508, as amended by Section 1, Chapter 160, O.S.L. 2002 (40 O.S. Supp. 2002, Section

4-508); amending 43 O.S. 2001, Section 107.3, as amended by Section 5, Chapter 400, O.S.L. 2002 (43 O.S. Supp. 2002, Section 107.3); repealing 43 O.S. 2001, Section 107.3, as amended by Section 17, Chapter 445, O.S.L. 2002 (43 O.S. Supp. 2002, Section 107.3); amending 43 O.S. 2001, Section 112, as amended by Section 7, Chapter 400, O.S.L. 2002 (43 O.S. Supp. 2002, Section 112); repealing 43 O.S. 2001, Section 112, as amended by Section 2, Chapter 314, O.S.L. 2002 (43 O.S. Supp. 2002, Section 112); repealing 43 O.S. 2001, Section 112, as amended by Section 18, Chapter 445, O.S.L. 2002 (43 O.S. Supp. 2002, Section 112); amending 43 O.S. 2001, Section 112.2, as amended by Section 19, Chapter 445, O.S.L. 2002 (43 O.S. Supp. 2002, Section 112.2); repealing 43 O.S. 2001, Section 112.2, as amended by Section 3, Chapter 413, O.S.L. 2002 (43 O.S. Supp. 2002, Section 112.2); amending 47 O.S. 2001, Section 2-300, as amended by Section 1, Chapter 399, O.S.L. 2002 (47 O.S. Supp. 2002, Section 2-300); repealing 47 O.S. 2001, Section 2-300, as amended by Section 1, Chapter 238, O.S.L. 2002 (47 O.S. Supp. 2002, Section 2-300); amending 47 O.S. 2001, Section 2-301, as amended by Section 2, Chapter 399, O.S.L. 2002 (47 O.S. Supp. 2002, Section 2-301); repealing 47 O.S. 2001, Section 2-301, as amended by Section 2, Chapter 238, O.S.L. 2002 (47 O.S. Supp. 2002, Section 2-301); amending 47 O.S. 2001, Section 2-303.1, as amended by Section 6, Chapter 391, O.S.L. 2002 (47 O.S. Supp. 2002, Section 2-303.1); repealing 47 O.S. 2001, Section 2-303.1, as amended by Section 3, Chapter 399, O.S.L. 2002 (47 O.S. Supp. 2002, Section 2-303.1); amending 47 O.S. 2001, Section 2-305, as amended by Section 4, Chapter 399, O.S.L. 2002 (47 O.S. Supp. 2002, Section 2-305); repealing 47 O.S. 2001, Section 2-305, as amended by Section 2, Chapter 332, O.S.L. 2002 (47 O.S. Supp. 2002, Section 2-305); amending 47 O.S. 2001, Section 6-101, as amended by Section 4, Chapter 474, O.S.L. 2002 (47 O.S. Supp. 2002, Section 6-101); repealing 47 O.S. 2001, Section 6-101, as amended by Section 1, Chapter 374, O.S.L. 2002 (47 O.S. Supp. 2002, Section 6-101); repealing 47 O.S. 2001, Section 6-101, as amended by Section 15, Chapter 397, O.S.L. 2002 (47 O.S. Supp. 2002, Section 6-101); amending 47 O.S. 2001, Section 11-902, as amended by Section 33, Chapter 460, O.S.L. 2002 (47 O.S. Supp. 2002, Section 11-902); repealing 47 O.S. 2001, Section 11-902, as amended by Section 1, Chapter 442, O.S.L. 2002 (47 O.S. Supp. 2002, Section 11-902); amending 47 O.S. 2001, Section 1151.1, as last amended by Section 2, Chapter 444, O.S.L. 2002 (47 O.S. Supp. 2002, Section 1151.1); repealing 47 O.S. 2001, Section 1151.1, as amended by Section 2, Chapter 59, O.S.L. 2002 (47 O.S. Supp. 2002, Section 1151.1); amending 51 O.S. 2001, Section 24A.3, as amended by Section 2, Chapter 478, O.S.L. 2002 (51 O.S. Supp. 2002, Section 24A.3); repealing 51 O.S. 2001, Section 24A.3, as amended by Section 3, Chapter 293, O.S.L. 2002 (51 O.S. Supp. 2002, Section 24A.3); amending 57 O.S. 2001, Section 502, as amended by Section 1, Chapter 211, O.S.L.

2002 (57 O.S. Supp. 2002, Section 502); repealing 57 O.S. 2001, Section 502, as amended by Section 1, Chapter 81, O.S.L. 2002 (57 O.S. Supp. 2002, Section 502); repealing 57 O.S. 2001, Section 503, as amended by Section 2, Chapter 81, O.S.L. 2002 (57 O.S. Supp. 2002, Section 503); amending 57 O.S. 2001, Section 561.1, as amended by Section 1, Chapter 221, O.S.L. 2002 (57 O.S. Supp. 2002, Section 561.1); repealing 57 O.S. 2001, Section 561.1, as amended by Section 4, Chapter 81, O.S.L. 2002 (57 O.S. Supp. 2002, Section 561.1); amending 57 O.S. 2001, Section 584, as amended by Section 2, Chapter 235, O.S.L. 2002 (57 O.S. Supp. 2002, Section 584); repealing 57 O.S. 2001, Section 584, as amended by Section 3, Chapter 20, O.S.L. 2002 (57 O.S. Supp. 2002, Section 584); repealing 57 O.S. 2001, Section 584, as amended by Section 2, Chapter 153, O.S.L. 2002 (57 O.S. Supp. 2002, Section 584); amending 59 O.S. 2001, Section 1004, as amended by Section 10, Chapter 375, O.S.L. 2002 (59 O.S. Supp. 2002, Section 1004); repealing 59 O.S. 2001, Section 1004, as amended by Section 1, Chapter 175, O.S.L. 2002 (59 O.S. Supp. 2002, Section 1004); amending 60 O.S. 2001, Section 176, as amended by Section 1, Chapter 39, O.S.L. 2002 (60 O.S. Supp. 2002, Section 176); repealing 60 O.S. 2001, Section 176, as amended by Section 1, Chapter 33, O.S.L. 2002 (60 O.S. Supp. 2002, Section 176); amending 62 O.S. 2001, Section 203, as amended by Section 1, Chapter 343, O.S.L. 2002 (62 O.S. Supp. 2002, Section 203); repealing 62 O.S. 2001, Section 203, as amended by Section 15, Chapter 322, O.S.L. 2002 (62 O.S. Supp. 2002, Section 203); amending 68 O.S. 2001, Section 1353, as amended by Section 1, Chapter 482, O.S.L. 2002 (68 O.S. Supp. 2002, Section 1353); repealing 68 O.S. 2001, Section 1353, as amended by Section 6, Chapter 458, O.S.L. 2002 (68 O.S. Supp. 2002, Section 1353); amending 68 O.S. 2001, Section 1356, as last amended by Section 1, Chapter 503, O.S.L. 2002 (68 O.S. Supp. 2002, Section 1356); repealing 68 O.S. 2001, Section 1356, as last amended by Section 1, Chapter 393, O.S.L. 2002 (68 O.S. Supp. 2002, Section 1356); repealing 68 O.S. 2001, Section 1356, as last amended by Section 7, Chapter 458, O.S.L. 2002 (68 O.S. Supp. 2002, Section 1356); amending 68 O.S. 2001, Section 1357, as last amended by Section 1, Chapter 385, O.S.L. 2002 (68 O.S. Supp. 2002, Section 1357); repealing 68 O.S. 2001, Section 1357, as last amended by Section 2, Chapter 382, O.S.L. 2002 (68 O.S. Supp. 2002, Section 1357); amending 68 O.S. 2001, Section 1403, as amended by Section 2, Chapter 482, O.S.L. 2002 (68 O.S. Supp. 2002, Section 1403); repealing 68 O.S. 2001, Section 1403, as amended by Section 8, Chapter 458, O.S.L. 2002 (68 O.S. Supp. 2002, Section 1403); amending 68 O.S. 2001, Section 2352, as last amended by Section 4, Chapter 503, O.S.L. 2002 (68 O.S. Supp. 2002, Section 2352); repealing 68 O.S. 2001, Section 2352, as amended by Section 13, Chapter 299, O.S.L. 2002 (68 O.S. Supp. 2002, Section 2352); repealing 68 O.S. 2001, Section 2352, as amended by Section 3, Chapter 482, O.S.L.

2002 (68 O.S. Supp. 2002, Section 2352); amending 68 O.S. 2001, Section 2358, as amended by Section 1, Chapter 372, O.S.L. 2002 (68 O.S. Supp. 2002, Section 2358); repealing 68 O.S. 2001, Section 2358, as amended by Section 1, Chapter 144, O.S.L. 2002 (68 O.S. Supp. 2002, Section 2358); amending 68 O.S. 2001, Section 2902, as last amended by Section 6, Chapter 476, O.S.L. 2002 (68 O.S. Supp. 2002, Section 2902); repealing 68 O.S. 2001, Section 2902, as last amended by Section 15, Chapter 299, O.S.L. 2002 (68 O.S. Supp. 2002, Section 2902); amending 69 O.S. 2001, Section 1705, as amended by Section 1, Chapter 181, O.S.L. 2002 (69 O.S. Supp. 2002, Section 1705); repealing 69 O.S. 2001, Section 1705, as amended by Section 1, Chapter 146, O.S.L. 2002 (69 O.S. Supp. 2002, Section 1705); amending 70 O.S. 2001, Section 3-116, as amended by Section 1, Chapter 437, O.S.L. 2002 (70 O.S. Supp. 2002, Section 3-116); repealing 70 O.S. 2001, Section 3-116, as amended by Section 16, Chapter 375, O.S.L. 2002 (70 O.S. Supp. 2002, Section 3-116); amending 70 O.S. 2001, Section 5-117, as amended by Section 2, Chapter 483, O.S.L. 2002 (70 O.S. Supp. 2002, Section 5-117); repealing 70 O.S. 2001, Section 5-117, as amended by Section 1, Chapter 283, O.S.L. 2002 (70 O.S. Supp. 2002, Section 5-117); amending 70 O.S. 2001, Section 17-116.2, as amended by Section 1, Chapter 459, O.S.L. 2002 (70 O.S. Supp. 2002, Section 17-116.2); repealing 70 O.S. 2001, Section 17-116.2, as amended by Section 1, Chapter 406, O.S.L. 2002 (70 O.S. Supp. 2002, Section 17-116.2); amending 70 O.S. 2001, Section 23-105, as amended by Section 19, Chapter 375, O.S.L. 2002 (70 O.S. Supp. 2002, Section 23-105); repealing 70 O.S. 2001, Section 23-105, as amended by Section 1, Chapter 104, O.S.L. 2002 (70 O.S. Supp. 2002, Section 23-105); amending 70 O.S. 2001, Section 3311, as amended by Section 27, Chapter 22, O.S.L. 2002 (70 O.S. Supp. 2002, Section 3311); repealing 70 O.S. 2001, Section 3311, as amended by Section 1, Chapter 62, O.S.L. 2002 (70 O.S. Supp. 2002, Section 3311); amending 74 O.S. 2001, Section 500.18, as last amended by Section 42, Chapter 460, O.S.L. 2002 (74 O.S. Supp. 2002, Section 500.18); repealing 74 O.S. 2001, Section 500.18, as amended by Section 4, Chapter 9, O.S.L. 2002; repealing 74 O.S. 2001, Section 500.18, as last amended by Section 3, Chapter 343, O.S.L. 2002 (74 O.S. Supp. 2002, Section 500.18); amending 74 O.S. 2001, Section 840-5.5, as last amended by Section 1, Chapter 435, O.S.L. 2002 (74 O.S. Supp. 2002, Section 840-5.5); repealing 74 O.S. 2001, Section 840-5.5, as last amended by Section 16, Chapter 347, O.S.L. 2002 (74 O.S. Supp. 2002, Section 840-5.5); repealing 74 O.S. 2001, Section 840-5.5, as last amended by Section 4, Chapter 396, O.S.L. 2002 (74 O.S. Supp. 2002, Section 840-5.5); repealing 74 O.S. 2001, Section 840-5.5, as last amended by Section 34, Chapter 397, O.S.L. 2002 (74 O.S. Supp. 2002, Section 840-5.5); amending 74 O.S. 2001, Section 902, as amended by Section 5, Chapter 438, O.S.L. 2002 (74 O.S. Supp. 2002, Section

902); repealing 74 O.S. 2001, Section 902, as last amended by Section 2, Chapter 354, O.S.L. 2002 (74 O.S. Supp. 2002, Section 902); repealing 74 O.S. 2001, Section 902, as last amended by Section 1, Chapter 376, O.S.L. 2002 (74 O.S. Supp. 2002, Section 902); amending 74 O.S. 2001, Section 917, as last amended by Section 3, Chapter 376, O.S.L. 2002 (74 O.S. Supp. 2002, Section 917); repealing 74 O.S. 2001, Section 917, as amended by Section 1, Chapter 29, O.S.L. 2002 (74 O.S. Supp. 2002, Section 917); amending 74 O.S. 2001, Section 918, as amended by Section 7, Chapter 438, O.S.L. 2002 (74 O.S. Supp. 2002, Section 918); repealing 74 O.S. 2001, Section 918, as amended by Section 4, Chapter 354, O.S.L. 2002 (74 O.S. Supp. 2002, Section 918); amending 74 O.S. 2001, Section 1316.2, as last amended by Section 2, Chapter 450, O.S.L. 2002 (74 O.S. Supp. 2002, Section 1316.2); repealing 74 O.S. 2001, Section 1316.2, as amended by Section 9, Chapter 399, O.S.L. 2002 (74 O.S. Supp. 2002, Section 1316.2); repealing 74 O.S. 2001, Section 1316.2, as last amended by Section 8, Chapter 438, O.S.L. 2002 (74 O.S. Supp. 2002, Section 1316.2); amending 74 O.S. 2001, Section 1365, as amended by Section 9, Chapter 439, O.S.L. 2002 (74 O.S. Supp. 2002, Section 1365); repealing 74 O.S. 2001, Section 1365, as amended by Section 5, Chapter 196, O.S.L. 2002 (74 O.S. Supp. 2002, Section 1365); amending 82 O.S. 2001, Section 1020.11a, as amended by Section 1, Chapter 275, O.S.L. 2002 (82 O.S. Supp. 2002, Section 1020.11a); repealing 82 O.S. 2001, Section 1020.11a, as amended by Section 1, Chapter 57, O.S.L. 2002 (82 O.S. Supp. 2002, Section 1020.11a); amending 85 O.S. 2001, Section 134, as amended by Section 1, Chapter 145, O.S.L. 2002 (85 O.S. Supp. 2002, Section 134); repealing 85 O.S. 2001, Section 134, as amended by Section 11, Chapter 50, O.S.L. 2002 (85 O.S. Supp. 2002, Section 134); and declaring an emergency.

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

SECTION 1. AMENDATORY 2 O.S. 2001, Section 1-3, as amended by Section 2, Chapter 173, O.S.L. 2002 (2 O.S. Supp. 2002, Section 1-3), is amended to read as follows:

Section 1-3. For the purposes of the Oklahoma Agricultural Code, unless the context indicates otherwise:

1. "Authorized agent" means a person who has been authorized by the State Board of Agriculture to act on behalf of the Board in making investigations, inspections, performing other services, or doing any particular act or acts which have been vested by the Oklahoma Agricultural Code in the Board. A written or printed commission signed by the President of the Board shall be proof that the holder has lawful authority to act on behalf of the Board in implementing the Oklahoma Agricultural Code;

2. “Board” means the State Board of Agriculture;

3. “Code” means the Oklahoma Agricultural Code;

4. “Department” means the Oklahoma Department of Agriculture, Food, and Forestry and its employees, officers, and divisions. Whenever the name “Department of Agriculture” appears in any law, contract or other document, it shall be deemed to refer to the Oklahoma Department of Agriculture, Food, and Forestry;

5. “Director” means the Director of a division established in the Oklahoma Department of Agriculture, Food, and Forestry;

6. “License” means a written document issued by the Board granting authority to a person to engage in a business, occupation, or activity;

7. “Livestock” or “animals” means any cattle, bison, horses, sheep, goats, asses, mules, swine, domesticated rabbits, and chickens, turkeys, and other domesticated fowl, and any animal or bird in captivity;

8. “Permit” means a written document issued by the Board giving consent for a person to engage in an activity;

9. “Person” means the state, any municipality, political subdivision, institution, individual, public or private corporation, partnership, or other legal entity;

10. “President” means the President of the State Board of Agriculture. The President of the State Board of Agriculture shall also be designated as the Commissioner of Agriculture;

11. “Producer” means any person planting, raising, growing, or harvesting agricultural products;

12. “Quarantine” means a written document issued by the Board to restrict the movement of animals, birds, plants, or agricultural commodities into or out of a specified area for the control or prevention of diseases or pests; and

13. “Stop sale order” or “stop use order” means a written or printed order signed by the President or authorized agent of the Board, prohibiting the sale, offering for sale, exposure for sale, or use of any agricultural product, article, device, service, or commodity covered by the Oklahoma Agricultural Code.

SECTION 2. REPEALER 2 O.S. 2001, Section 1-3, as amended by Section 1, Chapter 187, O.S.L. 2002 (2 O.S. Supp. 2002, Section 1-3), is hereby repealed.

SECTION 3. AMENDATORY 10 O.S. 2001, Section 21.1, as amended by Section 1, Chapter 445, O.S.L. 2002 (10 O.S. Supp. 2002, Section 21.1), is amended to read as follows:

Section 21.1 A. Custody should be awarded or a guardian appointed in the following order of preference according to the best interests of the child to:

1. A parent or to both parents jointly except as otherwise provided in subsection B of this section;

2. A grandparent;

3. A person who was indicated by the wishes of a deceased parent;

4. A relative of either parent;

5. The person in whose home the child has been living in a wholesome and stable environment including but not limited to a foster parent; or

6. Any other person deemed by the court to be suitable and able to provide adequate and proper care and guidance for the child.

B. Subject to subsection E of this section, when a parent having physical custody and providing support to a child becomes deceased or when the custody is judicially removed from such parent, the court may only deny the noncustodial parent custody of the child or guardianship of the child if:

1. a. For a period of at least twelve (12) months out of the last fourteen (14) months immediately preceding the determination of custody or guardianship action, the noncustodial parent has willfully failed, refused, or neglected to contribute to the child's support:

(1) in substantial compliance with a support provision or an order entered by a court of competent jurisdiction adjudicating the duty, amount, and manner of support, or

(2) according to such parent's financial ability to contribute to the child's support if no provision for support is provided in a decree of divorce or an order of modification subsequent thereto, and

b. The denial of custody or guardianship is in the best interest of the child;

2. The noncustodial parent has abandoned the child as such term is defined by Section 7006-1.1 of this title;

3. The parental rights of the noncustodial parent have been terminated;

4. The noncustodial parent has been convicted of any crime defined by the Oklahoma Child Abuse Reporting and Prevention Act or any crime against public decency and morality pursuant to Title 21 of the Oklahoma Statutes;

5. The child has been adjudicated deprived pursuant to the Oklahoma Children's Code as a result of the actions of the noncustodial parent and such parent has not successfully completed any required service or treatment plan required by the court; or

6. The court finds it would be detrimental to the health or safety of the child for the noncustodial parent to have custody or be appointed guardian.

C. The court may consider the preference of the child in awarding custody of the child if the child is of sufficient age to form an intelligent preference.

D. In every case involving the custody of, guardianship of or visitation with a child, the court shall consider evidence of ongoing domestic abuse which is properly brought before it. If the occurrence of ongoing domestic abuse is established by clear and convincing evidence, there shall be a rebuttable presumption that it is not in the best interests of the child to have custody, guardianship or unsupervised visitation granted to the abusive person.

E. 1. In every case involving the custody of, guardianship of or visitation with a child, the court shall determine whether any individual seeking custody or who has custody of, guardianship of or visitation with a child:

a. is or has been subject to the registration requirements of the Oklahoma Sex Offenders Registration Act or any similar act in any other state, ~~or~~

b. is residing with a person who is or has been subject to the registration requirements of the Oklahoma Sex Offenders Registration Act or any similar act in any other state, or

c. is residing with a person who has been previously convicted of a crime listed in Section 582 of Title 57 of the Oklahoma Statutes.

2. There shall be a rebuttable presumption that it is not in the best interests of the child to have custody, guardianship or unsupervised visitation granted to:

a. a person who is or has been subject to the registration requirements of the Oklahoma Sex Offenders Registration Act or any similar act in any other state, ~~or~~

b. a person who is residing with an individual who is or has been subject to the registration requirements of the Oklahoma Sex Offenders Registration Act or any similar act in any other state, or

c. a person who is residing with a person who has been previously convicted of a crime listed in Section 582 of Title 57 of the Oklahoma Statutes.

SECTION 4. REPEALER 10 O.S. 2001, Section 21.1, as amended by Section 1, Chapter 413, O.S.L. 2002 (10 O.S. Supp. 2002, Section 21.1), is hereby repealed.

SECTION 5. AMENDATORY 10 O.S. 2001, Section 7003-2.1, as amended by Section 5, Chapter 445, O.S.L. 2002 (10 O.S. Supp. 2002, Section 7003-2.1), is amended to read as follows:

Section 7003-2.1 A. Pursuant to the provisions of this section, a child may be taken into custody prior to the filing of a petition:

1. By a peace officer or employee of the court, without a court order if the child's surroundings are such as to endanger the welfare of the child or if continuation of the child in the child's home is contrary to the health, safety or welfare of the child;

2. By an order of the district court issued upon the application of the office of the district attorney. The court shall include in the order a specific determination that continuation of the child in the child's home is contrary to the health, safety or welfare of the child. The application presented by the district attorney may be supported by a sworn affidavit which may be based upon information and belief. The application shall state facts sufficient to demonstrate to the court that there is reasonable suspicion to believe the child is in need of protection due to abandonment, abuse or neglect, or is in surroundings that are such as to endanger the welfare of the child. The application may be verbal. If verbal, a written application shall be submitted to the district court within one (1) judicial day from the issuance of the order.

a. When an order issued by the district court pursuant to this paragraph places the child in the emergency custody of the Department of Human Services pending further hearing specified by Section 7003-2.4 of this title, an employee of the Department may take the child into custody in the following limited circumstance:

(1) the child is located in an educational or day care facility,

(2) it is determined that assumption of the child's custody from such facility is necessary to protect the child from risk of endangerment, and

(3) assumption of the child's custody from the facility can occur without a breach of the peace, otherwise the child shall be taken into custody by a peace officer or employee of the court.

b. It is the intent of the Legislature that emergency custody of a child pursuant to a court order shall not occur at an educational or day care facility unless it is determined necessary to avoid endangerment to the child. The Department shall establish specific policies when an employee of the Department may take a child into emergency custody pursuant to a court order at an educational or day care facility;

3. By order of the district court when the child is in need of medical or mental health treatment in order to protect the child's health, safety or welfare and the child's parent, legal guardian,

custodian or other person having custody or control of the child is unwilling or unavailable to consent to such medical or mental health treatment or other action pursuant to this article. The court shall specifically include in the order authorization for such medical or mental health treatment as it deems necessary. The court shall include in the order a specific determination that continuation of the child in the child's home is contrary to the health, safety or welfare of the child; and

4. Pursuant to the provisions of Section 7115.1 of this title.

B. Whenever a child is taken into custody pursuant to subsection A of this section:

1. The child may be taken to a children's shelter located within the county where protective or emergency custody is assumed or, if there is no children's shelter within the county, to a children's shelter designated by the court, provided that the placement of an infant who appears to be or has been determined to have a medical condition or illness that falls within the placement protocol for at-risk infants established pursuant to subsection D of this section shall be taken to a location as provided in the placement protocol;

2. Except as otherwise provided by subsection C of this section, the child may be taken before a judge of the district court for the purpose of obtaining an order for emergency custody. The court may place the child in the emergency custody of the Department of Human Services pending further hearing specified by Section 7003-2.4 of this title. The Department may place the child in a kinship foster care home, another foster home or other suitable placement that is determined by the Department to meet the needs of the child, provided that the placement of an infant who appears to be or has been determined to have a medical condition or illness that falls within the placement protocol for at-risk infants established pursuant to subsection D of this section shall be taken to a location as provided in the placement protocol;

3. The child may be taken directly to or retained in a health care facility for medical treatment, when it reasonably appears to the peace officer or court employee that the child is in need of emergency medical treatment to maintain the child's health, or as otherwise directed by the court; or

4. The child may be taken directly to or retained in a mental health or substance abuse treatment facility for ~~mental health care, or inpatient mental health~~ evaluation or inpatient ~~mental health~~ treatment, in accordance with the provisions of the Inpatient Mental Health and Substance Abuse Treatment of ~~Children~~ Minors Act, when it reasonably appears to the peace officer or court employee that the child is in need of emergency mental health care to preserve the child's health, or as otherwise directed by the court; and

5. Except as otherwise provided by subsection C of this section, the district court of the county where the emergency custody is assumed shall be immediately notified, verbally or in writing, that the child has been taken into custody. If notification is verbal, written notification shall be sent to the district court within one (1) judicial day of such verbal notification.

C. The court may provide, in an order issued pursuant to this section or by a standing order or rule, for the disposition of children taken into emergency custody and notification of the custody. Such order or rule shall be consistent with the provisions of subsection B of this section, but may also:

1. Designate a licensed child care facility other than a children's shelter appropriate for the temporary care of deprived children if such facility is willing to provide care, provided that the placement of an infant who appears to be or has been determined to have a medical condition or illness that falls within the placement protocol for at-risk infants established pursuant to subsection D of this section shall be taken to a location as provided in the placement protocol;

2. Authorize the release of a child from custody in accord with such criteria as the court specifies or the placement of a child with such responsible persons as the court may designate and who are willing to provide care for the child pending further proceedings; and

3. Require such notice to the court concerning the assumption of custody and the disposition of children taken into custody as the court may direct.

D. 1. The Department of Human Services shall establish by rule a placement protocol for at-risk infants.

2. Factors for determining at-risk infants include, but are not limited to:

a. premature infants,

b. history of respiratory distress,

c. oxygen dependency,

d. diagnosis requiring special care beyond routine infant care,

e. infants under six (6) weeks of age, and

f. medical conditions or illnesses of the infants that without protocol placements may result in increased episodes of illness, prolonged hospitalization and increased cost for care.

3. Appropriate placement pursuant to this subsection of at-risk infants shall include, but not be limited to, foster care, approved kinship foster care and health care facilities. A children’s shelter shall not be deemed to be an appropriate placement for at-risk infants unless the shelter meets the placement protocol.

4. If the at-risk infant is in a hospital setting, the infant may be placed in another appropriate placement pursuant to this subsection, only upon the release of the infant from the hospital by the infant’s primary physician.

E. No child taken into custody pursuant to this section shall be confined in any jail, adult lockup, or adult or juvenile

detention facility. No child shall be transported or detained in a secure facility in association with delinquent, criminal, vicious, or dissolute persons.

SECTION 6. REPEALER 10 O.S. 2001, Section 7003-2.1, as amended by Section 16, Chapter 327, O.S.L. 2002 (10 O.S. Supp. 2002, Section 7003-2.1), is hereby repealed.

SECTION 7. AMENDATORY 10 O.S. 2001, Section 7303-1.3, as amended by Section 2, Chapter 473, O.S.L. 2002 (10 O.S. Supp. 2002, Section 7303-1.3), is amended to read as follows:

Section 7303-1.3 A. The court may provide by rule who shall make a preliminary inquiry to determine whether the interests of the public or of the child who is within the purview of the Oklahoma Juvenile Code require that further court action be taken. Provided, that where intake is to be provided by the Department of Juvenile Justice under contract with the Supreme Court, or under the provision of rules issued by the Supreme Court, the preliminary inquiry shall follow the uniform contractual procedures as agreed to by the Supreme Court and the Department. If it is determined by the preliminary inquiry that no further action be taken and if agreed to by the district attorney, the person or the court may make such informal adjustment as is practicable without a petition.

B. A petition in a juvenile proceeding may be filed by the district attorney to determine if further action is necessary. The proceeding shall be entitled "In the matter of _____, an alleged (delinquent) or (a child alleged to be in need of supervision)".

The petition shall be verified and may be upon information and belief. It shall set forth:

1. With particularity facts which bring the child within the purview of the Oklahoma Juvenile Code;

2. The name, age and residence of the child;

3. The names and residences of the parents of the child;

4. The name and residence of the legal guardian of the child, if applicable;

5. The name and residence of the person or persons having custody or control of the child;

6. The name and residence of the nearest known relative, if no parent or guardian can be found;

7. The relief requested; and

8. The specific federal law, state law or municipal ordinance under which the child is charged, and an endorsement of witnesses intended to be called by the petitioner, where the child is sought to be adjudged a delinquent child.

If a termination of parental rights is desired, it must be stated in the petition and summons, and if an order for the payment of funds for the care and maintenance of the child is desired, it

must be stated in the petition and summons. If any of the facts herein required are not known by the petitioner, the petition shall so state, along with the reasons why the facts are not known to the petitioner.

C. A petition alleging a child to be a ~~child~~ minor in need of treatment shall be filed by a district attorney pursuant to the Inpatient Mental Health and Substance Abuse Treatment of ~~Children~~ Minors Act.

D. A copy of the petition shall be attached to and delivered with the summons.

E. A district attorney may defer filing a petition alleging a child to be delinquent or in need of supervision for a period of ninety (90) days if the child participates in a teen court program, a graduated sanctions program or a first-time offender program, as defined in Section 7303-4.6 of this title. If the child successfully completes the program, the district attorney shall not file the petition. The records of a case for which a petition is not filed shall be subject to the provisions of Article VII of the Oklahoma Juvenile Code.

SECTION 8. REPEALER 10 O.S. 2001, Section 7303-1.3, as amended by Section 25, Chapter 327, O.S.L. 2002 (10 O.S. Supp. 2002, Section 7303-1.3), is hereby repealed.

SECTION 9. AMENDATORY 10 O.S. 2001, Section 7304-1.1, as amended by Section 7, Chapter 473, O.S.L. 2002 (10 O.S. Supp. 2002, Section 7304-1.1), is amended to read as follows:

Section 7304-1.1 A. When a child is taken into custody pursuant to the provisions of the Oklahoma Juvenile Code, the child shall be detained only if it is necessary to assure the appearance of the child in court or for the protection of the child or the public.

1. a. No preadjudicatory or predisposition detention or custody order shall remain in force and effect for more than thirty (30) days. The court, for good and sufficient cause shown, may extend the effective period of such an order for an additional period not to exceed sixty (60) days. If the child is being detained for the commission of a murder, the court may, if it is in the best interests of justice, extend the effective period of such an order an additional sixty (60) days.

   b. Whenever the court orders a child to be held in a juvenile detention facility, an order for secure detention shall remain in force and effect for not more than ten (10) days after such order. Upon an application of the district attorney and after a hearing on such application, the court, for good and sufficient cause shown, may extend the effective period of such an order for an additional period not to exceed ten (10) days after such hearing. The total period of preadjudicatory or predisposition shall not exceed the ninety-day limitation as specified in subparagraph a of this paragraph. The child shall be

present at the hearing on the application for extension unless, as authorized and approved by the court, the attorney for the child is present at the hearing and the child is available to participate in the hearing via telephone conference communication. For the purpose of this paragraph, "telephone conference communication" means use of a telephone device that allows all parties, including the child, to hear and be heard by the other parties at the hearing. After the hearing, the court may order continued detention in a juvenile detention center, may order the child detained in an alternative to secure detention or may order the release of the child from detention.

2. No child alleged or adjudicated to be deprived or in need of supervision or who is or appears to be a ~~child~~ minor in need of ~~mental health~~ treatment as defined by the Inpatient Mental Health and Substance Abuse Treatment of ~~Children~~ Minors Act, shall be confined in any jail, adult lockup, or adult detention facility. No child shall be transported or detained in association with criminal, vicious, or dissolute persons.

3. Except as otherwise authorized by this section a child who has been taken into custody as a deprived child, a child in need of supervision, or who appears to be a ~~child~~ minor in need of ~~mental health~~ treatment, may not be placed in any detention facility pending court proceedings, but must be placed in shelter care or foster care or, with regard to a child who appears to be a ~~child~~ minor in need of ~~mental health~~ treatment, a mental health or substance abuse treatment facility in accordance with the provisions of the Inpatient Mental Health and Substance Abuse Treatment of ~~Children~~ Minors Act, or released to the custody of the child's parents or some other responsible party. When a child is taken into custody as a child in need of supervision as a result of being a runaway, the court may order the child placed in a juvenile detention facility pending court proceedings if it finds the detention to be essential for the safety of the child.

B. No child shall be placed in secure detention unless:

1. The child is an escapee from any delinquent placement;

2. The child is a fugitive from another jurisdiction with a warrant on a delinquency charge or confirmation of delinquency charges by the home jurisdiction;

3. The child is seriously assaultive or destructive towards others or self;

4. The child is detained for the commission of a crime that would constitute a serious act as defined by Section 7302-9.2 of this title;

5. The child is detained for the commission of a crime that would constitute a habitual criminal act as defined by Section 7302-9.2 of this title;

6. The child is currently charged with a felony act as defined by Section 7302-9.2 of this title or misdemeanor and:

a. is on probation or parole on a prior delinquent offense,

b. is on preadjudicatory community supervision,

c. is currently on release status on a prior delinquent offense, or

d. has willfully failed or there is reason to believe that the child will willfully fail to appear for juvenile court proceedings.

C. A child who has violated a court order and has had the order revoked or modified pursuant to Section 7303-5.3 of this title may be placed into an Office of Juvenile Affairs-designated sanction detention bed or an Office of Juvenile Affairs-approved sanction program.

D. A child shall be detained in secure detention only in accordance with the guidelines adopted pursuant to Section 7302-9.3 of this title.

E. 1. Except as otherwise provided in this section, no child shall be placed in secure detention in a jail, adult lockup, or other adult detention facility unless:

a. the child is detained for the commission of a crime that would constitute a felony if committed by an adult, and

b. the child is awaiting an initial court appearance, and

c. the child's initial court appearance is scheduled within twenty-four (24) hours after being taken into custody, excluding weekends and holidays, and

d. the court of jurisdiction is outside of the Standard Metropolitan Statistical Area as defined by the Bureau of Census, and

e. there is no existing acceptable alternative placement for the child, and

f. the jail, adult lockup or adult detention facility provides sight and sound separation for juveniles, pursuant to standards required by subsection E of Section 7304-1.3 of this title, or

g. the jail, adult lockup or adult detention facility meets the requirements for licensure of juvenile detention facilities, as adopted by the Office of Juvenile Affairs, is appropriately licensed, and provides sight and sound separation for juveniles, which includes:

(1) total separation between juveniles and adult facility spatial areas such that there could be no haphazard or accidental contact between juvenile and adult residents in the respective facilities,

(2) total separation in all juvenile and adult program activities within the facilities, including recreation, education, counseling, health care, dining, sleeping and general living activities, and

(3) separate juvenile and adult staff, specifically direct care staff such as recreation, education and counseling.

Specialized services staff, such as cooks, bookkeepers, and medical professionals who are not normally in contact with detainees or whose infrequent contacts occur under conditions of separation of juvenile and adults can serve both.

2. Nothing in this section shall preclude a child who is detained for the commission of a crime that would constitute a felony if committed by an adult, or a child who is an escapee from a juvenile training school or from a Department of Juvenile Justice group home from being held in any jail certified by the State Department of Health, police station or similar law enforcement offices for up to six (6) hours for purposes of identification, processing or arranging for transfer to a secure detention or alternative to secure detention. Such holding shall be limited to the absolute minimum time necessary to complete these actions.

a. The time limitations for holding a child in a jail for the purposes of identification, processing or arranging transfer established by this section shall not include the actual travel time required for transporting a child from a jail to a juvenile detention facility or alternative to secure detention.

b. Whenever the time limitations established by this subsection are exceeded, this circumstance shall not constitute a defense in a subsequent delinquency or criminal proceeding.

3. Nothing in this section shall preclude detaining in a county jail or other adult detention facility an eighteen-year old charged in a juvenile petition for whom certification to stand trial as an adult is prayed.

4. Nothing in this section shall preclude detaining in a county jail or other adult detention facility a person provided for in Section 7304-1.2 of this title if written or electronically transmitted confirmation is received from the state seeking return of the individual that the person is a person provided for in Section 7304-1.2 of this title and if, during the time of detention, the person is detained in a facility meeting the requirements of 7304-1.3 of this title.

5. Nothing in this section shall preclude detaining a person, whose age is not immediately ascertainable and who is being detained for the commission of a felony, in a jail certified by the State Department of Health, a police station or similar law enforcement office for up to twenty-four (24) hours for the purpose of determining whether or not the person is a child, if:

a. there is a reasonable belief that the person is eighteen (18) years of age or older,

b. there is a reasonable belief that a felony has been committed by the person,

c. a court order for such detention is obtained from a judge of the district court within six (6) hours of initially detaining the person,

d. there is no juvenile detention facility that has space available for the person and that is within thirty (30) miles of the jail, police station, or law enforcement office in which the person is to be detained, and

e. during the time of detention the person is detained in a facility meeting the requirements of subparagraph g of paragraph 1 of this subsection.

The time limitation provided for in this paragraph shall include the time the person is detained prior to the issuance of the court order.

The time limitation provided for in this paragraph shall not include the actual travel time required for transporting the person to the jail, police station, or similar law enforcement office. If the time limitation established by this paragraph is exceeded, this circumstance shall not constitute a defense in any subsequent delinquency or criminal proceeding.

F. Nothing contained in this section shall in any way reduce or eliminate a county's liability as otherwise provided by law for injury or damages resulting from the placement of a child in a jail, adult lockup, or other adult detention facility.

G. Any juvenile detention facility shall be available for use by any eligible Indian child as that term is defined by the Oklahoma Indian Child Welfare Act, providing that the use of the juvenile detention facility meets the requirements of the Oklahoma Juvenile Code. The Indian tribe may contract with any juvenile detention facility for the providing of detention services.

H. Each member of the staff of a juvenile detention facility shall satisfactorily complete a training program provided or approved by the Department of Juvenile Justice.

SECTION 10. REPEALER 10 O.S. 2001, Section 7304-1.1, as amended by Section 31, Chapter 327, O.S.L. 2002 (10 O.S. Supp. 2002, Section 7304-1.1), is hereby repealed.

SECTION 11. AMENDATORY 12 O.S. 2001, Section 1653, as amended by Section 8, Chapter 468, O.S.L. 2002 (12 O.S. Supp. 2002, Section 1653), is amended to read as follows:

Section 1653. A. When a declaratory relief is sought, all persons shall be made parties who have or claim any interest which would be affected by the declaration, and no declaration shall prejudice the rights of persons not parties to the proceeding.

B. The venue of the action shall be established by existing statutes; provided, however, where the action involves an individual defendant, the venue shall be in the county of the defendant's residence or where the defendant may be served with summons. If the action involves two or more defendants who reside in different counties, the venue shall be in any county where any defendant resides or may be served with summons. Where the action has as a defendant the Department of Corrections, the Board of Corrections or any of the agents, officers or employees of the Department or Board, the venue shall be in the county of the official residence of the Department or Board.

C. In any proceeding which involves the validity of a municipal ordinance or regulation, the municipality shall be made a party, and shall be entitled to be heard, and if a statute or regulation is alleged to be unconstitutional, the Attorney General of the state shall also be served with a copy of the proceeding and be entitled to be heard.

SECTION 12. REPEALER 12 O.S. 2001, Section 1653, as amended by Section 4, Chapter 402, O.S.L. 2002 (12 O.S. Supp. 2002, Section 1653), is hereby repealed.

SECTION 13. AMENDATORY 12 O.S. 2001, Section 1751, as amended by Section 9, Chapter 468, O.S.L. 2002 (12 O.S. Supp. 2002, Section 1751), is amended to read as follows:

Section 1751. A. The following suits may be brought under the small claims procedure:

1. Actions for the recovery of money based on contract or tort, including subrogation claims, but excluding libel or slander, in which the amount sought to be recovered, exclusive of attorneys fees and other court costs, does not exceed Four Thousand Five Hundred Dollars ($4,500.00);

2. Actions to replevy personal property the value of which does not exceed Four Thousand Five Hundred Dollars ($4,500.00). If the claims for possession of personal property and to recover money are pled in the alternative, the joinder of claims is permissible if neither the value of the property nor the total amount of money sought to be recovered, exclusive of attorneys fees and other costs, exceeds Four Thousand Five Hundred Dollars ($4,500.00); and

3. Actions in the nature of interpleader, as provided for in Section 2022 of this title, in which the value of the money which is the subject of such action does not exceed Four Thousand Five Hundred Dollars ($4,500.00).

B. No action may be brought under the small claims procedure by any collection agency, collection agent, or assignee of a claim, except that an action may be brought against an insurer or third-party administrator by a health care provider as that term is defined in Section 6552 of Title 36 of the Oklahoma Statutes, who is an assignee of benefits available under an accident and health insurance policy, trust, plan, or contract.

C. In those cases which are uncontested, the amount of attorneys fees allowed shall not exceed ten percent (10%) of the judgment.

D. No action may be brought under the small claims procedure for any alleged claim against any city, county or state agency, or employee of a city, county or state agency, if the claim alleges matters arising from incarceration, probation, parole or community supervision.

E. No action by a plaintiff who is currently incarcerated in any jail or prison in the state may be brought against any person or entity under the small claims procedure.

SECTION 14. REPEALER 12 O.S. 2001, Section 1751, as amended by Section 5, Chapter 402, O.S.L. 2002 (12 O.S. Supp. 2002, Section 1751), is hereby repealed.

SECTION 15. AMENDATORY 12 O.S. 2001, Section 2403, as amended by Section 30, Chapter 468, O.S.L. 2002 (12 O.S. Supp. 2002, Section 2403), is amended to read as follows:

Section 2403. Although relevant, evidence may be excluded if its probative value is substantially outweighed by the danger of unfair prejudice, confusion of the issues, misleading the jury, undue delay, needless presentation of cumulative evidence, or unfair and harmful surprise. However, in a prosecution for any criminal homicide, an appropriate photograph of the victim while alive shall be admissible evidence when offered by the district attorney to show the general appearance and condition of the victim while alive.

SECTION 16. REPEALER 12 O.S. 2001, Section 2403, as amended by Section 1, Chapter 128, O.S.L. 2002 (12 O.S. Supp. 2002, Section 2403), is hereby repealed.

SECTION 17. AMENDATORY 22 O.S. 2001, Section 18, as amended by Section 1, Chapter 475, O.S.L. 2002 (22 O.S. Supp. 2002, Section 18), is amended to read as follows:

Section 18. Persons authorized to file a motion for expungement, as provided herein, must be within one of the following categories:

1. The person has been acquitted;

2. The conviction was reversed with instructions to dismiss by an appellate court of competent jurisdiction, or an appellate court of competent jurisdiction reversed the conviction and the district attorney subsequently dismissed the charge;

3. The factual innocence of the person was established by the use of deoxyribonucleic acid (DNA) evidence subsequent to conviction;

4. The person was arrested and no charges of any type, including charges for an offense different than that for which the person was originally arrested are filed or charges are dismissed within one (1) year of the arrest;

5. The statute of limitations on the offense had expired and no charges were filed;

6. The person was under eighteen (18) years of age at the time the offense was committed and the person has received a full pardon for the offense;

7. The offense was a misdemeanor, the person has not been convicted of any other misdemeanor or felony, no felony or misdemeanor charges are pending against the person, and at least ten (10) years have passed since the judgment was entered; or

8. The offense was a nonviolent felony, as defined in Section 571 of Title 57 of the Oklahoma Statutes, the person has received a full pardon for the offense, the person has not been convicted of any other misdemeanor or felony, no felony or misdemeanor charges are pending against the person, and at least ten (10) years have passed since the conviction.

For purposes of this act, "expungement" shall mean the sealing of criminal records.

SECTION 18. REPEALER 22 O.S. 2001, Section 18, as amended by Section 14, Chapter 460, O.S.L. 2002 (22 O.S. Supp. 2002, Section 18), is hereby repealed.

SECTION 19. REPEALER 40 O.S. 2001, Section 4-508, as amended by Section 1, Chapter 160, O.S.L. 2002 (40 O.S. Supp. 2002, Section 4-508), is hereby repealed.

SECTION 20. AMENDATORY 43 O.S. 2001, Section 107.3, as amended by Section 5, Chapter 400, O.S.L. 2002 (43 O.S. Supp. 2002, Section 107.3), is amended to read as follows:

Section 107.3 A. 1. In any proceeding when the custody or visitation of a minor child or children is contested by any party, the court may appoint an attorney at law as guardian ad litem on the court's motion or upon application of any party to appear for and represent the minor children.

2. The guardian ad litem may be appointed to objectively advocate on behalf of the child and act as an officer of the court to investigate all matters concerning the best interests of the child. In addition to other duties required by the court and as specified by the court, a guardian ad litem shall have the following responsibilities:

a. review documents, reports, records and other information relevant to the case, meet with and observe the child in appropriate settings, and interview parents, caregivers and health care providers and any other person with knowledge relevant to the case including, but not limited to, teachers, counselors and child care providers,

b. advocate for the child's best interests by participating in the case, attending any hearings in the matter and advocating for appropriate services for the child when necessary,

c. monitor the child's best interests throughout any judicial proceeding,

d. present written reports to the parties and court prior to trial or at any other time as specified by the court on the child's best interests that include conclusions and recommendations and the facts upon which they are based, and

e. the guardian ad litem shall, as much as possible, maintain confidentiality of information related to the case and is not subject to discovery pursuant to the Oklahoma Discovery Code.

3. Expenses, costs, and attorney's fees for the guardian ad litem may be allocated among the parties as determined by the court.

B. When property, separate maintenance, or custody is at issue, the court:

1. May refer the issue or issues to mediation if feasible unless a party asserts or it appears to the court that domestic violence or child abuse has occurred, in which event the court shall halt or suspend professional mediation unless the court specifically finds that:

a. the following three conditions are satisfied:

(1) the professional mediator has substantial training concerning the effects of domestic violence or child abuse on victims,

(2) a party who is or alleges to be the victim of domestic violence is capable of negotiating with the other party in mediation, either alone or with assistance, without suffering an imbalance of power as a result of the alleged domestic violence, and

(3) the mediation process contains appropriate provisions and conditions to protect against an imbalance of power between parties resulting from the alleged domestic violence or child abuse, or

b. in the case of domestic violence involving parents, the parent who is or alleges to be the victim requests mediation and the mediator is informed of the alleged domestic violence; and

2. When custody is at issue, the court may order, in addition to or in lieu of the provisions of paragraph 1 of this subsection, that each of the parties undergo individual counseling in a manner that the court deems appropriate, if the court finds that the parties can afford the counseling.

C. As used in this section:

1. "Child abuse <u>or neglect</u>" shall have the same meaning as such term is defined by the Oklahoma Child Abuse Reporting and Prevention Act or shall mean the child has been adjudicated deprived <u>as a result of the actions or omission of either parent</u> pursuant to the Oklahoma Children’s Code; and

2. "Domestic violence" ~~has~~ shall have the same meaning as such term is defined by the Protection from Domestic Abuse Act.

D. During any proceeding concerning child custody, should it be determined by the court that a party has intentionally made a false or frivolous accusation to the court of child abuse or neglect against the other party, the court shall proceed with any or all of the following:

1. Find the accusing party in contempt for perjury and refer for prosecution;

2. Consider the false allegations in determining custody; and

3. Award the obligation to pay all court costs and legal expenses encumbered by both parties arising from the allegations to the accusing party.

SECTION 21. REPEALER 43 O.S. 2001, Section 107.3, as amended by Section 17, Chapter 445, O.S.L. 2002 (43 O.S. Supp. 2002, Section 107.3), is hereby repealed.

SECTION 22. AMENDATORY 43 O.S. 2001, Section 112, as amended by Section 7, Chapter 400, O.S.L. 2002 (43 O.S. Supp. 2002, Section 112), is amended to read as follows:

Section 112. A. A petition or cross-petition for a divorce, legal separation, or annulment must state whether or not the parties have minor children of the marriage. If there are minor children of the marriage, the court:

1. Shall make provision for guardianship, custody, medical care, support and education of the children;

2. Unless not in the best interests of the children, may provide for the visitation of the noncustodial parent with any of the children of the noncustodial parent; and

3. May modify or change any order whenever circumstances render the change proper either before or after final judgment in the action; provided, that the amount of the periodic child support payment shall not be modified retroactively or payment of all or a portion of the past due amount waived, except by mutual agreement of the obligor and obligee, or if the obligee has assigned child support rights to the Department of Human Services or other entity, by agreement of the Department or other entity. Unless the parties agree to the contrary, a completed child support computation form provided for in Section 120 of this title shall be required to be filed with the child support order.

The social security numbers of both parents and the child shall be included on the child support order summary form provided for in Section 120 of this title, which shall be ~~filed~~ submitted to the Central Case Registry as provided for in Section 112A of this title with all child support or paternity orders.

B. In any action in which there are minor unmarried children in awarding or modifying the custody of the child or in appointing a general guardian for the child, the court shall be guided by the provisions of Section 21.1 of Title 10 of the Oklahoma Statutes and

shall consider what appears to be in the best interests of the child.

C. 1. When it is in the best interests of a minor unmarried child, the court shall:

a. assure children of frequent and continuing contact with both parents after the parents have separated or dissolved their marriage, and

b. encourage parents to share the rights and responsibilities of child rearing in order to effect this policy.

2. There shall be neither a legal preference nor a presumption for or against joint legal custody, joint physical custody, or sole custody.

3. When in the best interests of the child, custody shall be awarded in a way which assures the frequent and continuing contact of the child with both parents. When awarding custody to either parent, the court:

a. shall consider, among other facts, which parent is more likely to allow the child or children frequent and continuing contact with the noncustodial parent, and

b. shall not prefer a parent as a custodian of the child because of the gender of that parent.

4. In any action, there shall be neither a legal preference or a presumption for or against private or public school or home-schooling in awarding the custody of a child, or in appointing a general guardian for the child.

5. In making an order for custody, the court shall require compliance with Section 8 of this act.

D. 1. Except for good cause shown, a pattern of failure to allow court-ordered visitation may be determined to be contrary to the best interests of the child and as such may be grounds for modification of the child custody order.

2. For any action brought pursuant to the provisions of this section which the court determines to be contrary to the best interests of the child, the prevailing party shall be entitled to recover court costs, attorney fees and any other reasonable costs and expenses incurred with the action.

E. ~~Any~~ Except as otherwise provided by Section 112.1A of this title, any child shall be entitled to support by the parents until the child reaches eighteen (18) years of age. If a dependent child is regularly and continuously attending high school, said child shall be entitled to support by the parents through the age of eighteen (18) years. No hearing shall be required to extend such support through the age of eighteen (18) if the child is regularly and continuously attending high school.

F. In any case in which provision is made for the custody or support of a minor child or enforcement of such order, the court shall inquire whether public assistance money or medical support has been provided by the Department of Human Services for the benefit of each child. If public assistance money or medical support has been provided for the benefit of the child, the Department of Human Services shall be a necessary party for the just adjudication and establishment of the debt due and owing the State of Oklahoma, as defined in Section 238 of Title 56 of the Oklahoma Statutes, for the just adjudication and establishment of paternity, current child support, and medical insurance coverage for the minor children in accordance with federal regulations.

G. In any case in which a child support order or custody order or both is entered, enforced or modified, the court may make a determination of the arrearages of child support.

SECTION 23. REPEALER 43 O.S. 2001, Section 112, as amended by Section 2, Chapter 314, O.S.L. 2002 (43 O.S. Supp. 2002, Section 112), is hereby repealed.

SECTION 24. REPEALER 43 O.S. 2001, Section 112, as amended by Section 18, Chapter 445, O.S.L. 2002 (43 O.S. Supp. 2002, Section 112), is hereby repealed.

SECTION 25. AMENDATORY 43 O.S. 2001, Section 112.2, as amended by Section 19, Chapter 445, O.S.L. 2002 (43 O.S. Supp. 2002, Section 112.2), is amended to read as follows:

Section 112.2 A. In every case involving the custody of, guardianship of or visitation with a child, the court shall consider for determining the custody of, guardianship of or the visitation with a child:

1. Evidence of ongoing domestic abuse which is properly brought before it. If the occurrence of ongoing domestic abuse is established by clear and convincing evidence, there shall be a rebuttable presumption that it is not in the best interests of the child to have custody, guardianship or unsupervised visitation granted to the abusive person;

2. Evidence of child abuse as such term is defined by the Oklahoma Child Abuse Reporting and Prevention Act pursuant to this paragraph. If the parent requesting custody of a child has been convicted of any crime defined by the Oklahoma Child Abuse Reporting and Prevention Act or the child has been adjudicated deprived pursuant to the provisions of the Oklahoma Children's Code as a result of the acts of the parent requesting custody and the requesting parent has not successfully completed the service and treatment plan required by the court, there shall be a rebuttable presumption that it is not in the best interests of the child for such parent to have sole custody, guardianship or unsupervised visitation; and

3. Whether any person seeking custody <u>or who has custody</u> of, guardianship of or visitation with a child:

a. is or has been subject to the registration requirements of the Oklahoma Sex Offenders

Registration Act or any similar act in any other state, ~~or~~

b. is residing with an individual who is or has been subject to the registration requirements of the Oklahoma Sex Offenders Registration Act or any similar act in any other state, or

c. is residing with a person who has been previously convicted of a crime listed in Section 582 of Title 57 of the Oklahoma Statutes.

B. There shall be a rebuttable presumption that it is not in the best interests of the child to have custody, guardianship or unsupervised visitation granted to a person who is:

1. Subject to or has been subject to the registration requirements of the Oklahoma Sex Offenders Registration Act or any similar act in any other state; ~~or~~

2. Residing with a person who is or has been subject to the registration requirements of the Oklahoma Sex Offenders Registration Act or any similar act in any other state; or

3. Residing with a person who has been previously convicted of a crime listed in Section 582 of Title 57 of the Oklahoma Statutes.

SECTION 26. REPEALER 43 O.S. 2001, Section 112.2, as amended by Section 3, Chapter 413, O.S.L. 2002 (43 O.S. Supp. 2002, Section 112.2), is hereby repealed.

SECTION 27. AMENDATORY 47 O.S. 2001, Section 2-300, as amended by Section 1, Chapter 399, O.S.L. 2002 (47 O.S. Supp. 2002, Section 2-300), is amended to read as follows:

Section 2-300. As used in this act:

1. "System" means the Oklahoma Law Enforcement Retirement System;

2. "Act" means Sections 2-300 through 2-313 of this title;

3. "Board" means the Oklahoma Law Enforcement Retirement Board of the System;

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

5. "Fund" means the Oklahoma Law Enforcement Retirement Fund;

6. "Member" means all law enforcement officers of the Oklahoma Highway Patrol and the State Capitol Division of the Department of Public Safety who have obtained certification from the Council on Law Enforcement Education and Training, the Oklahoma State Bureau of Investigation, the Oklahoma State Bureau of Narcotics and Dangerous Drugs Control and the Oklahoma Alcoholic Beverage Laws Enforcement Commission designated to perform duties in the investigation and prevention of crime and the enforcement of the criminal laws of this state, and members of the Communications Division to include radio technicians, tower technicians and commissioned officers of the Lake

Patrol Division of the Oklahoma Department of Public Safety, park rangers of the Oklahoma Tourism and Recreation Department and inspectors of the Oklahoma State Board of Pharmacy, and any park manager or park supervisor of the Oklahoma Tourism and Recreation Department who was employed in such a position prior to July 1, 1985, and who elects on or before September 1, 1996, to participate in the System. Effective July 1, 1987, a member does not include a "leased employee" as defined under Section 414(n)(2) of the Internal Revenue Code of 1986, as amended. Effective July 1, 1999, any individual who agrees with the participating employer 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, provided that all persons who shall be offered a position of a law enforcement officer shall participate in the System upon the person meeting the requisite post-offer-pre-employment physical examination standards which shall be subject to the following requirements:

a. all such persons shall be of good moral character, free from deformities, mental or physical conditions, or disease and alcohol or drug addiction which would prohibit the person from performing the duties of a law enforcement officer,

b. said physical-medical examination shall pertain to age, sight, hearing, agility and other conditions the requirements of which shall be established by the Board,

c. the person shall be required to meet the conditions of this subsection prior to the beginning of actual employment but after an offer of employment has been tendered by a participating employer,

d. the Board shall have authority to deny or revoke membership of any person submitting false information in such person's membership application, and

e. the Board shall have final authority in determining eligibility for membership in the System, pursuant to the provisions of this subsection;

7. "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:

a. completes twenty (20) years of vesting service; or

b. attains sixty-two (62) years of age with ten (10) years of vesting service; or

c. attains sixty-two (62) years of age, if:

(1) the member has been transferred to this System from the Oklahoma Public Employees Retirement System on or after July 1, 1981; and

(2) the member would have been vested had the member continued to be a member of the Oklahoma Public Employees Retirement System;

With respect to distributions under the System made for calendar years beginning on or after January 1, 2001, the System will apply the minimum distribution requirements of Section 401(a)(9) of the Internal Revenue Code of 1986, as amended, in accordance with the regulations under Section 401(a)(9) of the Internal Revenue Code of 1986, as amended, that were proposed in January 2001, notwithstanding any provision of the System to the contrary. This amendment shall continue in effect until the end of the last calendar year beginning before the effective date of final regulations under Section 401(a)(9) of the Internal Revenue Code of 1986, as amended, or such other date as may be specified in guidance published by the Internal Revenue Service. Furthermore, to the extent applicable, distributions shall be made in accordance with regulations under Section 401(a)(9) of the Internal Revenue Code of 1986, as amended, including the minimum distribution incidental benefit requirements of the Proposed Income Tax Regulations.

Effective July 1, 1989, notwithstanding any other provision contained herein to the contrary, in no event shall commencement of distribution of the accrued retirement benefit of a member be delayed beyond April 1 of the calendar year following the later of:

1. The calendar year in which the member reaches seventy and one-half (70 1/2) years of age; or

2. The actual retirement date of the member. The preceding sentence does not allow deferral of benefit commencement beyond the age of sixty-five (65).

A member who was required to join the System effective July 1, 1980, because of the transfer of the employing agency from the Oklahoma Public Employees Retirement System to the System, and was not a member of the Oklahoma Public Employees Retirement System on the date of such transfer shall be allowed to receive credit for prior law enforcement service rendered to this state, if the member is not receiving or eligible to receive retirement credit or benefits for such service in any other public retirement system, upon payment to the System of the employee contribution the member would have been subject to had the member been a member of the System at the time, plus five percent (5%) interest. Service credit received pursuant to this paragraph shall be used in determining the member's retirement benefit, and shall be used in determining years of service for retirement or vesting purposes;

8. "Actual paid base salary" means the salary received by a member, excluding payment for any accumulated leave or uniform allowance. Salary shall include any amount of nonelective salary reduction under Section 414(h) of the Internal Revenue Code of 1986;

9. "Final average salary" means the average of the highest thirty (30) consecutive complete months of actual paid gross salary. 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. Effective July 1, 1992, gross salary shall include any amount of elective salary

reduction under Section 125 of the Internal Revenue Code of 1986, as amended. Effective July 1, 1998, for purposes of determining a member's compensation, any contribution by the member to reduce his regular cash remuneration under Section 132(f)(4) of the Internal Revenue Code of 1986, as amended, shall be treated as if the member did not make such an election. Only salary on which required contributions have been made may be used in computing the final average salary.

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 gross salary of each "Noneligible Member" taken into account under the System shall not exceed the Omnibus Budget Reconciliation Act of 1993 (OBRA '93) annual salary limit. The OBRA '93 annual salary 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 salary limit in effect for a calendar year applies to any period, not exceeding twelve (12) months, over which salary is determined ("determination period") beginning in such calendar year. If a determination period consists of fewer than twelve (12) months, the OBRA '93 salary 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.

For plan years beginning on or after July 1, 1996, any reference in the System to the annual salary limit under Section 401(a)(17) of the Internal Revenue Code of 1986, as amended, shall mean the OBRA '93 salary limit set forth in this provision.

If gross salary for any prior determination period is taken into account in determining a Noneligible Member's benefits accruing in the current plan year, the gross salary for that prior determination period is subject to the OBRA '93 annual salary 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 salary limit is One Hundred Fifty Thousand Dollars ($150,000.00).

Effective July 1, 1989, through June 30, 1997, in determining the gross salary 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 salary limitation is exceeded, then the limitation shall be prorated among the affected individuals in proportion to each such individual's gross salary as determined under this section prior to the application of this limitation;

10. "Credited service" means the period of service used to determine 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 Plan as an active employee in an eligible membership classification, plus any service

prior to the establishment of the predecessor Plan which was credited under the predecessor Plan and for officers of the Oklahoma State Bureau of Investigation and the Oklahoma State Bureau of Narcotics and Dangerous Drugs Control who became members of the System on July 1, 1980, any service credited under the Oklahoma Public Employees Retirement System as of June 30, 1980, and for members of the Communications and Lake Patrol Divisions of the Oklahoma Department of Public Safety, who became members of the System on July 1, 1981, any service credited under the predecessor Plan or the Oklahoma Public Employees Retirement System as of June 30, 1981, and for law enforcement officers of the Oklahoma Alcoholic Beverage Control Board who became members of the System on July 1, 1982, any service credited under the Oklahoma Public Employees Retirement System as of June 30, 1982, and for park rangers of the Oklahoma Tourism and Recreation Department who became members of the System on July 1, 1985, any service credited under the Oklahoma Public Employees Retirement System as of June 30, 1985, and for inspectors of the Oklahoma State Board of Pharmacy who became members of the System on July 1, 1986, any service credited under the Oklahoma Public Employees Retirement System as of June 30, 1986, for law enforcement officers of the State Capitol Division of the Department of Public Safety who became members of the System effective July 1, 1993, any service credited under the Oklahoma Public Employees Retirement System as of June 30, 1993, and for all commissioned officers in the Gunsmith/Ammunition Reloader Division of the Department of Public Safety who became members of the System effective July 1, 1994, any service credited under the Oklahoma Public Employees Retirement System as of June 30, 1994, and for the park managers or park supervisors of the Oklahoma Tourism and Recreation Department who were employed in such a position prior to July 1, 1985, and who elect to become members of the System effective September 1, 1996, any service transferred pursuant to subsection C of Section 2-309.6 of this title. Effective August 5, 1993, an authorized leave of absence shall include a period of absence pursuant to the Family and Medical Leave Act of 1993;

11. "Disability" means a physical or mental condition which, in the judgment of the Board, totally and presumably permanently prevents the member from engaging in the usual and customary duties of the occupation of the member and thereafter prevents the member from performing the duties of any occupation or service for which the member is qualified by reason of training, education or experience. A person is not under a disability when capable of performing a service to the employer, regardless of occupation, providing the salary of the employee is not diminished thereby;

12. "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;

13. "Line of duty" means any action which a member whose primary function is crime control or reduction or enforcement of the criminal law is obligated or authorized by rule, regulations, condition of employment or service, or law to perform, including those social, ceremonial, or athletic functions to which the member is assigned, or for which the member is compensated, by the agency the member serves;

14. "Personal injury" or "injury" means any traumatic injury as well as diseases which are caused by or result from such an injury, but not occupational diseases;

15. "Catastrophic nature" means consequences of an injury that permanently prevent an individual from performing any gainful work; and

16. "Traumatic injury" means a wound or a condition of the body caused by external force, including injuries inflicted by bullets, explosives, sharp instruments, blunt objects or other physical blows, chemicals, electricity, climatic conditions, infectious diseases, radiation, and bacteria, but excluding stress and strain.

SECTION 28. REPEALER 47 O.S. 2001, Section 2-300, as amended by Section 1, Chapter 238, O.S.L. 2002 (47 O.S. Supp. 2002, Section 2-300), is hereby repealed.

SECTION 29. AMENDATORY 47 O.S. 2001, Section 2-301, as amended by Section 2, Chapter 399, O.S.L. 2002 (47 O.S. Supp. 2002, Section 2-301), is amended to read as follows:

Section 2-301. There is hereby established a System for the payment of retirement benefits and certain medical and hospital expenses of members of the Oklahoma Law Enforcement Retirement System. Such System shall constitute an amendment and continuation of the Retirement and Pension Plan of the Department of Public Safety and members in the Retirement and Pension Plan on June 30, 1980, shall continue as members of the Oklahoma Law Enforcement Retirement System. There is established in the State Treasury a special fund designated as the "Oklahoma Law Enforcement Retirement Fund" for the benefit of members of the System and certain dependents of deceased members of the System. Such fund shall be a continuation, under a new name, of the Retirement and Pension Fund of the Department of Public Safety.

There is hereby created the Retirement Medical Benefit Fund. The fund shall be maintained as a subaccount of the Oklahoma Law Enforcement Retirement Fund. The Retirement Medical Benefit Fund is composed of all assets which may be contributed to this subaccount to pay the retirement system's portion of the monthly retiree health insurance premium benefit described by Section 1316.2 of Title 74 of the Oklahoma Statutes. Such monthly retiree health insurance premium benefit is in addition to, and subordinate to, the retirement benefits provided by this System. All such allocated assets and any earnings thereon in the Retirement Medical Benefit Fund shall be held for the exclusive purpose of providing retiree medical benefits. The Retirement Medical Benefit Fund is to be administered in accordance with the requirements of Section 401(h) of the Internal Revenue Code of 1986, as amended from time to time. It shall be impossible, at any time prior to the satisfaction of all liabilities for these benefits, for any part of this subaccount to be used for or diverted to, any purpose other than the providing of the retiree health insurance premium benefit and the payment of necessary and appropriate related expenses. The Board of Trustees may promulgate such rules as are necessary to implement the funding and administration of the fund pursuant to the provisions of this subsection. All contributions to fund the retiree health insurance benefit shall be made on the basis of a generally accepted actuarial method. Notwithstanding anything contained herein to the contrary,

the aggregate of contributions to provide retiree health insurance benefits and life insurance, if any, shall not exceed twenty-five percent (25%) of the aggregate contributions made to fund all benefits under this System, other than contributions to fund past service costs. For this purpose, "life insurance" means, as to any member, the in-service death benefit that would be payable upon the member's death, but only to the extent that the lump-sum value of such death benefit would exceed the lump-sum value of the member's accrued benefit at the date of the member's death.

Appointment to any position within a covered agency which comes under this System shall not jeopardize the rights of any person who has previously qualified for membership under this System, provided, that the individual contributions are continued, and such person remains a member of this System. Any person who has previously qualified for membership under the System who voluntarily seeks and accepts appointment to any position within a covered agency which is not a covered position excludes the member from further participation in this System; provided, this provision shall not apply to any person who is a member of the System and who, on or before June 30, 2002, has already accepted appointment to a position which is not a covered position of the System nor shall it apply if that person seeks and accepts any other position within a covered agency which is not a covered position of the System.

SECTION 30. REPEALER 47 O.S. 2001, Section 2-301, as amended by Section 2, Chapter 238, O.S.L. 2002 (47 O.S. Supp. 2002, Section 2-301), is hereby repealed.

SECTION 31. AMENDATORY 47 O.S. 2001, Section 2-303.1, as amended by Section 6, Chapter 391, O.S.L. 2002 (47 O.S. Supp. 2002, Section 2-303.1), is amended to read as follows:

Section 2-303.1 A. The Oklahoma Law Enforcement Retirement Board shall discharge its duties with respect to the System solely in the interest of the participants and beneficiaries and:

1. For the exclusive purpose of:

   a. providing benefits to participants and their beneficiaries, and

   b. defraying reasonable expenses of administering the System;

2. With the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims;

3. By diversifying the investments of the System so as to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so; and

4. In accordance with the laws, documents and instruments governing the System.

B. The Board may procure insurance indemnifying the members of the Board from personal loss or accountability from liability

resulting from a member's action or inaction as a member of the Board.

C. The Board may establish an investment committee. The investment committee shall be composed of not more than five (5) members of the Board appointed by the president of the Board. The committee shall make recommendations to the full Board on all matters related to the choice of custodians and managers of the assets of the System, on the establishment of investment and fund management guidelines, and in planning future investment policy. The committee shall have no authority to act on behalf of the Board in any circumstances whatsoever. No recommendation of the committee shall have effect as an action of the Board nor take effect without the approval of the Board as provided by law.

D. The Board shall retain qualified investment managers to provide for the investment of the monies of the System. The investment managers shall be chosen by a solicitation of proposals on a competitive bid basis pursuant to standards set by the Board. Subject to the overall investment guidelines set by the Board, the investment managers shall have full discretion in the management of those monies of the System allocated to the investment managers. The Board shall manage those monies not specifically allocated to the investment managers. The monies of the System allocated to the investment managers shall be actively managed by the investment managers, which may include selling investments and realizing losses if such action is considered advantageous to longer term return maximization. Because of the total return objective, no distinction shall be made for management and performance evaluation purposes between realized and unrealized capital gains and losses.

E. All assets of the System shall be held in trust for the exclusive purpose of providing benefits for the members and beneficiaries of the System, including defraying reasonable expenses of administering the System, and shall not be encumbered for or diverted to any other purposes. Funds and revenues for investment by the investment managers or the Board shall be placed with a custodian selected by the Board. The custodian shall be a bank or trust company offering pension fund master trustee and master custodial services. The custodian shall be chosen by a solicitation of proposals on a competitive bid basis pursuant to standards set by the Board. In compliance with the investment policy guidelines of the Board, the custodian bank or trust company shall be contractually responsible for ensuring that all monies of the System are invested in income-producing investment vehicles at all times. If a custodian bank or trust company has not received direction from the investment managers of the System as to the investment of the monies of the System in specific investment vehicles, the custodian bank or trust company shall be contractually responsible to the Board for investing the monies in appropriately collateralized short-term interest-bearing investment vehicles.

F. Prior to August 1 of each year, the Board shall develop a written investment plan for the System.

G. The Board shall compile a quarterly financial report of all the funds of the System on a fiscal year basis. The report shall be compiled pursuant to uniform reporting standards prescribed by the Oklahoma State Pension Commission for all state retirement systems. The report shall include several relevant measures of investment

value, including acquisition cost and current fair market value with appropriate summaries of total holdings and returns. The report shall contain combined and individual rate of returns of the investment managers by category of investment, over periods of time. The Board shall include in the quarterly reports all commissions, fees or payments for investment services performed on behalf of the Board. The report shall be distributed to the Governor, the Oklahoma State Pension Commission, the Legislative Service Bureau, the Speaker of the House of Representatives and the President Pro Tempore of the Senate.

H. After July 1 and before October ~~1~~ 31 of each year, the Board shall publish widely an annual report presented in simple and easily understood language pursuant to uniform reporting standards prescribed by the Oklahoma State Pension Commission for all state retirement systems. The report shall be submitted to the Governor, the Speaker of the House of Representatives, the President Pro Tempore of the Senate, the Oklahoma State Pension Commission and the members of the System. The annual report shall cover the operation of the System during the past fiscal year, including income, disbursements, and the financial condition of the System at the end of the fiscal year. The annual report shall also contain the information issued in the quarterly reports required pursuant to subsection G of this section as well as a summary of the results of the most recent actuarial valuation to include total assets, total liabilities, unfunded liability or over funded status, contributions and any other information deemed relevant by the Board. The annual report shall be written in such a manner as to permit a readily understandable means for analyzing the financial condition and performance of the System for the fiscal year. The annual financial statements must be audited and filed in accordance with the requirements set forth for financial statement audits in Section 212A of Title 74 of the Oklahoma Statutes. In order to standardize the information and analysis of the financial condition of the System, the Board shall provide information regarding the financial and actuarial condition of the System using assumptions or requirements as hereinafter required for the report stating the condition of the System as of July 1, 2002, and for each subsequent reporting date, which information shall be contained in an appendix or addendum to the annual report. For purposes other than the reporting requirements contained in the appendix or addendum, all actuarial and economic assumptions shall be those assumptions adopted by the System in its annual actuarial valuation. The appendix or addendum shall contain a statement of the financial condition of the System:

1. Using an assumed rate of return of seven and one-half percent (7.5%), net of investment expenses, per annum, compounded annually;

2. Using an actuarial assumption regarding cost-of-living adjustments for the System of two percent (2%) annually;

3. That relies upon the use of appropriate preretirement, postretirement and disability retirement information using generational projections taken from the RP-2000 Mortality Tables, published by the Society of Actuaries;

4. Which accurately and completely summarizes all sources of system assets, other than employee contributions, which shall

include, but not be limited to, the total of all employer contributions, any dedicated tax or fee revenue of whatever kind or however denominated, and the total amount of any other source of revenue which accrues to the System, other than return on investments, such as federal monies used for the purpose of making employer contributions; and

5. Using an assumption that the unfunded actuarial accrued liabilities of the System are amortized over a period of thirty (30) years, in a manner consistent with the Governmental Accounting Standards Board Statement Number 25.

I. The Board may retain an attorney licensed to practice law in this state. The attorney shall serve at the pleasure of the Board for such compensation as set by the Board. The Attorney General shall furnish such legal services as may be requested by the Board.

J. All information, documents and copies thereof contained in a member’s retirement file shall be given confidential treatment and shall not be made public by the System without the prior written consent of the member to which it pertains, but shall be subject only to court order. Provided, the System, its employees or attorneys, may use such records in defense of any action brought against the System.

K. Effective July 1, 1999, the Board is hereby authorized to do all acts and things necessary and proper to carry out the purpose of the System and to make the least costly amendments and changes, if any, as may be necessary to qualify the System under the applicable sections of the Internal Revenue Code of 1986, as amended.

SECTION 32. REPEALER 47 O.S. 2001, Section 2-303.1, as amended by Section 3, Chapter 399, O.S.L. 2002 (47 O.S. Supp. 2002, Section 2-303.1), is hereby repealed.

SECTION 33. AMENDATORY 47 O.S. 2001, Section 2-305, as amended by Section 4, Chapter 399, O.S.L. 2002 (47 O.S. Supp. 2002, Section 2-305), is amended to read as follows:

Section 2-305. A. Except as otherwise provided in this title, at any time after attaining normal retirement date, any member of the System upon application therefor made and approved may retire and, during the remainder of the member's lifetime, receive annual retirement pay, payable in equal monthly payments, equal to two and one-half percent (2 1/2%) of the final average salary times years of credited service. No member shall be required to retire for length of service unless and until the member shall have reached the age of sixty (60) years, but any member of the System who shall have reached the age of sixty (60) years and who shall also have completed twenty (20) years or more of credited service shall be retired by the Board unless, after application to the Board and such examination and showing as the Board may deem proper, the Board shall determine that such member of the System is physically and mentally able to continue to perform duties or service as required of a member. Unless such application be made by a member of the System within thirty (30) days after reaching the age of sixty (60) years and completing twenty (20) years or more of credited service or if, after such application and examination, the Board shall determine that such member of the System is not physically or mentally able to continue to perform services as required of the

employer, the Board shall by resolution order his retirement with retirement pay for length of service as provided herein.

B. Beginning July 1, 1994, members who retired or were eligible to retire prior to July 1, 1980 or their surviving spouses shall receive annual retirement pay, payable in equal monthly payments, equal to the greater of their current retirement pay, or two and one-half percent (2 1/2%) of the actual paid gross salary being currently paid to a highway patrol officer, at the time each such monthly retirement payment is made, multiplied by the retired member's years of credited service.

C. Members of the System whose salary is set by statute who have retired after completion of the mandatory twenty (20) years of service, and those members with statutory salaries who retire after reaching the mandatory twenty-year retirement, shall receive an annual retirement pay, payable in equal monthly installments, based upon the greater of either:

1. The top base pay currently paid to an active member, at the time each such monthly retirement payment is made, multiplied by two and one-half percent (2 1/2%) multiplied by the number of years of credited service and fraction thereof for the following positions:

a. Oklahoma Highway Patrolman,

b. Communications Dispatcher,

c. Capitol Patrolman,

d. Lake Patrolman,

e. Oklahoma State Bureau of Investigation—Special Agent; or

2. The member's final average salary as set forth in paragraph 9 of Section 2-300 of this title, multiplied by two and one-half percent (2 1/2%), and multiplied by the number of years of credited service and fraction thereof.

No member of the System retired prior to July 1, 2002, shall receive a benefit less than the amount the member is receiving as of June 30, 2002.

D. Other members of the System whose retirement benefit is not otherwise prescribed by this section who have retired after completion of the mandatory twenty (20) years of service, and those members who retire after reaching the mandatory twenty-year retirement, shall receive an annual retirement pay, payable in equal monthly payments, based upon the greater of either:

1. The actual average salary currently paid to the highest nonsupervisory position in the participating agency, at the time each such monthly payment is made, multiplied by two and one-half percent (2 1/2%), multiplied by the number of years of credited service and fraction thereof for the following positions:

a. Alcoholic Beverage Law Enforcement Commission—ABLE Commission Agent III,

b. Oklahoma State Bureau of Narcotics and Dangerous Drugs Control—Narcotics Agent III,

c. Oklahoma Tourism and Recreation Department—Park Ranger II,

d. Oklahoma State Board of Pharmacy—Pharmacy Inspector,

e. University of Oklahoma—Police Officer,

f. Oklahoma State University—Police Officer; or

2. The other member's final average salary as set forth in paragraph 9 of Section 2-300 of this title, multiplied by two and one-half percent (2 1/2%), multiplied by the number of years of credited service and fraction thereof.

No member of the System retired prior to July 1, 2002, shall receive a benefit less than the amount the member is receiving as of June 30, 2002. The participating employer must certify to the System in writing the actual average gross salary currently paid to the highest nonsupervisory position. The Board of Trustees shall promulgate such rules as are necessary to implement the provisions of this section.

E. A member who meets the definition of disability as defined in Section 2-300 of this title and whose disability occurred prior to the member's normal retirement date and by direct reason of the performance of the member's duties as an officer shall receive a monthly benefit equal to the greater of fifty percent (50%) of final average salary or two and one-half percent (2 1/2%) of final average salary multiplied by the number of years of the member's credited service.

~~D.~~ F. A member who meets the definition of disability and such determination is made by Board action on or subsequent to July 1, 2000, as defined in Section 2-300 of this title and whose disability occurred prior to the member's normal retirement date and whose disability is by means of personal and traumatic injury of a catastrophic nature and in the line of duty shall receive a monthly benefit equal to:

1. Two and one-half percent (2 1/2%);

2. Multiplied by:

a. twenty (20) years of service, regardless of the actual number of years of credited service performed by the member prior to the date of disability, if the member had performed less than twenty (20) years of service, or

b. the actual number of years of service performed by the member if the member had performed twenty (20) or more years of service;

3. Multiplied by a final average salary equal to:

a. the salary which the member would have received pursuant to statutory salary schedules in effect upon

the date of the disability for twenty (20) years of service prior to disability. The final average salary for a member who performed less than twenty (20) years of service prior to disability shall be computed assuming that the member was paid the highest salary allowable pursuant to the law in effect at the time of the member's disability based upon twenty (20) years of service and with an assumption that the member was eligible for any and all increases in pay based upon rank during the entire period. If the salary of a member is not prescribed by a specific salary schedule upon the date of the member's disability, the final average salary for the member shall be computed by the member's actual final average salary or the highest median salary amount for a member whose salary was prescribed by a specific salary schedule upon the date of the member's disability, whichever final average salary amount would be greater, or

b. the actual final average salary of the member if the member had performed twenty (20) or more years of service prior to disability;

~~E.~~ G. A member who meets the definition of disability as defined in Section 2-300 of this title and whose disability occurred prior to the member's normal retirement date but after completing three (3) years of vesting service and not by reason of the performance of the member's duties as an officer or as a result of the member's willful negligence shall receive a monthly benefit equal to two and one-half percent (2 1/2%) of final average salary multiplied by the number of years of the member's credited service.

~~F.~~ H. Payment of a disability pension shall commence as of the first day of the month coinciding or next following the date of retirement and shall continue as long as the member meets the definition of total and permanent disability provided in this section.

~~G.~~ I. For the purpose of determining the member's disability under subsection ~~C, D or~~ E, F or G of this section, the member shall be required by the Board to be examined by a minimum of two recognized physicians selected by the Board to determine the extent of the member's injury or illness. The examining physicians shall furnish the Board a detailed written report of the injury or illness of the examined member establishing the extent of disability and the possibilities of the disabled member being returned to his regular duties or an alternate occupation or service covered by the System after a normal recuperation period. The Board shall require all retired disabled members who have not attained their normal retirement date to submit to a physical examination once each year for a minimum of three (3) years following retirement. The Board shall select a minimum of two physicians to examine the retired members and pay for their services from the fund. Any retired disabled member found no longer disabled by the examining physicians to perform the occupation of the member or an alternate occupation or service covered by the System shall be required to return to duty and complete twenty (20) years of service as provided in subsection A of this section, or forfeit all his rights and claims under this act.

~~H.~~ J. The disability benefit under this section shall be for the lifetime of the member unless such member is found no longer disabled pursuant to subsection ~~F~~ I of this section. Such member shall not be entitled to the retirement benefit pursuant to subsection A of this section unless such member returns to active duty and is eligible for a retirement benefit as provided in subsection A of this section.

~~I.~~ K. At the postoffer, preemployment physical examination required under paragraph 6 of Section 2-300 of this title, the physician selected by the Board shall determine the extent to which a new member is disabled. If a member is determined to be partially disabled, the physician shall assign a percentage of disability to such partial disability. If such member then becomes entitled to a disability benefit under either subsection ~~C~~ E or subsection ~~E~~ G of this section, the benefit payable shall be reduced by the percentage which such member was determined to be disabled at the postoffer, preemployment physical unless the Board makes a determination that the initially determined percentage of disability at the preemployment physical examination is unrelated to the reason for the disability currently sought pursuant to subsection ~~C~~ E or subsection ~~E~~ G of this section. Upon employment, the member shall disclose to the Board any disability payments received from any source. The amount of disability to be paid to any member cannot exceed one hundred percent (100%) disability from all sources. The provisions of this subsection shall apply only to members whose effective date of membership is on or after July 1, 2000.

~~J.~~ L. In addition to the pension provided for under subsection ~~D~~ F of this section, if said member has one or more children under the age of eighteen (18) years or under the age of twenty-two (22) years if the child is enrolled full time in and is regularly attending a public or private school or any institution of higher education, Four Hundred Dollars ($400.00) a month shall be paid from said Fund for the support of each surviving child to the member or person having the care and custody of such children until each child reaches the age of eighteen (18) years or reaches the age of twenty-two (22) years if the child is enrolled full time in and is regularly attending a public or private school or any institution of higher education.

SECTION 34. REPEALER 47 O.S. 2001, Section 2-305, as amended by Section 2, Chapter 332, O.S.L. 2002 (47 O.S. Supp. 2002, Section 2-305), is hereby repealed.

SECTION 35. AMENDATORY 47 O.S. 2001, Section 6-101, as amended by Section 4, Chapter 474, O.S.L. 2002 (47 O.S. Supp. 2002, Section 6-101), is amended to read as follows:

Section 6-101. A. No person, except those hereinafter expressly exempted in Section 6-102 of this title, shall operate any motor vehicle upon a highway in this state unless the person has a valid Oklahoma driver license for the class of vehicle being operated under the provisions of this title. No person shall be permitted to possess more than one valid license at any time.

B. 1. No person shall operate a Class A commercial motor vehicle unless the person is eighteen (18) years of age or older and holds a valid Class A commercial license, except as provided in paragraph 5 of this subsection. Any person holding a valid Class A

commercial license shall be permitted to operate motor vehicles in Classes A, B, C, and D, except as provided for in paragraph 4 of this subsection.

2. No person shall operate a Class B commercial motor vehicle unless the person is eighteen (18) years of age or older and holds a valid Class B commercial license. Any person holding a valid Class B commercial license shall be permitted to operate motor vehicles in Classes B, C, and D, except as provided for in paragraph 4 of this subsection.

3. No person shall operate a Class C commercial motor vehicle unless the person is eighteen (18) years of age or older and holds a valid Class C commercial license. Any person holding a valid Class C commercial license shall be permitted to operate motor vehicles in Classes C and D, except as provided for in paragraph 4 of this subsection.

4. No person under twenty-one (21) years of age shall be licensed to operate any motor vehicle which is required to be placarded for hazardous materials pursuant to 49 C.F.R., Part 172, subpart F; provided, ~~the Department of Public Safety shall provide by rule promulgated pursuant to the Administrative Procedures Act that~~ a person ~~under twenty-one (21)~~ eighteen (18) years of age or older may be licensed to operate a farm vehicle ~~or, if such person is the operator of or employed by the operator of a farm retail outlet, any vehicle~~ which is required to be placarded for hazardous materials pursuant to 49 C.F.R., Part 172, subpart F~~, if such licensure will not result in the loss of federal funds to this state pursuant to federal law or regulation~~.

5. A person at least seventeen (17) years of age who successfully completes all examinations required by law may be issued by the Department:

a. a restricted Class A commercial license which shall grant to the licensee the privilege to operate a Class A or Class B commercial motor vehicle for harvest purposes or a Class D motor vehicle, or

b. a restricted Class B commercial license which shall grant to the licensee the privilege to operate a Class B commercial motor vehicle for harvest purposes or a Class D motor vehicle.

6. No person shall operate a Class D motor vehicle unless the person is sixteen (16) years of age or older and holds a valid Class D license, except as provided for in Section 6-102 or 6-105 of this title. Any person holding a valid Class D license shall be permitted to operate motor vehicles in Class D only.

C. Any person issued a driver license pursuant to this section may exercise the privilege thereby granted upon all streets and highways in this state.

D. No person shall operate a motorcycle, motor-driven cycle, or a motorized bicycle without having a valid Class A, B, C, or D license with a motorcycle endorsement. Except as otherwise provided by law, any new applicant for an original driver license shall be required to successfully complete a written examination, vision

examination, and driving examination for a motorcycle as prescribed by the Department of Public Safety to be eligible for a motorcycle endorsement thereon. The driving examination for a motorcycle may be waived by the Department of Public Safety upon verification that the person has completed a certified Motorcycle Safety Foundation rider course approved by the Department.

E. Except as otherwise provided by law, any person who lawfully possesses a valid Oklahoma driver license which is eligible for renewal shall be required to successfully complete a written examination, vision examination, and driving examination for a motorcycle as prescribed by the Department to be eligible for a motorcycle endorsement; provided, however, the Department may waive all such examinations until July 1, 2000, upon satisfactory proof that the applicant has regularly operated a motorcycle, motor-driven cycle, or motorized bicycle for a minimum of two (2) years immediately preceding the application.

F. 1. Any person eighteen (18) years of age or older may apply for a restricted Class A, B, or C commercial license. The Department, after the applicant has passed all parts of the examination for and has been issued a Class D license and has successfully passed all parts of the examination for a Class A, B, or C commercial license other than the driving examination, may issue to the applicant a restricted driver license which shall entitle the applicant having immediate possession of the license to operate a Class A, B, or C commercial motor vehicle upon the public highways solely for the purpose of behind-the-wheel training in accordance with rules promulgated by the Department.

2. This restricted driver license shall be issued for a period as determined by federal regulation and shall be nonrenewable; provided, such restricted license may be suspended, revoked, canceled, or denied at the discretion of the Department for violation of the restrictions, for failing to give the required or correct information on the application, or for violation of any traffic laws of this state pertaining to the operation of a motor vehicle. Except as otherwise provided, the lawful possessor of a restricted license who has been issued a restricted license for a minimum of thirty (30) days may have the restriction requiring an accompanying driver removed by satisfactorily completing a driver's examination; provided, the removal of a restriction shall not authorize the operation of a Class A, B, or C commercial motor vehicle if such operation is otherwise prohibited by law. The Department shall cause an examination to be conducted not more than three times during the first six (6) months after the date of issuance of the restricted license and not more than one time every three (3) months thereafter upon request of the lawful possessor thereof.

G. 1. The fee charged for an approved application for an original Oklahoma driver license or an approved application for the addition of an endorsement to a current valid Oklahoma driver license shall be assessed in accordance with the following schedule:

Class A Commercial License	$25.00
Class B Commercial License	$15.00
Class C Commercial License	$15.00

Class D License	$ 4.00
Motorcycle Endorsement	$ 4.00

2. Notwithstanding the provisions of Section 1104 of this title, all monies collected from the fees charged for Class A, B, and C commercial licenses pursuant to the provisions of this subsection shall be deposited in the General Revenue Fund of this state.

H. The fee charged for any failed examination shall be Four Dollars ($4.00) for any license classification. Notwithstanding the provisions of Section 1104 of this title, all monies collected from such examination fees pursuant to the provisions of this subsection shall be deposited in the General Revenue Fund of this state.

I. 1. ~~Until~~ After January 1, 2003, and until July 1, 2004, in addition to any fee charged pursuant to the provisions of subsection G of this section, the fee charged for the issuance or renewal of an Oklahoma license shall be in accordance with the following schedule:

Class A Commercial License	~~$39.00~~	$40.50
Class B Commercial License	~~$39.00~~	$40.50
Class C Commercial License	~~$29.00~~	$30.50
Class D License	~~$19.00~~	$20.50

Notwithstanding the provisions of Section 1104 of this title, of each fee charged pursuant to this paragraph:

a. ~~Four Dollars ($4.00)~~ Five Dollars and fifty cents ($5.50) shall be deposited to the Trauma Care Assistance Revolving Fund created in Section 330.97 of Title 63 of the Oklahoma Statutes, and

b. Five Dollars and seventy-five cents ($5.75) shall be deposited to the Department of Public Safety Computer Imaging System Revolving Fund to be used solely for the purpose of administration and maintenance of the computerized imaging system of the Department.

2. Effective July 1, 2004, in addition to any fee charged pursuant to the provisions of subsection G of this section, the fee charged for the issuance or renewal of an Oklahoma license shall be in accordance with the following schedule:

Class A Commercial License	~~$40.00~~	$41.50
Class B Commercial License	~~$40.00~~	$41.50
Class C Commercial License	~~$30.00~~	$31.50
Class D License	~~$20.00~~	$21.50

Notwithstanding the provisions of Section 1104 of this title, of each fee charged pursuant to the provisions of this paragraph:

a. ~~Four Dollars ($4.00)~~ Five Dollars and fifty cents ($5.50) shall be deposited to the Trauma Care Assistance Revolving Fund created in Section 330.97 of Title 63 of the Oklahoma Statutes, and

b. Six Dollars and seventy-five cents ($6.75) shall be deposited to the Department of Public Safety Computer Imaging System Revolving Fund to be used solely for the purpose of administration and maintenance of the computerized imaging system of the Department.

J. All original and renewal driver licenses shall expire four (4) years from the last day of the month in which the license was issued.

K. Any person sixty-two (62) years of age or older during the calendar year of issuance of a Class D license or motorcycle endorsement shall be charged the following prorated fee:

Age 62	$11.25
Age 63	$ 7.50
Age 64	$ 3.75
Age 65	-0-

L. The Department of Public Safety and the Oklahoma Tax Commission are authorized to promulgate rules for the issuance and renewal of driver licenses authorized pursuant to the provisions of Sections 6-101 through 6-309 of this title. Applications, upon forms approved by the Department of Public Safety, for such licenses shall be handled by the motor license agents; provided, the Department of Public Safety is authorized to assume these duties in any county of this state. Each motor license agent accepting applications for driver licenses shall receive Two Dollars ($2.00) to be deducted from the total collected for each license or renewal application accepted. The two-dollar fee received by the motor license agent shall be used for operating expenses.

M. Notwithstanding the provisions of Section 1104 of this title and subsection L of this section and except as provided in subsections G and I of this section, the first Sixty Thousand Dollars ($60,000.00) of all monies collected pursuant to this section shall be paid by the Oklahoma Tax Commission to the State Treasurer to be deposited in the General Revenue Fund of the State Treasury.

The next Five Hundred Thousand Dollars ($500,000.00) of monies collected pursuant to this section shall be paid by the Tax Commission to the State Treasurer to be deposited each fiscal year under the provisions of this section to the credit of the Department of Public Safety Revolving Fund for the purpose of the Statewide Law Enforcement Communications System. All other monies collected in excess of Five Hundred Sixty Thousand Dollars ($560,000.00) each fiscal year shall be apportioned as provided in Section 1104 of this title, except as otherwise provided in this section.

N. The Department of Public Safety shall implement a procedure whereby images displayed on licenses and identification cards issued

pursuant to the provisions of Sections 6-101 through 6-309 of this title are maintained by the Department to create photographs or computerized images which may be used only:

1. By a law enforcement agency for purposes of criminal investigations, missing person investigations, or any law enforcement purpose which is deemed necessary by the Commissioner of Public Safety;

2. By the driver licensing agency of another state for its official purpose; and

3. As provided in Section 2-110 of this title.

The computer system and related equipment acquired for this purpose must conform to industry standards for interoperability and open architecture. The Department of Public Safety may promulgate rules to implement the provisions of this subsection.

SECTION 36. REPEALER 47 O.S. 2001, Section 6-101, as amended by Section 1, Chapter 374, O.S.L. 2002 (47 O.S. Supp. 2002, Section 6-101), is hereby repealed.

SECTION 37. REPEALER 47 O.S. 2001, Section 6-101, as amended by Section 15, Chapter 397, O.S.L. 2002 (47 O.S. Supp. 2002, Section 6-101), is hereby repealed.

SECTION 38. AMENDATORY 47 O.S. 2001, Section 11-902, as amended by Section 33, Chapter 460, O.S.L. 2002 (47 O.S. Supp. 2002, Section 11-902), is amended to read as follows:

Section 11-902. A. It is unlawful and punishable as provided in this section for any person to drive, operate, or be in actual physical control of a motor vehicle within this state who:

1. Has a blood or breath alcohol concentration, as defined in Section 756 of this title, of eight-hundredths (0.08) or more at the time of a test of such person's blood or breath administered within two (2) hours after the arrest of such person;

2. Is under the influence of alcohol;

3. Is under the influence of any intoxicating substance other than alcohol which may render such person incapable of safely driving or operating a motor vehicle; or

4. Is under the combined influence of alcohol and any other intoxicating substance which may render such person incapable of safely driving or operating a motor vehicle.

B. The fact that any person charged with a violation of this section is or has been lawfully entitled to use alcohol or a controlled dangerous substance or any other intoxicating substance shall not constitute a defense against any charge of violating this section.

C. 1. Any person who is convicted of a violation of the provisions of this section shall be deemed guilty of a misdemeanor for the first offense and shall be punished by imprisonment in jail for not less than ten (10) days nor more than one (1) year, and a

fine of not ~~less than One Hundred Fifty Dollars ($150.00) nor~~ more than One Thousand Dollars ($1,000.00).

2. Any person who, within ten (10) years after a previous conviction of a violation of this section or a violation pursuant to the provisions of any law of another state prohibiting the offense provided in subsection A of this section, is convicted of a second offense pursuant to the provisions of this section or has a prior conviction in a municipal criminal court of record for the violation of a municipal ordinance prohibiting the offense provided for in subsection A of this section and within ten (10) years of such municipal conviction is convicted pursuant to the provision of this section shall be deemed guilty of a felony and shall be sentenced to:

a. treatment for a minimum of twenty-eight (28) days followed by thirty (30) days of aftercare at the defendant's expense,

b. the custody of the Department of Corrections for not less than one (1) year and not to exceed five (5) years and a fine of not ~~less than One Hundred Fifty Dollars ($150.00) nor~~ more than Two Thousand Five Hundred Dollars ($2,500.00), or

c. treatment, imprisonment and a fine within the limitations prescribed in subparagraphs a and b of this paragraph.

However, if the treatment in subparagraph a of this paragraph does not include inpatient treatment for a period of not less than five (5) days, the person shall serve a term of imprisonment of at least five (5) days.

3. Any person who is convicted of a second felony offense pursuant to the provisions of this section shall be sentenced to:

a. treatment for a minimum of twenty-eight (28) days followed by ninety (90) days of aftercare at the defendant's expense, two hundred forty (240) hours of community service following the aftercare and use of an ignition interlock device,

b. the custody of the Department of Corrections for not less than one (1) year and not to exceed seven (7) years and a fine of not ~~less than One Hundred Fifty Dollars ($150.00) nor~~ more than Five Thousand Dollars ($5,000.00), or

c. treatment, imprisonment and a fine within the limitations prescribed in subparagraphs a and b of this paragraph.

However, if the treatment in subparagraph a of this paragraph does not include inpatient treatment for a period of not less than ten (10) days, the person shall serve a term of imprisonment of at least ten (10) days.

4. Any person who is convicted of a third or subsequent felony offense pursuant to the provisions of this section shall be sentenced to:

a. inpatient treatment for a minimum of twenty-eight (28) days followed by not less than one (1) year of supervision, periodic testing, and aftercare at the defendant's expense, four hundred eighty (480) hours of community service following the period of aftercare, and use of an ignition interlock device for a minimum of thirty (30) days,

b. the custody of the Department of Corrections for not less than one (1) year and not to exceed ten (10) years and a fine of not ~~less than One Hundred Fifty Dollars ($150.00) nor~~ more than Five Thousand Dollars ($5,000.00), or

c. treatment, imprisonment and a fine within the limitations prescribed in subparagraphs a and b of this paragraph.

However, if the person does not undergo inpatient treatment pursuant to subparagraph a of this paragraph the person shall serve a term of imprisonment of at least ten (10) days.

5. Any person who, within ten (10) years after a previous conviction of a violation of murder in the second degree or manslaughter in the first degree in which the death was caused as a result of driving under the influence of alcohol or other intoxicating substance, is convicted of a violation of this section shall be deemed guilty of a felony.

6. Provided, however, a conviction from another state shall not be used to enhance punishment pursuant to the provisions of this subsection if that conviction is based on a blood or breath alcohol concentration of less than eight-hundredths (0.08).

7. In any case in which a defendant is charged with a second or subsequent driving under the influence of alcohol or other intoxicating substance offense within any municipality with a municipal court other than a court of record, the charge shall be presented to the county's district attorney and filed with the district court of the county within which the municipality is located.

~~8. One Hundred Fifty Dollars ($150.00) of any fine imposed under this subsection shall be remitted by the court to the State Treasurer to be deposited in the Department of Public Safety Patrol Vehicle Revolving Fund.~~

D. Any person who is convicted of a violation of driving under the influence with a blood or breath alcohol concentration of fifteen-hundredths (0.15) or more shall be deemed guilty of aggravated driving under the influence. Aggravated driving under the influence shall be punishable by mandatory inpatient treatment for a minimum of twenty-eight (28) days followed by not less than one (1) year of supervision, periodic testing, and aftercare at the defendant's expense, four hundred eighty (480) hours of community service following the period of aftercare, and an ignition interlock

device for a minimum of thirty (30) days. Nothing in this subsection shall preclude the defendant from being charged or punished as provided in ~~paragraphs~~ paragraph 1, 2, 3, 4 or 5 of subsection C of this section.

E. When a person is sentenced to imprisonment in the custody of the Department of Corrections, the person shall be processed through the Lexington Assessment and Reception Center or at a place determined by the Director of the Department of Corrections. The Department of Corrections shall classify and assign the person to one or more of the following:

1. The Department of Mental Health and Substance Abuse Services pursuant to paragraph 1 of subsection A of Section 612 of Title 57 of the Oklahoma Statutes; or

2. A correctional facility operated by the Department of Corrections with assignment to substance abuse treatment.

F. The Department of Mental Health and Substance Abuse Services and the Department of Corrections shall certify to the Department of Public Safety that a person has participated in an alcohol and substance abuse evaluation and assessment program, as provided in subsection H of this section, and successfully completed any drug treatment program required by the court and is successfully complying with any follow-up treatment required by the Department of Corrections. In such case, the person shall be given credit therefor as fulfillment of all provisions of Section 3-453 of Title 43A of the Oklahoma Statutes and shall be permitted to apply for reinstatement of any suspension, revocation, cancellation or denial order withdrawing a privilege to drive, if the person is otherwise eligible.

G. The Department of Public Safety is hereby authorized to reinstate any suspended or revoked driving privilege when the person meets the statutory requirements which affect the existing driving privilege.

H. Any person who is found guilty of a violation of the provisions of this section shall be ordered to participate in, prior to sentencing, an alcohol and drug substance abuse evaluation and assessment program offered by a facility or qualified practitioner certified by the Department of Mental Health and Substance Abuse Services for the purpose of evaluating and assessing the receptivity to treatment and prognosis of the person. The court shall order the person to reimburse the facility or qualified practitioner for the evaluation and assessment. The Department of Mental Health and Substance Abuse Services shall establish a fee schedule, based upon a person's ability to pay, provided the fee for an evaluation and assessment shall not exceed Seventy-five Dollars ($75.00). The evaluation and assessment shall be conducted at a certified facility, the office of a qualified practitioner or at another location as ordered by the court. The facility or qualified practitioner shall, within seventy-two (72) hours from the time the person is evaluated and assessed, submit a written report to the court for the purpose of assisting the court in its final sentencing determination. If such report indicates that the evaluation and assessment shows that the defendant would benefit from a treatment program, the court shall, as a condition of any sentence imposed, including deferred and suspended sentences, require the person to

participate in an alcohol and drug substance abuse treatment program at an approved treatment facility as defined by Section 3-403 of Title 43A of the Oklahoma Statutes. No person, agency or facility operating an alcohol and drug substance abuse evaluation and assessment program certified by the Department of Mental Health and Substance Abuse Services shall solicit or refer any person evaluated and assessed pursuant to this section for any treatment program or alcohol and drug substance abuse service in which such person, agency or facility has a vested interest; however, this provision shall not be construed to prohibit the court from ordering participation in or any person from voluntarily utilizing a treatment program or alcohol and drug substance abuse service offered by such person, agency or facility. If a person is sentenced to imprisonment in the custody of the Department of Corrections and the court has received a written evaluation report pursuant to the provisions of this subsection, the report shall be furnished to the Department of Corrections with the judgment and sentence. Any evaluation and assessment report submitted to the court pursuant to the provisions of this subsection shall be handled in a manner which will keep such report confidential from the general public's review. Nothing contained in this subsection shall be construed to prohibit the court from ordering judgment and sentence in the event the defendant fails or refuses to comply with an order of the court to obtain the evaluation and assessment required by this subsection. If the defendant fails or refuses to comply with an order of the court to obtain the evaluation and assessment, the Department of Public Safety shall not reinstate driving privileges until the defendant has complied in full with such order. As used in this subsection, "qualified practitioner" means a person with at least a bachelor's degree in substance abuse treatment, mental health or a related health care field and at least two (2) years' experience in providing alcohol treatment, other drug abuse treatment, or both alcohol and other drug abuse treatment who is certified each year by the Department of Mental Health and Substance Abuse Services to provide these assessments. Nothing contained in this subsection shall be construed to prohibit the court from ordering judgment and sentence and any other sanction authorized by law for failure or refusal to comply with an order of the court.

I. Any person who is found guilty of a violation of the provisions of this section may be required by the court to attend a victims impact panel program, if such a program is offered in the county where the judgment is rendered, and to pay a fee, not less than Fifteen Dollars ($15.00) nor more than Twenty-five Dollars ($25.00) as set by the governing authority of the program and approved by the court, to the program to offset the cost of participation by the defendant, if in the opinion of the court the defendant has the ability to pay such fee.

J. Any person who is found guilty of a second or subsequent violation of the provisions of this section, shall be ordered by the court to have installed, after the conclusion of the mandatory revocation period pursuant to Section 6-205.1 of this title, on every motor vehicle owned by the person and on the vehicle regularly operated by the person, if such vehicle is not owned by the person pursuant to Sections 754.1 and 755 of this title, an ignition interlock device approved by the Department of Public Safety at the person’s own expense for a period of not less than six (6) months nor more than three (3) years. The person shall pay the monthly

maintenance fee for each ignition interlock device installed pursuant to this subsection. The installation of an ignition interlock device, as required by this subsection, shall not be construed to authorize the person to drive unless the person is otherwise eligible to drive.

K. Any person who is found guilty of a felony violation of the provisions of this section may be required to submit to electronic monitoring as authorized and defined by Section 991a of Title 22 of the Oklahoma Statutes.

L. Any person who, within ten (10) years after a previous conviction of a violation of this section or a violation pursuant to the provisions of law of another state prohibiting the offense provided in subsection A of this section or a violation of a municipal ordinance prohibiting the offense provided in subsection A of this section, pleads guilty or nolo contendere or is convicted of a violation of this section shall not be required to undergo the alcohol and drug substance evaluation program required by subsection H of this section. The court shall, as a condition of any sentence imposed, including deferred and suspended sentences, require the person to participate in an alcohol and drug substance abuse treatment program pursuant to Section 3-452 of Title 43A of the Oklahoma Statutes.

M. Any person who is found guilty of a violation of the provisions of this section who has been sentenced by the court to perform any type of community service shall not be permitted to pay a fine in lieu of performing the community service.

SECTION 39. REPEALER 47 O.S. 2001, Section 11-902, as amended by Section 1, Chapter 442, O.S.L. 2002 (47 O.S. Supp. 2002, Section 11-902), is hereby repealed.

SECTION 40. AMENDATORY 47 O.S. 2001, Section 1151.1, as last amended by Section 2, Chapter 444, O.S.L. 2002 (47 O.S. Supp. 2002, Section 1151.1), is amended to read as follows:

Section 1151.1 A. Notwithstanding any other provision of law, golf carts or all-terrain vehicles shall not be registered pursuant to the provisions of the Oklahoma Vehicle License and Registration Act.

B. Except as otherwise provided in this section <u>and pursuant to the exception provided in subsection E of Section 1151 of this title</u>, golf carts or all-terrain vehicles shall not be operated on the highways or turnpikes of the state.

C. All-terrain vehicles owned by a city or golf carts may be operated on city streets if:

1. The municipal governing body has adopted an ordinance governing the operation of golf carts or all-terrain vehicles on city streets; and

2. Operation occurs during daylight hours only.

D. Golf carts may be operated on roadways under the following conditions:

1. The board of county commissioners of a county has approved the location of golf cart traffic on roadways within the county;

2. The roadway has a posted speed limit of twenty-five (25) miles per hour or less;

3. The roadway is located in an unincorporated area; and

4. Appropriate signage, cautioning motorists of the possibility of golf cart traffic, is erected by the board of county commissioners.

SECTION 41. REPEALER 47 O.S. 2001, Section 1151.1, as amended by Section 2, Chapter 59, O.S.L. 2002 (47 O.S. Supp. 2002, Section 1151.1), is hereby repealed.

SECTION 42. AMENDATORY 51 O.S. 2001, Section 24A.3, as amended by Section 2, Chapter 478, O.S.L. 2002 (51 O.S. Supp. 2002, Section 24A.3), is amended to read as follows:

Section 24A.3 Definitions. As used in this act:

1. "Record" means all documents, including, but not limited to, any book, paper, photograph, microfilm, data files created by or used with computer software, computer tape, disk, and record, sound recording, film recording, video record or other material regardless of physical form or characteristic, created by, received by, under the authority of, or coming into the custody, control or possession of public officials, public bodies, or their representatives in connection with the transaction of public business, the expenditure of public funds or the administering of public property. "Record" does not mean computer software, nongovernment personal effects or, unless public disclosure is required by other laws or regulations, vehicle movement records of the Oklahoma Turnpike Authority obtained in connection with the Authority's electronic toll collection system, personal financial information, credit reports or other financial data obtained by or submitted to a public body for the purpose of evaluating credit worthiness, obtaining a license, permit, or for the purpose of becoming qualified to contract with a public body. “Record” does not mean any personal information provided by a guest at any facility owned or operated by the Oklahoma Tourism and Recreation Department <u>or the Board of Trustees of the Quartz Mountain Arts and Conference Center and Nature Park</u> to obtain any service at such facility or by a purchaser of a product sold by or through the Oklahoma Tourism and Recreation Department <u>or the Quartz Mountain Arts and Conference Center and Nature Park</u>. "Record" does not mean a Department of Defense Form 214 (DD Form 214) filed with a county clerk, including any DD Form 214 filed before the effective date of this act;

2. "Public body" shall include, but not be limited to, any office, department, board, bureau, commission, agency, trusteeship, authority, council, committee, trust or any entity created by a trust, county, city, village, town, township, district, school district, fair board, court, executive office, advisory group, task force, study group, or any subdivision thereof, supported in whole or in part by public funds or entrusted with the expenditure of public funds or administering or operating public property, and all committees, or subcommittees thereof. Except for the records required by Section 24A.4 of this title, "public body" does not mean

judges, justices, the Council on Judicial Complaints, the Legislature, or legislators;

3. "Public office" means the physical location where public bodies conduct business or keep records;

4. "Public official" means any official or employee of any public body as defined herein; and

5. "Law enforcement agency" means any public body charged with enforcing state or local criminal laws and initiating criminal prosecutions, including, but not limited to, police departments, county sheriffs, the Department of Public Safety, the Oklahoma State Bureau of Narcotics and Dangerous Drugs Control, the Alcoholic Beverage Laws Enforcement Commission, and the Oklahoma State Bureau of Investigation.

SECTION 43. REPEALER 51 O.S. 2001, Section 24A.3, as amended by Section 3, Chapter 293, O.S.L. 2002 (51 O.S. Supp. 2002, Section 24A.3), is hereby repealed.

SECTION 44. AMENDATORY 57 O.S. 2001, Section 502, as amended by Section 1, Chapter 211, O.S.L. 2002 (57 O.S. Supp. 2002, Section 502), is amended to read as follows:

Section 502. As used in this title, unless the context otherwise requires:

1. "Board" means the State Board of Corrections;

2. "Department" means the Department of Corrections of this state;

3. "Institutions" means the Oklahoma State Penitentiary located at McAlester, Oklahoma; the Oklahoma State Reformatory located at Granite, Oklahoma; the Lexington Assessment and Reception Center located at Lexington, Oklahoma; the Joseph Harp Correctional Center located at Lexington, Oklahoma; the Jackie Brannon Correctional Center located at McAlester, Oklahoma; the Howard C. McLeod Correctional Center located at Farris, Oklahoma; the Mack H. Alford Correctional Center located at Stringtown, Oklahoma; the ~~Ouachita~~ Jim E. Hamilton Correctional Center located at Hodgen, Oklahoma; the Mabel Bassett Correctional Center located at Oklahoma City, Oklahoma; the R.B. "Dick" Conner Correctional Center located at Hominy, Oklahoma; the James Crabtree Correctional Center located at Helena, Oklahoma; the Jess Dunn Correctional Center located at Taft, Oklahoma; the John Lilley Correctional Center located at Boley, Oklahoma; the William S. Key Correctional Center located at Fort Supply, Oklahoma; the Dr. Eddie Walter Warrior Correctional Center located at Taft, Oklahoma; the Northeast Oklahoma Correctional Center located at Vinita, Oklahoma; the ~~Oklahoma City,~~ Clara Waters and Kate Barnard Community Corrections Centers located at Oklahoma City, Oklahoma; ~~the Tulsa Community Corrections Center located at Tulsa, Oklahoma;~~ the Community Corrections Centers located at Lawton, Enid, and Muskogee; the Charles E. "Bill" Johnson Correctional Center, located east of Alva, Oklahoma; and other facilities under the jurisdiction and control of the Department of Corrections or hereafter established by the Department of Corrections;

4. "Director" means the Director of the Department of Corrections;

5. "Halfway house" means a private facility for the placement of inmates in a community setting for the purpose of reintegrating into the community inmates who are nearing their release dates. The term shall not include private prisons;

6. "Intermediate sanctions facility" means a community corrections center operated by the Department of Corrections or a private facility or public trust operating pursuant to contract with the Department of Corrections which provides for the housing and programmatic services of offenders such as probation or parole violators or community sentenced offenders placed in the facility for disciplinary sanctions, work release offenders, offenders who need intensive programmatic services, or offenders who have demonstrated positive adjustment while in an institutional setting who need additional programmatic services to enhance their reentry into society upon release from a prison term; and

7. "Private prison contractor" means:

a. a nongovernmental entity or public trust which, pursuant to a contract with the Department of Corrections, operates an institution within the Department other than a halfway house or intermediate sanctions facility, or provides for the housing, care, and control of inmates and performs other functions related to these responsibilities within a minimum or medium security level facility not owned by the Department but operated by the contractor, or

b. a nongovernmental entity or public trust which, pursuant to a contract with the United States or another state, provides for the housing, care, and control of minimum or medium security inmates in the custody of the United States or another state, and performs other functions related to these responsibilities other than a halfway house or intermediate sanctions facility within a facility owned or operated by the contractor.

SECTION 45. REPEALER 57 O.S. 2001, Section 502, as amended by Section 1, Chapter 81, O.S.L. 2002 (57 O.S. Supp. 2002, Section 502), is hereby repealed.

SECTION 46. REPEALER 57 O.S. 2001, Section 503, as amended by Section 2, Chapter 81, O.S.L. 2002 (57 O.S. Supp. 2002, Section 503), is hereby repealed.

SECTION 47. AMENDATORY 57 O.S. 2001, Section 561.1, as amended by Section 1, Chapter 221, O.S.L. 2002 (57 O.S. Supp. 2002, Section 561.1), is amended to read as follows:

Section 561.1 A. Prior to entering into a contract with any private prison contractor for construction or operation, or both, of a correctional facility, the Department of Corrections shall establish a process for requesting proposals or negotiated contracts from such contractors. The Department of Corrections shall develop criteria for the process by which a contractor for the construction

or operation, or both, of a private prison is to be awarded a contract. The criteria shall be subject to approval by the Board of Corrections. The criteria for selection of a site for a proposed facility to be constructed or operated, or both, by a private contractor shall include, but shall not be limited to, the availability of medical services, support services, transportation services and the availability of potential employees who would be qualified to perform required functions at a state correctional facility.

B. Any contract between the Department of Corrections and a private prison contractor, whereby the contractor provides for the housing, care, and control of inmates in a nondepartmental facility operated by the contractor, shall contain, in addition to other provisions, terms and conditions:

1. Requiring the contractor to provide said services in a facility which meets accreditation standards established by the American Corrections Association;

2. Requiring the contractor to receive accreditation for said facility from the American Corrections Association, within three (3) years of commencement of operations of the facility;

3. Requiring the contractor to obtain written authorization from the governing board of any municipality in which the facility is to be located, or if the facility is not to be located within a municipality, written authorization from the board of county commissioners of the county in which the facility is to be located; and

4. Granting the Department the option at the beginning of each fiscal year pursuant to an agreement, to purchase any such facility, with or without inventory or other personal property, at a predetermined price, which shall be negotiated and included in a schedule or a formula to be contained in the original agreement. Such agreements relating to a correctional facility, the construction of which was financed or is to be financed by obligations issued from a local governmental entity the repayment of which is to be made in whole or in part from rentals from the State of Oklahoma or the Department of Corrections, shall be submitted to the Oklahoma Bond Oversight Commissions as provided in subsection I of this section.

C. A contractor proposing to enter a contract with the Department of Corrections for construction or operation, or both, of a correctional facility pursuant to this section must demonstrate:

1. The qualifications and the operations and management experience to carry out the terms of the contract; and

2. The ability to comply with the standards of the American Correctional Association and with specific court orders.

D. In addition to meeting the requirements specified in the requests for proposals, a proposal for the construction and operation of a correctional facility must:

1. Provide for regular, on-site monitoring by the Department of Corrections;

2. Acknowledge that payment by the state is subject to the availability of appropriations;

3. Provide for payment of a maximum amount per fiscal year;

4. Demonstrate a cost benefit to the State of Oklahoma when compared to the level and quality of programs provided by state-operated facilities that have similar types of inmates at an operational cost not more than the cost of housing inmates in similar facilities and providing similar programs to those types of inmates in state-operated facilities. The Department of Corrections shall be responsible for determining the cost/benefit of the proposal;

5. Permit the state to terminate the contract for cause;

6. Contain a proposed per diem operational cost per inmate for the initial year and subsequent years of operations;

7. Subject to appropriations, provide that cost adjustments may be made only once each fiscal year, to take effect at the beginning of the next fiscal year using as the maximum percentage increase, if any, an increase not to exceed the previous year's Consumer Price Index for All Urban Consumers (CPI-U) as prepared by the United States Bureau of Labor Statistics;

8. Have an initial contract term of not more than one (1) year, with an option to renew for additional periods not to exceed twenty (20) years;

9. If the proposal includes construction of a facility, contain a performance bond approved by the Department that is adequate and appropriate for the proposed contract;

10. Provide for assumption of liability by the private vendor for all claims arising from the services performed under the contract by the private vendor;

11. Provide for an adequate plan of insurance for the private vendor and its officers, guards, employees, and agents against all claims, including claims based on violations of civil rights arising from the services performed under the contract by the private vendor;

12. Provide for an adequate plan of insurance to protect the state against all claims arising from the services performed under the contract by the private vendor and to protect the state from actions by a third party against the private vendor, its officer, guards, employees, and agents as a result of the contract;

13. Provide plans for the purchase and assumption of operations by the state in the event of the bankruptcy of the private vendor; and

14. Contain comprehensive standards for conditions of confinement.

E. As of the end of each fiscal year, the Department of Corrections shall determine the average daily cost per inmate for

the operational costs at each major category of correctional facility. There shall be a separate computation of the average daily rate for maximum security, medium security, minimum security and work center facilities. The Department of Corrections shall present the daily rate computations to the Board of Corrections. The Board of Corrections, after appropriate review and analysis, shall adopt as a final action of the Board, at its regularly scheduled meeting in the month of August, an average daily rate per inmate by facility category for the immediately preceding fiscal year.

F. If a request for proposal process is utilized and no proposals conform to the established criteria, the Department shall prepare an additional request for proposals. The Department of Corrections shall evaluate the proposals within thirty (30) days of receipt from the prospective contractor. The Department of Corrections shall specifically determine whether a proposal meets the requirements of paragraph 4 of subsection D of this section by comparing the daily rate for housing and care of inmates pursuant to any proposed contract with a private contractor to the daily rate for housing and care of inmates at the comparable type of facility operated by the Department of Corrections using the information provided pursuant to paragraph 6 of subsection D of this section. The Department shall evaluate proposals taking into account any direct or indirect costs that would continue to be paid by the Department of Corrections including, but not limited to, transportation, records management, discipline, general administration, management of inmate trust funds, and major medical coverage. Such costs shall be added to the proposed per diem of the private vendor when comparing the total per diem costs of the state operating facilities.

G. If the Department of Corrections proposes to enter into a contract for the construction or the operation, or both, of a private prison, the Department shall compare both the capital costs and the operating costs for the facility to the imputed capital costs and the projected operating costs of a comparable facility constructed and operated by the Department of Corrections.

H. The Department of Corrections shall deliver to the Board of Corrections the top three qualified prospective private prison contractors identified pursuant to this section and pursuant to Section 561 of ~~Title 57 of the Oklahoma Statutes~~ this title together with the information reviewed and analyzed by the Department of Corrections during analysis of the proposals as required by this section. The Board of Corrections shall evaluate the information provided and shall make a final decision selecting the contractor within fifteen (15) days of receipt of the information.

I. Any contract subject to the provisions of this section entered into by the Board of Corrections shall be subject to the approval of the Legislative and Executive Bond Oversight Commissions in the same manner as provided by law for the review of issuance of obligations by State Governmental Entities as prescribed by Section 695.8 of Title 62 of the Oklahoma Statutes.

J. Before submission of the proposed contract to the Legislative and Executive Bond Oversight Commissions, and prior to the date as of which the proposed contract is executed by the Board of Corrections, the Attorney General and the Director of the

Department of Central Services shall review the proposed final version of the contract. The Attorney General and the Director of the Department of Central Services shall have a period of fifteen (15) days from receipt of the proposed final version of the contract to approve the contract and execute the document. If either the Attorney General or the Director of the Department of Central Services has objections to the proposed contract, the objections shall be communicated in writing to the Department of Corrections. The Department of Corrections shall take appropriate action regarding the objections and shall resubmit the proposed contract for additional review. The Attorney General and the Department of Central Services shall have an additional fifteen-day period to approve the proposed contract and to execute the document. Failure of the Attorney General or the Director of the Department of Central Services, respectively, to act within the fifteen-day period shall constitute approval of the respective official to the proposed final version of the contract. The contract shall contain a separate signature block or line for signature by the Attorney General and the Department of Central Services. The contract shall contain a statement to be executed by the Attorney General and the Director of the Department of Central Services that each one of them, respectively, has reviewed the proposed contract for compliance with the provisions of this section and Section 561 of this title, and all other applicable provisions of law and that the contract conforms with those requirements. Neither the private prison contractor nor the Board of Corrections shall execute the contract until the document has been executed by the Attorney General and the Director of the Department of Central Services as required by this subsection unless the approval of the respective official has been made as a result of failure to take action within the fifteen-day period prescribed by this subsection.

SECTION 48. REPEALER 57 O.S. 2001, Section 561.1, as amended by Section 4, Chapter 81, O.S.L. 2002 (57 O.S. Supp. 2002, Section 561.1), is hereby repealed.

SECTION 49. AMENDATORY 57 O.S. 2001, Section 584, as amended by Section 2, Chapter 235, O.S.L. 2002 (57 O.S. Supp. 2002, Section 584), is amended to read as follows:

Section 584. A. ~~The~~ Any registration with the Department of Corrections required by the Sex Offenders Registration Act shall be in a form approved by the Department ~~of Corrections~~ and shall include the following information about the person registering:

1. The person's name and all aliases used or under which the person has been known;

2. A complete description of the person, including a photograph and fingerprints, and when requested by the Department of Corrections, such registrant shall submit to a blood or saliva test for purposes of a deoxyribonucleic acid (DNA) profile. Submission to testing for individuals registering shall be within thirty (30) days of registration. Registrants who already have valid samples on file in the Oklahoma State Bureau of Investigation (OSBI) DNA Offender Database shall not be required to submit duplicate samples for testing;

3. The offenses listed in Section 582 of this title ~~of~~ for which the person has been convicted or ~~for which~~ the person received

a suspended sentence or any form of probation, where the offense was committed, where the person was convicted or received the suspended sentence or any form of probation, and the name under which the person was convicted or received the suspended sentence or probation;

4. The name and location of each hospital or penal institution to which the person was committed for each offense listed in Section 582 of this title; ~~and~~

5. Where the person previously resided, where the person currently resides, how long the person has resided there, how long the person expects to reside there, and how long the person expects to remain in the county and in ~~the State of Oklahoma~~ this state. The Department of Corrections shall conduct address verification of ~~the~~ each registered sex offender on an annual basis by mailing a nonforwardable verification form to the last reported address of the person. The person shall return the verification form in person to the local law enforcement agency of that jurisdiction within ten (10) days after receipt of the form and may be photographed by the local law enforcement agency at that time. The local law enforcement agency shall forward the form to the ~~Oklahoma~~ Department of Corrections within three (3) days after receipt of the form. The verification form shall be signed by the person and state the current address of the person. Failure to return the verification form shall be a violation of ~~this act~~ the Sex Offenders Registration Act. If the offender has been determined to be a habitual or aggravated sex offender by the Department of Corrections, the address verification shall be conducted every ninety (90) days. The Department of Corrections shall notify the district attorney's office and local law enforcement agency of the appropriate county, within forty-five (45) days if unable to verify the address of a sex offender. A local law enforcement agency may notify the district attorney's office whenever it comes to the attention of the local law enforcement agency that a sex offender is not in compliance with any provisions of this act; and

6. The name and address of any school where the person expects to become or is enrolled or employed for any length of time.

B. Conviction data and fingerprints shall be promptly transmitted at the time of registration to the Oklahoma State Bureau of Investigation (OSBI) and the Federal Bureau of Investigation (FBI) if the state has not previously sent the information at the time of conviction.

C. The registration with the local law enforcement authority required by ~~this act~~ the Sex Offenders Registration Act shall be in a form approved by the local law enforcement authority and shall include the following information about the person registering:

1. The person's full name, alias, date of birth, sex, race, height, weight, eye color, social security number, driver license number, and home address; and

2. A description of the offense for which the offender was convicted, the date of the conviction, and the sentence imposed, if applicable.

For purposes of this section, "local law enforcement authority" means:

a. the municipal police department, if the person resides or intends to reside or stay within the jurisdiction of any municipality of this state~~;~~, or~~,~~

b. the county sheriff, if the person resides or intends to reside or stay at any place outside the jurisdiction of any municipality within this state, and

c. the police or security department of any institution of higher learning within this state if the person:

(1) enrolls as a full-time or part-time student,

(2) is a full-time or part-time employee at an institution of higher learning, or

(3) resides or intends to reside or stay on any property owned or controlled by the institution of higher learning.

D. Any person subject to the provisions of the Sex Offenders Registration Act who changes an address shall give written notification to the Department of Corrections and the local law enforcement authority of the change of address and the new address no later than three (3) business days prior to the abandonment of or move from the current address. If the new address is under the jurisdiction of a different local law enforcement authority, the offender shall notify the new local law enforcement authority of any previous registration. The new local law enforcement authority shall notify the most recent registering agency by teletype or letter of the change in address of the offender. If the new address is in another state the Department of Corrections shall promptly notify the agency responsible for registration in that state of the new address of the offender.

E. The Department of Corrections shall maintain a file of all sex offender registrations. A copy of the information contained in the registration shall promptly be available to state, county and municipal law enforcement agencies and the National Sex Offender Registry maintained by the Federal Bureau of Investigation. ~~Said~~ The file shall promptly be made available for public inspection or copying pursuant to rules promulgated by the Department of Corrections and may be made available through Internet access. The Department of Corrections shall promptly provide all municipal police departments ~~and~~, all county sheriff departments and all campus police departments a list of those sex offenders registered and living in their county.

F. Each local law enforcement agency shall make its sex offender registry available upon request, without restriction, at a cost that is no more than what is charged for other records provided by the law enforcement agency pursuant to the Open Records Act.

When a law enforcement agency sends a copy of or otherwise makes the sex offender registry available to any public or private school offering any combination of prekindergarten through twelfth grade

classes or child care facility licensed by the state, the agency shall provide a notice using the following or similar language: "A person whose name appears on this registry has been convicted of a sex offense. Continuing to employ a person whose name appears on this registry may result in civil liability for the employer."

G. Samples of blood or saliva for DNA testing required by subsection A of this section shall be taken by employees or contractors of the Department of Corrections. Said individuals shall be properly trained to collect blood or saliva samples. Persons collecting samples for DNA testing pursuant to this section shall be immune from civil liabilities arising from this activity. The Department of Corrections shall ensure the collection of samples ~~are~~ is mailed to the Oklahoma State Bureau of Investigation (OSBI) within ten (10) days of the time the subject appears for testing. The Department shall use sample kits provided by the OSBI and procedures promulgated by the OSBI. Persons subject to DNA testing pursuant to this section shall be required to pay to the Department of Corrections a fee of Fifteen Dollars ($15.00). Any fees collected pursuant to this subsection shall be deposited in the Department of Corrections revolving account.

H. 1. Any person who has been convicted of or received a suspended sentence or any probationary term, including a deferred sentence imposed in violation of subsection G of Section 991c of Title 22 of the Oklahoma Statutes, for any crime listed in Section 582 of this title and:

a. who is subsequently convicted of a crime or an attempt to commit a crime listed in subsection A of Section 582 of this title, or

b. who enters this state after November 1, 1997, and who has been convicted of an additional crime or attempted crime which, if committed or attempted in this state, would be a crime or an attempt to commit a crime provided for in subsection A of Section 582 of this title,

shall be subject to all of the registration requirements of this act and shall be designated by the Department of Corrections as a habitual sex offender. A habitual sex offender shall be required to register for the lifetime of the habitual sex offender.

2. On or after November 1, 1999, any person who has been convicted of a crime or an attempt to commit a crime, received a suspended sentence or any probationary term, including a deferred sentence imposed in violation of subsection G of Section 991c of Title 22 of the Oklahoma Statutes, for a crime provided for in Section 7115 of Title 10 of the Oklahoma Statutes, if the offense involved sexual abuse or sexual exploitation as these terms are defined in Section 7102 of Title 10 of the Oklahoma Statutes, Section 885, 888, 1111.1, 1114 or 1123 of Title 21 of the Oklahoma Statutes shall be subject to all the registration requirements of this act and shall be designated by the Department of Corrections as an aggravated sex offender. An aggravated sex offender shall be required to register for the lifetime of the aggravated sex offender.

3. Upon registration of any person designated as a habitual or aggravated sex offender, pursuant to this subsection, a local law enforcement authority shall notify, by any method of communication it deems appropriate, anyone that the local law enforcement authority determines appropriate, including, but not limited to:

a. the family of the habitual or aggravated sex offender,

b. any prior victim of the habitual or aggravated sex offender, and

c. residential neighbors and churches, community parks, schools, convenience stores, businesses and other places that children or other potential victims may frequent.

4. The notification may include, but is not limited to, the following information:

a. the name and physical address of the habitual or aggravated sex offender,

b. a physical description of the habitual or aggravated sex offender, including, but not limited to, age, height, weight and eye and hair color,

c. a description of the vehicle that the habitual or aggravated sex offender is known to drive,

d. any conditions or restrictions upon the probation, parole or conditional release of the habitual or aggravated sex offender,

e. a description of the primary and secondary targets of the habitual or aggravated sex offender,

f. a description of the method of offense of the habitual or aggravated sex offender,

g. a current photograph of the habitual or aggravated sex offender, and

h. the name and telephone number of the probation or parole officer of the habitual or aggravated sex offender.

5. The local law enforcement authority shall make the notification provided for in this subsection regarding a habitual or aggravated sex offender available to any person upon request.

I. Public officials, public employees, and public agencies are immune from civil liability for good faith conduct under ~~this act~~ <u>any provision of the Sex Offenders Registration Act</u>.

1. Nothing in ~~this act~~ <u>the Sex Offenders Registration Act</u> shall be deemed to impose any liability upon or to give rise to a cause of action against any public official, public employee, or public agency for failing to release information in accordance with ~~this act~~ <u>the Sex Offenders Registration Act</u>.

2. Nothing in this section shall be construed to prevent law enforcement officers from notifying members of the public of any persons that pose a danger under circumstances that are not enumerated in ~~this act~~ the Sex Offenders Registration Act.

SECTION 50. REPEALER 57 O.S. 2001, Section 584, as amended by Section 3, Chapter 20, O.S.L. 2002 (57 O.S. Supp. 2002, Section 584), is hereby repealed.

SECTION 51. REPEALER 57 O.S. 2001, Section 584, as amended by Section 2, Chapter 153, O.S.L. 2002 (57 O.S. Supp. 2002, Section 584), is hereby repealed.

SECTION 52. AMENDATORY 59 O.S. 2001, Section 1004, as amended by Section 10, Chapter 375, O.S.L. 2002 (59 O.S. Supp. 2002, Section 1004), is amended to read as follows:

Section 1004. A. The Oklahoma State Committee of Plumbing Examiners is hereby re-created to continue until July 1, ~~2002~~ 2008, in accordance with the provisions of the Oklahoma Sunset Law, as provided by Sections 3901 et seq. of Title 74 of the Oklahoma Statutes, and shall consist of ~~six (6)~~ five (5) members, each of whom shall be a citizen of the United States, a resident of this state. One member shall be appointed from each congressional district and any remaining members shall be appointed from the state at large. However, when congressional districts are redrawn each member appointed prior to July 1 of the year in which such modification becomes effective shall complete the current term of office and appointments made after July 1 of the year in which such modification becomes effective shall be based on the redrawn districts. Appointments made after July 1 of the year in which such modification becomes effective shall be from any redrawn districts which are not represented by a board member until such time as each of the modified congressional districts are represented by a board member. No appointments may be made after July 1 of the year in which such modification becomes effective if such appointment would result in more than two members serving from the same modified district. Beginning January 1, 2002, as the terms of members serving on the Committee on such date expire, members of the Committee shall be appointed by the Construction Industries Board which may also remove them for cause. They will hold office for terms of two (2) years, or until their successors are appointed. Two members of the Committee shall have had at least five (5) years' practical experience as a licensed master plumber or plumbing contractor, and two members shall have had at least five (5) years' practical experience as a licensed journeyman plumber. One member shall be a plumbing inspector selected from lists of names submitted from plumbing inspection industries ~~and one member shall be a lay person~~. Whenever appointments of initial, new, or replacement plumbing members of the Committee are to be made, the Board shall choose them only from lists of at least three names to be furnished whenever needed as follows:

1. Master plumber or plumbing contractor member - lists to be furnished by associated plumbing and heating contractors of this state;

2. Journeyman plumber member - lists to be furnished by state pipe trades associations;

3. One licensed master plumber or plumbing contractor who is not a member of an association of plumbing, heating, and cooling contractors of this state; and

4. One licensed journeyman plumber who is not a member of a state pipe trades association.

B. Duties of the Committee shall be to serve the Construction Industries Board in an advisory capacity, to formulate rules pursuant to The Plumbing License Law of 1955, and to assist and advise the Board on the examination of applicants for licenses as journeyman plumber or plumbing contractor, in accordance with such rules and the terms and conditions hereof. A majority of the Committee shall constitute a quorum for the transaction of business.

C. Each examiner shall be reimbursed for travel expenses in accordance with the provisions of the State Travel Reimbursement Act, Section 500.1 et seq. of Title 74 of the Oklahoma Statutes.

SECTION 53. REPEALER 59 O.S. 2001, Section 1004, as amended by Section 1, Chapter 175, O.S.L. 2002 (59 O.S. Supp. 2002, Section 1004), is hereby repealed.

SECTION 54. AMENDATORY 60 O.S. 2001, Section 176, as amended by Section 1, Chapter 39, O.S.L. 2002 (60 O.S. Supp. 2002, Section 176), is amended to read as follows:

Section 176. A. Express trusts may be created to issue obligations<u>, enter into financing arrangements including, but not limited to, lease-leaseback, sale-leaseback, interest rate swaps and other similar transactions</u> and to provide funds for the furtherance and accomplishment of any authorized and proper public function or purpose of the state or of any county or municipality or any and all combinations thereof, in real or personal property, or either or both, or in any estate or interest in either or both, with the state, or any county or municipality or any and all combinations thereof, as the beneficiary thereof by:

1. The express approval of the Legislature and the Governor if the State of Oklahoma is the beneficiary;

2. The express approval of two-thirds (2/3) of the membership of the governing body of the beneficiary if a county is a beneficiary;

3. The express approval of two-thirds (2/3) of the membership of the governing body of the beneficiary if a municipality is a beneficiary; or

4. The express approval of two-thirds (2/3) of the membership of the governing body of each beneficiary in the event a trust has more than one beneficiary; provided, that no funds of a beneficiary derived from sources other than the trust property, or the operation thereof, shall be charged with or expended for the execution of the trust, except by express action of the legislative authority of the beneficiary prior to the charging or expending of the funds. The officers or any other governmental agencies or authorities having the custody, management, or control of any property, real or personal or mixed, of the beneficiary of the trust, or of a proposed trust, which property shall be needful for the execution of the

trust purposes, are authorized and empowered to lease the property for those purposes, after the acceptance of the beneficial interest therein by the beneficiary as hereinafter provided.

B. A municipality may convey title to real property which is used for an airport to the trustees of an industrial development authority trust whose beneficiary is the municipality. The industrial development authority trust must already have the custody, management, or control of the real property. The conveyance must be approved by a majority of the governing body of the municipality. A conveyance pursuant to this section may be made only for the sole purpose of allowing the authority to sell the property for fair market value when the property is to be used for industrial development purposes. Conveyances made pursuant to this subsection shall be made subject to any existing reversionary interest or other restrictions burdening the property and subject to any reversionary interest or other restriction considered prudent by the municipality.

C. The trustees of a public trust having the State of Oklahoma as beneficiary shall make and adopt bylaws for the due and orderly administration and regulation of the affairs of the public trust. All bylaws of a public trust having the State of Oklahoma as beneficiary shall be submitted in writing to the Governor of the State of Oklahoma. The Governor must approve the proposed bylaws before they take effect.

D. No public trust in which the State of Oklahoma is the beneficiary may be amended without a two-thirds (2/3) vote of approval of the trustees of the trust; provided, that any amendment is subject to the approval of the Governor of the State of Oklahoma. Any amendments shall be sent to the Governor within fifteen (15) days of their adoption.

E. No trust in which a county or municipality is the beneficiary shall hereafter create an indebtedness or obligation until the indebtedness or obligation has been approved by a two-thirds (2/3) vote of the governing body of the beneficiary. In the event a trust has more than one beneficiary, as authorized by this section, the trust shall not incur an indebtedness or obligation until the indebtedness or obligation has been approved by a two-thirds (2/3) vote of the governing body of two-thirds (2/3) of the beneficiaries of the trust.

F. All bonds described in subsection E of this section, after December 1, 1976, except bonds sold to the federal government or any agency thereof or to any agency of the State of Oklahoma, shall be awarded to the lowest and best bidder based upon open competitive public offering, advertised at least once a week for two (2) successive weeks in a newspaper of general circulation in the county where the principal office of the trust is located prior to the date on which bids are received and opened; provided, competitive bidding may be waived on bond issues with the approval of three-fourths (3/4) of the trustees, and a three-fourths (3/4) vote of the governing body of the beneficiary, unless the beneficiary is a county in which case a two-thirds (2/3) vote of the members of the governing body shall be required, or three-fourths (3/4) vote of the governing bodies of each of the beneficiaries of the trust, unless one of the beneficiaries is a county in which case a two-thirds (2/3) vote of the members of the governing body of such county shall

be required. No bonds shall be sold for less than par value, except upon approval of three-fourths (3/4) of the trustees, unless the beneficiary is a county in which case a two-thirds (2/3) vote of the members of the governing body shall be required. In no event shall bonds be sold for less than sixty-five percent (65%) of par value; provided, however, in no event shall the original purchaser from the issuer of any bonds issued by any public trust for any purpose receive directly or indirectly any fees, compensation, or other remuneration in excess of four percent (4%) of the price paid for the bonds by the purchaser of the bonds from the original purchaser; and further provided, that the average coupon rate thereon shall in no event exceed fourteen percent (14%) per annum. No public trust shall sell bonds for less than ninety-six percent (96%) of par value until the public trust has received from the underwriter or financial advisor or, in the absence of an underwriter or financial advisor, the initial purchaser of the bonds, an estimated alternative financing structure or structures showing the estimated total interest and principal cost of each alternative. At least one alternative financing structure shall include bonds sold to the public at par. Any estimates shall be considered a public record of the public trust. Bonds, notes or other evidences of indebtedness issued by any public trust shall be eligible for purchase by any state banking association or corporation subject to such limitations as to investment quality as may be imposed by regulations, rules or rulings of the State Banking Commissioner.

G. Public trusts created pursuant to this section shall file annually, with their respective beneficiaries, copies of financial documents and reports sufficient to demonstrate the fiscal activity of such trust, including, but not limited to, budgets, financial reports, bond indentures, and audits. Amendments to the adopted budget shall be approved by the trustees of the public trust and recorded as such in the official minutes of such trust.

H. Contracts for construction, labor, equipment, material or repairs in excess of Twenty-five Thousand Dollars ($25,000.00) shall be awarded by public trusts to the lowest and best competitive bidder, pursuant to public invitation to bid, which shall be published in the manner provided in the preceding section hereof; the advertisements shall appear in the county where the work, or the major part of it, is to be done, or the equipment or materials are to be delivered, or the services are to be rendered; provided, however, should the trustee or the trustees find that an immediate emergency exists, which findings shall be entered in the journal of the trust proceedings, by reason of which an immediate outlay of trust funds in an amount exceeding Twenty-five Thousand Dollars ($25,000.00) is necessary in order to avoid loss of life, substantial damage to property, or damage to the public peace or safety, then the contracts may be made and entered into without public notice or competitive bids; provided that the provisions of this subsection shall not apply to contracts of industrial and cultural trusts. Notwithstanding the provisions of this subsection, equipment or materials may be purchased by a public trust directly from any contract duly awarded by this state or any state agency under the Oklahoma Central Purchasing Act, or from any contract duly awarded by a governmental entity which is the beneficiary of the public trust.

I. Any public trust created pursuant to the provisions of this section shall have the power to acquire lands by use of eminent

domain in the same manner and according to the procedures provided for in Sections 51 through 65 of Title 66 of the Oklahoma Statutes. Any exercise of the power of eminent domain by a public trust pursuant to the provisions of this section shall be limited to the furtherance of public purpose projects involving revenue-producing utility projects of which the public trust retains ownership; provided, for public trusts in which the State of Oklahoma is the beneficiary the exercise of the power of eminent domain may also be used for public purpose projects involving air transportation. Revenue-producing utility projects shall be limited to projects for the transportation, delivery, treatment, or furnishing of water for domestic purposes or for power, including, but not limited to the construction of lakes, pipelines, and water treatment plants or for projects for rail transportation. Any public trust formed pursuant to this section which has a county as its beneficiary shall have the power to acquire, by use of eminent domain, any lands located either inside the county, or contiguous to the county pursuant to the limitations imposed pursuant to this section.

J. Provisions of this section shall not apply to entities created under Sections 1324.1 through 1324.26 of Title 82 of the Oklahoma Statutes.

SECTION 55. REPEALER 60 O.S. 2001, Section 176, as amended by Section 1, Chapter 33, O.S.L. 2002 (60 O.S. Supp. 2002, Section 176), is hereby repealed.

SECTION 56. AMENDATORY 62 O.S. 2001, Section 203, as amended by Section 1, Chapter 343, O.S.L. 2002 (62 O.S. Supp. 2002, Section 203), is amended to read as follows:

Section 203. A. Except as otherwise provided by subsection B of this section, all monies that may come into the State Treasury, pursuant to the provisions of Section 201 et seq. of this title, together with all amounts that may be received by the State Treasurer as investment income or as interest on average daily bank balances, including investment income or interest on deposits from funds deposited to the credit of the Constitutional Reserve Fund created pursuant to Section 23 of Article X of the Oklahoma Constitution, shall be apportioned and credited to the General Revenue Fund for the current year.

B. The provisions of subsection A of this section shall not apply to:

1. Interest received on deposits from funds under the control of the Commissioners of the Land Office;

2. Funds in the Department of Human Services Federal Disallowance Fund;

3. Interest received on deposits from funds under the control of the Santa Claus Commission;

4. The Risk Management Revolving Fund;

5. Investment income and interest received from funds in the Quartz Mountain Revolving Fund from insurance claims;

6. The Drinking Water Treatment Revolving Loan Account and the Drinking Water Treatment Loan Administrative Fund;

7. The ~~Wastewater Facility Construction~~ Clean Water State Revolving Fund Loan Account and ~~Wastewater Facility Construction~~ the Clean Water State Revolving Fund Loan Administrative Fund;

8. The State Infrastructure Bank Revolving Fund;

9. The Nursing Facility Quality of Care Fund;

10. The Oklahoma Tourism and Recreation Department Revolving Fund effective July 1, 2003; and

11. The Golf Course Operations Revolving Fund effective July 1, 2003.

SECTION 57. REPEALER 62 O.S. 2001, Section 203, as amended by Section 15, Chapter 322, O.S.L. 2002 (62 O.S. Supp. 2002, Section 203), is hereby repealed.

SECTION 58. AMENDATORY 68 O.S. 2001, Section 1353, as amended by Section 1, Chapter 482, O.S.L. 2002 (68 O.S. Supp. 2002, Section 1353), is amended to read as follows:

Section 1353. Purpose of Article - Apportionment of Revenues.

It is hereby declared to be the purpose of the Oklahoma Sales Tax Code to provide funds for the financing of the program provided for by the Oklahoma Social Security Act and to provide revenues for the support of the functions of the state government of Oklahoma, and for this purpose it is hereby expressly provided that, revenues derived pursuant to the provisions of the Oklahoma Sales Tax Code shall be apportioned as follows:

1. The following amounts shall be paid to the State Treasurer to be placed to the credit of the General Revenue Fund to be paid out pursuant to direct appropriation by the Legislature:

Fiscal Year	Amount
FY 2003 and FY 2004	86.04%
FY 2005	85.83%
FY 2006	85.58%
FY 2007	85.08%
FY 2008 and each fiscal year thereafter	84.58%

2. For FY 2003 and each fiscal year thereafter, ten and forty-two one-hundredths percent (10.42%) shall be paid to the State Treasurer to be placed to the credit of the Education Reform Revolving Fund of the State Department of Education; and

3. The following amounts shall be paid to the State Treasurer to be placed to the credit of the Teachers' Retirement System Dedicated Revenue Revolving Fund:

Fiscal Year	Amount
FY 2003 and FY 2004	3.54%
FY 2005	3.75%
FY 2006	4.0%
FY 2007	4.5%
FY 2008 and each fiscal year thereafter	5.0%

Provided, for the fiscal year beginning July 1, 2002, the first Five Million Four Hundred Thousand Dollars ($5,400,000.00) of revenue derived pursuant to the provisions of the Oklahoma Sales Tax Code shall be apportioned to the Education Reform Revolving Fund.

SECTION 59. REPEALER 68 O.S. 2001, Section 1353, as amended by Section 6, Chapter 458, O.S.L. 2002 (68 O.S. Supp. 2002, Section 1353), is hereby repealed.

SECTION 60. AMENDATORY 68 O.S. 2001, Section 1356, as last amended by Section 1, Chapter 503, O.S.L. 2002 (68 O.S. Supp. 2002, Section 1356), is amended to read as follows:

Section 1356. Exemptions - Governmental and nonprofit entities.

There are hereby specifically exempted from the tax levied by Section 1350 et seq. of this title:

1. Sale of tangible personal property or services to the United States government or to the State of Oklahoma, any political subdivision of this state or any agency of a political subdivision of this state; provided, all sales to contractors in connection with the performance of any contract with the United States government, State of Oklahoma or any of its political subdivisions shall not be exempted from the tax levied by Section 1350 et seq. of this title, except as hereinafter provided;

2. Sales of property to agents appointed by or under contract with agencies or instrumentalities of the United States government if ownership and possession of such property transfers immediately to the United States government;

3. Sales of property to agents appointed by or under contract with a political subdivision of this state if the sale of such property is associated with the development of a qualified federal facility, as provided in the Oklahoma Federal Facilities Development Act, and if ownership and possession of such property transfers immediately to the political subdivision or the state;

4. Sales made directly by county, district or state fair authorities of this state, upon the premises of the fair authority, for the sole benefit of the fair authority or sales of admission tickets to such fairs or fair events at any location in the state authorized by county, district or state fair authorities; provided, the exemption provided by this paragraph for admission tickets to fair events shall apply only to any portion of the admission price that is retained by or distributed to the fair authority. As used

in this paragraph, "fair event" shall be limited to an event held on the premises of the fair authority in conjunction with and during the time period of a county, district or state fair;

5. Sale of food in cafeterias or lunch rooms of elementary schools, high schools, colleges or universities which are operated primarily for teachers and pupils and are not operated primarily for the public or for profit;

6. Dues paid to fraternal, religious, civic, charitable or educational societies or organizations by regular members thereof, provided, such societies or organizations operate under what is commonly termed the lodge plan or system, and provided such societies or organizations do not operate for a profit which inures to the benefit of any individual member or members thereof to the exclusion of other members and dues paid monthly or annually to privately owned scientific and educational libraries by members sharing the use of services rendered by such libraries with students interested in the study of geology, petroleum engineering or related subjects;

7. Sale of tangible personal property or services to or by churches, except sales made in the course of business for profit or savings, competing with other persons engaged in the same or a similar business or sale of tangible personal property or services by an organization exempt from federal income tax pursuant to Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, made on behalf of or at the request of a church or churches if the sale of such property is conducted not more than once each calendar year for a period not to exceed three (3) days by the organization and proceeds from the sale of such property are used by the church or churches or by the organization for charitable purposes;

8. The amount of proceeds received from the sale of admission tickets which is separately stated on the ticket of admission for the repayment of money borrowed by any accredited state-supported college or university or any public trust of which a county in this state is the beneficiary, for the purpose of constructing or enlarging any facility to be used for the staging of an athletic event, a theatrical production, or any other form of entertainment, edification or cultural cultivation to which entry is gained with a paid admission ticket. Such facilities include, but are not limited to, athletic fields, athletic stadiums, field houses, amphitheaters and theaters. To be eligible for this sales tax exemption, the amount separately stated on the admission ticket shall be a surcharge which is imposed, collected and used for the sole purpose of servicing or aiding in the servicing of debt incurred by the college or university to effect the capital improvements hereinbefore described;

9. Sales of tangible personal property or services to the council organizations or similar state supervisory organizations of the Boy Scouts of America, Girl Scouts of U.S.A. and the Campfire Boys and Girls;

10. Sale of tangible personal property or services to any county, municipality, rural water district, public school district, the institutions of The Oklahoma State System of Higher Education, the Grand River Dam Authority, the Northeast Oklahoma Public Facilities Authority, the Oklahoma Municipal Power Authority, City

of Tulsa-Rogers County Port Authority, Muskogee City-County Port Authority, the Oklahoma Department of Veterans Affairs, or to any person with whom any of the above-named subdivisions or agencies of this state has duly entered into a public contract pursuant to law, necessary for carrying out such public contract or to any subcontractor to such a public contract. Any person making purchases on behalf of such subdivision or agency of this state shall certify, in writing, on the copy of the invoice or sales ticket to be retained by the vendor that the purchases are made for and on behalf of such subdivision or agency of this state and set out the name of such public subdivision or agency. Any person who wrongfully or erroneously certifies that purchases are for any of the above-named subdivisions or agencies of this state or who otherwise violates this section shall be guilty of a misdemeanor and upon conviction thereof shall be fined an amount equal to double the amount of sales tax involved or incarcerated for not more than sixty (60) days or both;

11. Sales of tangible personal property or services to private institutions of higher education and private elementary and secondary institutions of education accredited by the State Department of Education or registered by the State Board of Education for purposes of participating in federal programs or accredited as defined by the Oklahoma State Regents for Higher Education which are exempt from taxation pursuant to the provisions of the Internal Revenue Code, 26 U.S.C., Section 501(c)(3), including materials, supplies, and equipment used in the construction and improvement of buildings and other structures owned by the institutions and operated for educational purposes.

Any person, firm, agency or entity making purchases on behalf of any institution, agency or subdivision in this state, shall certify in writing, on the copy of the invoice or sales ticket the nature of the purchases, and violation of this paragraph shall be a misdemeanor as set forth in paragraph 10 of this section;

12. Tuition and educational fees paid to private institutions of higher education and private elementary and secondary institutions of education accredited by the State Department of Education or registered by the State Board of Education for purposes of participating in federal programs or accredited as defined by the Oklahoma State Regents for Higher Education which are exempt from taxation pursuant to the provisions of the Internal Revenue Code, 26 U.S.C., Section 501(c)(3);

13. a. Sales of tangible personal property made by:

(1) a public school,

(2) a private school offering instruction for grade levels kindergarten through twelfth grade,

(3) a public school district,

(4) a public or private school board,

(5) a public or private school student group or organization,

(6) a parent-teacher association or organization other than as specified in subparagraph b of this paragraph, or

(7) public or private school personnel for purposes of raising funds for the benefit of a public or private school, public school district, public or private school board or public or private school student group or organization, or

b. Sales of tangible personal property made by or to nonprofit parent-teacher associations or organizations exempt from taxation pursuant to the provisions of the Internal Revenue Code, 26 U.S.C., Section 501 (c)(3).

The exemption provided by this paragraph for sales made by a public or private school shall be limited to those public or private schools accredited by the State Department of Education or registered by the State Board of Education for purposes of participating in federal programs. Sale of tangible personal property in this paragraph shall include sale of admission tickets and concessions at athletic events.

Sale of tangible personal property in this paragraph shall not include rings, bracelets, necklaces or other similar items that have a retail value that exceeds Fifty Dollars ($50.00);

14. Sales of tangible personal property by:

a. local 4-H clubs,

b. county, regional or state 4-H councils,

c. county, regional or state 4-H committees,

d. 4-H leader associations,

e. county, regional or state 4-H foundations, and

f. authorized 4-H camps and training centers.

The exemption provided by this paragraph shall be limited to sales for the purpose of raising funds for the benefit of such organizations. Sale of tangible personal property exempted by this paragraph shall include sale of admission tickets;

15. The first Seventy-five Thousand Dollars ($75,000.00) each year from sale of tickets and concessions at athletic events by each organization exempt from taxation pursuant to the provisions of the Internal Revenue Code, 26 U.S.C., Section 501(c)(4);

16. Items or services which are subsequently given away by the Oklahoma Tourism and Recreation Department as promotional items pursuant to Section 1834 of Title 74 of the Oklahoma Statutes;

17. Sales of tangible personal property or services to fire departments organized pursuant to Section 592 of Title 18 of the Oklahoma Statutes which items are to be used for the purposes of the fire department. Any person making purchases on behalf of any such fire department shall certify, in writing, on the copy of the

invoice or sales ticket to be retained by the vendor that the purchases are made for and on behalf of such fire department and set out the name of such fire department. Any person who wrongfully or erroneously certifies that the purchases are for any such fire department or who otherwise violates the provisions of this section shall be deemed guilty of a misdemeanor and upon conviction thereof, shall be fined an amount equal to double the amount of sales tax involved or incarcerated for not more than sixty (60) days, or both;

18. Complimentary or free tickets for admission to places of amusement, sports, entertainment, exhibition, display or other recreational events or activities which are issued through a box office or other entity which is operated by a state institution of higher education with institutional employees or by a municipality with municipal employees;

19. The first Fifteen Thousand Dollars ($15,000.00) each year from sales of tangible personal property by fire departments organized pursuant to Titles 11, 18, or 19 of the Oklahoma Statutes for the purposes of raising funds for the benefit of the fire department. Fire departments selling tangible personal property for the purposes of raising funds shall be limited to no more than six (6) days each year to raise such funds in order to receive the exemption granted by this paragraph;

20. Sales of tangible personal property or services to any Boys & Girls Clubs of America affiliate in this state which is not affiliated with the Salvation Army and which is exempt from taxation pursuant to the provisions of the Internal Revenue Code, 26 U.S.C., Section 501(c)(3);

21. Sales of tangible personal property or services to any organization, which takes court-adjudicated juveniles for purposes of rehabilitation, and which is exempt from taxation pursuant to the provisions of the Internal Revenue Code, 26 U.S.C., Section 501(c)(3), provided that at least fifty percent (50%) of the juveniles served by such organization are court adjudicated and the organization receives state funds in an amount less than ten percent (10%) of the annual budget of the organization;

22. Sales of tangible personal property or services to:

a. any federally qualified community health center as defined in Section 254c of Title 42 of the United States Code,

b. any migrant health center as defined in Section 254b of Title 42 of the United States Code,

c. any clinic receiving disbursements of state monies from the Indigent Health Care Revolving Fund pursuant to the provisions of Section 66 of Title 56 of the Oklahoma Statutes, and

d. any community based health center which meets all of the following criteria:

(1) provides primary care services at no cost to the recipient, and

(2) is exempt from taxation pursuant to the provisions of Section 501(c)(3) of the Internal Revenue Code, 26 U.S.C., Section 501(c)(3);

23. Dues or fees, including free or complimentary dues or fees which have a value equivalent to the charge that could have otherwise been made, to YMCAs, YWCAs or municipally-owned recreation centers for the use of facilities and programs;

24. The first Fifteen Thousand Dollars ($15,000.00) each year from sales of tangible personal property or services to or by a cultural organization established to sponsor and promote educational, charitable and cultural events for disadvantaged children, and which organization is exempt from taxation pursuant to the provisions of the Internal Revenue Code, 26 U.S.C., Section 501(c)(3);

25. Sales of tangible personal property or services to museums or other entities which have been accredited by the American Association of Museums. Any person making purchases on behalf of any such museum or other entity shall certify, in writing, on the copy of the invoice or sales ticket to be retained by the vendor that the purchases are made for and on behalf of such museum or other entity and set out the name of such museum or other entity. Any person who wrongfully or erroneously certifies that the purchases are for any such museum or other entity or who otherwise violates the provisions of this paragraph shall be deemed guilty of a misdemeanor and, upon conviction thereof, shall be fined an amount equal to double the amount of sales tax involved or incarcerated for not more than sixty (60) days, or by both such fine and incarceration;

26. Sales of tickets for admission by any museum accredited by the American Association of Museums. In order to be eligible for the exemption provided by this paragraph, an amount equivalent to the amount of the tax which would otherwise be required to be collected pursuant to the provisions of Section 1350 et seq. of this title shall be separately stated on the admission ticket and shall be collected and used for the sole purpose of servicing or aiding in the servicing of debt incurred by the museum to effect the construction, enlarging or renovation of any facility to be used for entertainment, edification or cultural cultivation to which entry is gained with a paid admission ticket;

27. Sales of tangible personal property or services occurring on or after June 1, 1995, to children's homes which are supported or sponsored by one or more churches, members of which serve as trustees of the home;

28. Sales of tangible personal property or services to the organization known as the Disabled American Veterans, Department of Oklahoma, Inc., and subordinate chapters thereof;

29. Sales of tangible personal property or services to youth camps which are supported or sponsored by one or more churches, members of which serve as trustees of the organization;

30. Transfer of tangible personal property made pursuant to Section 3226 of Title 63 of the Oklahoma Statutes by the University Hospitals Trust;

31. Sales of tangible personal property or services to a municipality, county or school district pursuant to a lease or lease-purchase agreement executed between the vendor and a municipality, county or school district. A copy of the lease or lease-purchase agreement shall be retained by the vendor;

32. Sales of tangible personal property or services to any spaceport user, as defined in the Oklahoma Space Industry Development Act;

33. The sale, use, storage, consumption, or distribution in this state, whether by the importer, exporter, or another person, of any satellite or any associated launch vehicle, including components of, and parts and motors for, any such satellite or launch vehicle, imported or caused to be imported into this state for the purpose of export by means of launching into space. This exemption provided by this paragraph shall not be affected by:

a. the destruction in whole or in part of the satellite or launch vehicle,

b. the failure of a launch to occur or be successful, or

c. the absence of any transfer or title to, or possession of, the satellite or launch vehicle after launch;

34. The sale, lease, use, storage, consumption, or distribution in this state of any space facility, space propulsion system or space vehicle, satellite, or station of any kind possessing space flight capacity, including components thereof;

35. The sale, lease, use, storage, consumption, or distribution in this state of tangible personal property, placed on or used aboard any space facility, space propulsion system or space vehicle, satellite, or station possessing space flight capacity, which is launched into space, irrespective of whether such tangible property is returned to this state for subsequent use, storage, or consumption in any manner;

36. The sale, lease, use, storage, consumption, or distribution in this state of tangible personal property meeting the definition of "section 38 property" as defined in Sections 48(a)(1)(A) and (B)(i) of the Internal Revenue Code of 1986, that is an integral part of and used primarily in support of space flight; however, section 38 property used in support of space flight shall not include general office equipment, any boat, mobile home, motor vehicle, or other vehicle of a class or type required to be registered, licensed, titled, or documented in this state or by the United States government, or any other property not specifically suited to supporting space activity. The term "in support of space flight", for purposes of this paragraph, means the altering, monitoring, controlling, regulating, adjusting, servicing, or repairing of any space facility, space propulsion systems or space vehicle, satellite, or station possessing space flight capacity, including the components thereof;

37. The purchase or lease of machinery and equipment for use at a fixed location in this state, which is used exclusively in the manufacturing, processing, compounding, or producing of any space

facility, space propulsion system or space vehicle, satellite, or station of any kind possessing space flight capacity. Provided, the exemption provided for in this paragraph shall not be allowed unless the purchaser or lessee signs an affidavit stating that the item or items to be exempted are for the exclusive use designated herein. Any person furnishing a false affidavit to the vendor for the purpose of evading payment of any tax imposed by Section 1354 of this title shall be subject to the penalties provided by law. As used in this paragraph, "machinery and equipment" means "section 38 property" as defined in Sections 48(a)(1)(A) and (B)(i) of the Internal Revenue Code of 1986, which is used as an integral part of the manufacturing, processing, compounding, or producing of items of tangible personal property. Such term includes parts and accessories only to the extent that the exemption thereof is consistent with the provisions of this paragraph;

38. The amount of a surcharge or any other amount which is separately stated on an admission ticket which is imposed, collected and used for the sole purpose of constructing, remodeling or enlarging facilities of a public trust having a municipality or county as its sole beneficiary;

39. Sales of tangible personal property or services which are directly used in or for the benefit of a state park in this state, which are made to an organization which is exempt from taxation pursuant to the provisions of the Internal Revenue Code, 26 U.S.C., Section 501(c)(3) and which is organized primarily for the purpose of supporting one or more state parks located in this state;

40. The sale, lease or use of parking privileges by an institution of The Oklahoma State System of Higher Education;

41. Sales of tangible personal property or services for use on campus construction projects for the benefit of institutions of The Oklahoma State System of Higher Education or private institutions of higher education accredited by the Oklahoma State Regents for Higher Education when such projects are financed by or through the use of nonprofit entities which are exempt from taxation pursuant to the provisions of the Internal Revenue Code, 26 U.S.C., Section 501(c)(3);

42. Sales of tangible personal property or services by an organization which is exempt from taxation pursuant to the provisions of the Internal Revenue Code, 26 U.S.C., Section 501(c)(3), in the course of conducting a national championship sports event, but only if all or a portion of the payment in exchange therefor would qualify as the receipt of a qualified sponsorship payment described in Internal Revenue Code, 26 U.S.C., Section 513(i). Sales exempted pursuant to this paragraph shall be exempt from all Oklahoma sales, use, excise and gross receipts taxes;

43. Sales of tangible personal property or services to or by an organization which:

a. is exempt from taxation pursuant to the provisions of the Internal Revenue Code, 26 U.S.C., Section 501(c)(3),

b. is affiliated with a comprehensive university within The Oklahoma State System of Higher Education, and

c. has been organized primarily for the purpose of providing education and teacher training and conducting events relating to robotics; and

44. The first Fifteen Thousand Dollars ($15,000.00) each year from sales of tangible personal property by youth athletic teams which are part of an athletic organization exempt from taxation pursuant to the provisions of the Internal Revenue Code, 26 U.S.C., Section 501(c)(4), for the purposes of raising funds for the benefit of the team.

SECTION 61. REPEALER 68 O.S. 2001, Section 1356, as last amended by Section 1, Chapter 393, O.S.L. 2002 (68 O.S. Supp. 2002, Section 1356), is hereby repealed.

SECTION 62. REPEALER 68 O.S. 2001, Section 1356, as last amended by Section 7, Chapter 458, O.S.L. 2002 (68 O.S. Supp. 2002, Section 1356), is hereby repealed.

SECTION 63. AMENDATORY 68 O.S. 2001, Section 1357, as last amended by Section 1, Chapter 385, O.S.L. 2002 (68 O.S. Supp. 2002, Section 1357), is amended to read as follows:

Section 1357. Exemptions - General. There are hereby specifically exempted from the tax levied by Section 1350 et seq. of this title:

1. Transportation of school pupils to and from elementary schools or high schools in motor or other vehicles;

2. Transportation of persons where the fare of each person does not exceed One Dollar ($1.00), or local transportation of persons within the corporate limits of a municipality except by taxicabs;

3. Sales for resale to persons engaged in the business of reselling the articles purchased, whether within or without the state, provided that such sales to residents of this state are made to persons to whom sales tax permits have been issued as provided in Section 1350 et seq. of this title. This exemption shall not apply to the sales of articles made to persons holding permits when such persons purchase items for their use and which they are not regularly engaged in the business of reselling; neither shall this exemption apply to sales of tangible personal property to peddlers, solicitors and other salespersons who do not have an established place of business and a sales tax permit. The exemption provided by this paragraph shall apply to sales of motor fuel or diesel fuel to a Group Five vendor, but the use of such motor fuel or diesel fuel by the Group Five vendor shall not be exempt from the tax levied by Section 1350 et seq. of this title. The purchase of motor fuel or diesel fuel is exempt from sales tax when the motor fuel is for shipment outside this state and consumed by a common carrier by rail in the conduct of its business. The sales tax shall apply to the purchase of motor fuel or diesel fuel in Oklahoma by a common carrier by rail when such motor fuel is purchased for fueling, within this state, of any locomotive or other motorized flanged wheel equipment;

4. Sales of advertising space in newspapers and periodicals and billboard advertising service, and any advertising through the electronic media, including radio, television and cable television, and the servicing of any advertising devices;

5. Eggs, feed, supplies, machinery and equipment purchased by persons regularly engaged in the business of raising worms, fish, any insect or any other form of terrestrial or aquatic animal life and used for the purpose of raising same for marketing. This exemption shall only be granted and extended to the purchaser when the items are to be used and in fact are used in the raising of animal life as set out above. Each purchaser shall certify, in writing, on the invoice or sales ticket retained by the vendor that the purchaser is regularly engaged in the business of raising such animal life and that the items purchased will be used only in such business. The vendor shall certify to the Oklahoma Tax Commission that the price of the items has been reduced to grant the full benefit of the exemption. Violation hereof by the purchaser or vendor shall be a misdemeanor;

6. Sale of natural or artificial gas and electricity, and associated delivery or transmission services, when sold exclusively for residential use. Provided, nothing herein shall be construed as limiting or prohibiting cities and towns, and counties levying a tax pursuant to the provisions of Section 1370.2 of this title, from levying and collecting taxes on the sale of natural or artificial gas and electricity. Provided further, any sales tax levied by a city or town, or a county levying a tax pursuant to the provisions of Section 1370.2 of this title, on natural or artificial gas and electricity shall be in effect regardless of ordinance or contractual provisions referring to previously imposed state sales tax on such items;

7. In addition to the exemptions authorized by Section 1357.6 of this title, sales of medicines or drugs prescribed for the treatment of human beings by a person licensed to prescribe the medicines or drugs. Provided, this exemption shall not apply to proprietary or patent medicines as defined by Section 353.1 of Title 59 of the Oklahoma Statutes;

8. Transfers of title or possession of empty, partially filled, or filled returnable oil and chemical drums to any person who is not regularly engaged in the business of selling, reselling or otherwise transferring empty, partially filled, or filled returnable oil drums;

9. Sales of one-way utensils, paper napkins, paper cups, disposable hot containers and other one-way carry out materials to a vendor of meals or beverages;

10. Sales of food or food products for home consumption which are purchased in whole or in part with coupons issued pursuant to the federal food stamp program as authorized by Sections 2011 through 2029 of Title 7 of the United States Code, as to that portion purchased with such coupons. The exemption provided for such sales shall be inapplicable to such sales upon the effective date of any federal law that removes the requirement of the exemption as a condition for participation by the state in the federal food stamp program;

11. Sales of food or food products, or any equipment or supplies used in the preparation of the food or food products to or by an organization which:

a. is exempt from taxation pursuant to the provisions of Section 501(c)(3) of the Internal Revenue Code, 26 U.S.C., Section 501(c)(3), and which provides and delivers prepared meals for home consumption to elderly or homebound persons as part of a program commonly known as "Meals on Wheels" or "Mobile Meals", or

b. is exempt from taxation pursuant to the provisions of Section 501(c)(3) of the Internal Revenue Code, 26 U.S.C., Section 501(c)(3), and which receives federal funding pursuant to the Older Americans Act of 1965, as amended, for the purpose of providing nutrition programs for the care and benefit of elderly persons;

12. Sales of tangible personal property or services to or by organizations which are exempt from taxation pursuant to the provisions of Section 501(c)(3) of the Internal Revenue Code, 26 U.S.C., Section 501(c)(3), and which are primarily involved in the collection and distribution of food and other household products to other organizations which are exempt from taxation pursuant to the provisions of Section 501(c)(3) of the Internal Revenue Code, 26 U.S.C., Section 501(c)(3), which facilitate the distribution of such products to the needy, except sales made in the course of business for profit or savings, competing with other persons engaged in the same or similar business;

13. Sales of tangible personal property or services to children's homes which are located on church-owned property and are operated by organizations exempt from taxation pursuant to the provisions of the Internal Revenue Code, 26 U.S.C., Section 501(c)(3);

14. Sales of computers, data processing equipment, related peripherals and telephone, telegraph or telecommunications service and equipment for use in a qualified aircraft maintenance or manufacturing facility. For purposes of this paragraph, "qualified aircraft maintenance or manufacturing facility" means a new or expanding facility primarily engaged in aircraft repair, building or rebuilding whether or not on a factory basis, whose total cost of construction exceeds the sum of Five Million Dollars ($5,000,000.00) and which employs at least two hundred fifty (250) new full-time-equivalent employees, as certified by the Oklahoma Employment Security Commission, upon completion of the facility. In order to qualify for the exemption provided for by this paragraph, the cost of the items purchased by the qualified aircraft maintenance or manufacturing facility shall equal or exceed the sum of Two Million Dollars ($2,000,000.00);

15. Sales of tangible personal property consumed or incorporated in the construction or expansion of a qualified aircraft maintenance or manufacturing facility as defined in paragraph 14 of this section. For purposes of this paragraph, sales made to a contractor or subcontractor that has previously entered into a contractual relationship with a qualified aircraft maintenance or manufacturing facility for construction or expansion

of such a facility shall be considered sales made to a qualified aircraft maintenance or manufacturing facility;

16. Sales of any interstate telecommunications services which:

a. entitle the subscriber to inward or outward calling respectively between a station associated with an access line in the local telephone system area or a station directly connected to any interexchange carrier's facilities and telephone or radiotelephone stations in diverse geographical locations specified by the subscriber, or

b. entitle the subscriber to private communications services which allow exclusive or priority use of a communications channel or group of channels between exchanges;

17. Sales of railroad track spikes manufactured and sold for use in this state in the construction or repair of railroad tracks, switches, sidings and turnouts;

18. Sales of aircraft and aircraft parts provided such sales occur at a qualified aircraft maintenance facility. As used in this paragraph, "qualified aircraft maintenance facility" means a facility operated by an air common carrier at which there were employed at least two thousand (2,000) full-time-equivalent employees in the preceding year as certified by the Oklahoma Employment Security Commission and which is primarily related to the fabrication, repair, alteration, modification, refurbishing, maintenance, building or rebuilding of commercial aircraft or aircraft parts used in air common carriage. For purposes of this paragraph, "air common carrier" shall also include members of an affiliated group as defined by Section 1504 of the Internal Revenue Code, 26 U.S.C., Section 1504;

19. Sales of machinery and equipment purchased and used by persons and establishments primarily engaged in computer services and data processing:

a. as defined under Industrial Group Numbers 7372 and 7373 of the Standard Industrial Classification (SIC) Manual, latest version, which derive at least fifty percent (50%) of their annual gross revenues from the sale of a product or service to an out-of-state buyer or consumer, and

b. as defined under Industrial Group Number 7374 of the SIC Manual, latest version, which derive at least eighty percent (80%) of their annual gross revenues from the sale of a product or service to an out-of-state buyer or consumer.

Eligibility for the exemption set out in this paragraph shall be established, subject to review by the Tax Commission, by annually filing an affidavit with the Tax Commission stating that the facility so qualifies and such information as required by the Tax Commission. For purposes of determining whether annual gross revenues are derived from sales to out-of-state buyers or consumers,

all sales to the federal government shall be considered to be to an out-of-state buyer or consumer;

20. Sales of prosthetic devices to an individual for use by such individual. For purposes of this paragraph, "prosthetic device" means a device which replaces a missing part of the human body and shall include any supplies physically connected to the device;

21. Sales of tangible personal property or services to a motion picture or television production company to be used or consumed in connection with an eligible production. For purposes of this paragraph, "eligible production" means a documentary, special, music video, or a television program that will serve as a pilot for or be a segment of an ongoing dramatic or situation comedy series filmed or taped for network or national or regional syndication or a feature-length motion picture intended for theatrical release or for network or national or regional syndication or broadcast. The provisions of this paragraph shall apply to sales occurring on or after July 1, 1996;

22. Sales of diesel fuel sold for consumption by commercial vessels, barges and other commercial watercraft;

23. Sales of tangible personal property or services to tax-exempt independent nonprofit biomedical research foundations that provide educational programs for Oklahoma science students and teachers and to tax-exempt independent nonprofit community blood banks headquartered in this state;

24. Effective May 6, 1992, sales of wireless telecommunications equipment to a vendor who subsequently transfers the equipment at no charge or for a discounted charge to a consumer as part of a promotional package or as an inducement to commence or continue a contract for wireless telecommunications services;

25. Effective January 1, 1991, leases of rail transportation cars to haul coal to coal-fired plants located in this state which generate electric power;

26. Beginning July 1, 2002, sales of aircraft engine repairs, modification, and replacement parts, sales of aircraft frame repairs and modification, aircraft interior modification, and paint, and sales of services employed in the repair, modification and replacement of parts of aircraft engines, aircraft frame and interior repair and modification, and paint. The exemption provided by this paragraph shall be limited to aircraft repairs, modification, and replacement parts for aircraft weighing more than nine thousand (9,000) pounds gross take-off weight and less than three hundred thousand (300,000) pounds gross take-off weight and which aircraft are brought into this state exclusively for such repairs or modification. The exemption provided by this paragraph shall be limited to repairs or modifications made by an aircraft repair facility. As used in this paragraph, the term "aircraft" shall have the same meaning as such term is defined in Section 6001 of this title. The term "aircraft repair facility" shall mean any facility which either is an aircraft manufacturer's authorized service facility or a facility which repairs, modifies or replaces aircraft parts in which more than Three Million Dollars ($3,000,000.00) was invested to establish the new facility or expand

an existing facility and which construction was commenced or was in progress on or after July 1, 1999; provided, amounts expended for research and development as defined in Sections 41 and 174 of the Internal Revenue Code with respect to modification of aircraft shall be included as amounts invested to establish a new facility or expand an existing facility for purposes of the investment threshold specified herein;

27. Sales of materials and supplies to the owner or operator of a ship, motor vessel or barge that is used in interstate or international commerce if the materials and supplies:

a. are loaded on the ship, motor vessel or barge and used in the maintenance and operation of the ship, motor vessel or barge, or

b. enter into and become component parts of the ship, motor vessel or barge; ~~and~~

28. Sales of tangible personal property made at estate sales at which such property is offered for sale on the premises of the former residence of the decedent by a person who is not required to be licensed pursuant to the Transient Merchant Licensing Act, Section 1601 et seq. of Title 19 of the Oklahoma Statutes, or who is not otherwise required to obtain a sales tax permit for the sale of such property pursuant to the provisions of Section 1364 of this title; provided:

a. such sale or event may not be held for a period exceeding three (3) consecutive days,

b. the sale must be conducted within six (6) months of the date of death of the decedent, and

c. the exemption allowed by this paragraph shall not be allowed for property that was not part of the decedent's estate; and

29. Beginning January 1, 2004, sales of electricity and associated delivery and transmission services, when sold exclusively for use by an oil and gas operator for reservoir dewatering projects and associated operations commencing on or after July 1, 2003, in which the initial water-to-oil ratio is greater than or equal to five-to-one water-to-oil, and such oil and gas development projects have been classified by the Corporation Commission as a reservoir dewatering unit.

SECTION 64. REPEALER 68 O.S. 2001, Section 1357, as last amended by Section 2, Chapter 382, O.S.L. 2002 (68 O.S. Supp. 2002, Section 1357), is hereby repealed.

SECTION 65. AMENDATORY 68 O.S. 2001, Section 1403, as amended by Section 2, Chapter 482, O.S.L. 2002 (68 O.S. Supp. 2002, Section 1403), is amended to read as follows:

Section 1403. It is hereby declared to be the purpose of ~~this article~~ Section 1401 et seq. of this title to provide for the support of the functions of the state and local government of Oklahoma; and for this purpose and to this end, it is hereby

expressly provided that the revenues derived hereunder are hereby apportioned as follows:

1. The following amounts shall be paid by the Tax Commission to the State Treasurer and placed to the credit of the General Revenue Fund to be paid out pursuant to direct appropriation by the Legislature:

Fiscal Year	Amount
FY 2003 and FY 2004	85.35%
FY 2005	85.14%
FY 2006	84.89%
FY 2007	84.39%
FY 2008 and each fiscal year thereafter	83.89%

2. For FY 2003 and each fiscal year thereafter, eleven and eleven one-hundredths percent (11.11%) shall be paid to the State Treasurer to be placed to the credit of the Education Reform Revolving Fund of the State Department of Education; and

3. The following amounts shall be paid to the State Treasurer to be placed to the credit of the Teachers' Retirement System Dedicated Revenue Revolving Fund:

Fiscal Year	Amount
FY 2003 and FY 2004	3.54%
FY 2005	3.75%
FY 2006	4.0%
FY 2007	4.5%
FY 2008 and each fiscal year thereafter	5.0%

Provided, for the fiscal year beginning July 1, 2002, the first One Million Sixty-eight Thousand Dollars ($1,068,000.00) of revenue derived pursuant to the provisions of Section 1401 et seq. of this title shall be apportioned to the Education Reform Revolving Fund.

SECTION 66. REPEALER 68 O.S. 2001, Section 1403, as amended by Section 8, Chapter 458, O.S.L. 2002 (68 O.S. Supp. 2002, Section 1403), is hereby repealed.

SECTION 67. AMENDATORY 68 O.S. 2001, Section 2352, as last amended by Section 4, Chapter 503, O.S.L. 2002 (68 O.S. Supp. 2002, Section 2352), is amended to read as follows:

Section 2352. It is hereby declared to be the purpose of Section 2351 et seq. of this title to provide revenue for general governmental functions of state government; and, for that purpose and to that end, it is expressly declared that the revenue derived

herefrom and penalties and interest thereon, shall be distributed as follows:

1. For the fiscal year beginning July 1, 2002, the first Five Million Eight Hundred Thousand Dollars ($5,800,000.00) of revenue derived pursuant to the provisions of subsections A, B and E of Section 2355 of this title shall be apportioned to the Education Reform Revolving Fund. The remainder of such revenue for the fiscal year beginning July 1, 2002, and all such revenue for each fiscal year thereafter shall be apportioned monthly as follows:

a. ~~eighty-seven and twelve one-hundredths percent (87.12%)~~ the following amounts shall be paid to the State Treasurer to be placed to the credit of the General Revenue Fund of the state for such fiscal year for the support of the state government to be paid out only pursuant to appropriation by the Legislature~~,~~:

Fiscal Year	Amount
FY 2003 and FY 2004	87.12%
FY 2005	86.91%
FY 2006	86.66%
FY 2007	86.16%
FY 2008 and each fiscal year thereafter	85.66%

b. for FY 2003 and each fiscal year thereafter, eight and thirty-four one-hundredths percent (8.34%) shall be paid to the State Treasurer to be placed to the credit of the Education Reform Revolving Fund,

c. ~~three and fifty-four one-hundredths percent (3.54%)~~ the following amounts shall be paid to the State Treasurer to be placed to the credit of the Teachers' Retirement System Dedicated Revenue Revolving Fund~~, and~~:

Fiscal Year	Amount
FY 2003 and FY 2004	3.54%
FY 2005	3.75%
FY 2006	4.0%
FY 2007	4.5%
FY 2008 and each fiscal year thereafter	5.0%

d. for FY 2003 and each fiscal year thereafter, one percent (1%) shall be placed to the credit of the Ad Valorem Reimbursement Fund;

2. ~~For~~ Beginning July 1, 2003, for any period of time as certified by the Oklahoma Development Finance Authority and the Oklahoma Department of Commerce to be necessary for the repayment of obligations issued by the Oklahoma Development Finance Authority pursuant to Section 4 of this act if the other sources of revenue paid to or apportioned to the Quality Jobs Program Incentive Leverage Fund are not adequate, including the proceeds from payment pursuant to the guaranty required by subsection M of Section 4 of this act, an amount certified by the Oklahoma Development Finance Authority to the Oklahoma Tax Commission shall be apportioned to the Quality Jobs Program Incentive Leverage Fund before any other apportionments are made as otherwise authorized by this paragraph. The Oklahoma Development Finance Authority shall certify to the Oklahoma Tax Commission the time as of which the revenue authorized for apportionment pursuant to this paragraph is no longer required. After the certification, the revenue derived from the income tax shall be apportioned in the manner otherwise provided by this section. Except as otherwise provided by this paragraph, for the fiscal year beginning July 1, 2002, the first Forty-One Million One Hundred Ninety Thousand Eight Hundred Dollars ($41,190,800.00) of revenue derived pursuant to the provisions of subsections C and D of Section 2355 of this title shall be apportioned to the Education Reform Revolving Fund. The remainder of such revenue for the fiscal year beginning July 1, 2002, and all such revenue for each fiscal year thereafter shall be apportioned monthly as follows:

a. ~~seventy-eight and ninety-six one-hundredths percent (78.96%)~~ the following amounts shall be paid to the State Treasurer to be placed to the credit of the General Revenue Fund of the state for such fiscal year for the support of the state government to be paid out only pursuant to appropriation by the Legislature~~,~~:

Fiscal Year	Amount
FY 2003 and FY 2004	78.96%
FY 2005	78.75%
FY 2006	78.50%
FY 2007	78.0%
FY 2008 and each fiscal year thereafter	77.50%

b. for FY 2003 and each fiscal year thereafter, sixteen and five-tenths percent (16.5%) shall be paid to the State Treasurer to be placed to the credit of the Education Reform Revolving Fund of the State Department of Education,

c. ~~three and fifty-four one-hundredths percent (3.54%)~~ the following amounts shall be paid to the State Treasurer to be placed to the credit of the Teachers' Retirement System Dedicated Revenue Revolving Fund~~, and~~:

Fiscal Year	Amount

FY 2003 and FY 2004	3.54%
FY 2005	3.75%
FY 2006	4.0%
FY 2007	4.5%
FY 2008 and each fiscal year thereafter	5.0%

d. for FY 2003 and each fiscal year thereafter, one percent (1%) shall be placed to the credit of the Ad Valorem Reimbursement Fund.

SECTION 68. REPEALER 68 O.S. 2001, Section 2352, as amended by Section 13, Chapter 299, O.S.L. 2002 (68 O.S. Supp. 2002, Section 2352), is hereby repealed.

SECTION 69. REPEALER 68 O.S. 2001, Section 2352, as amended by Section 3, Chapter 482, O.S.L. 2002 (68 O.S. Supp. 2002, Section 2352), is hereby repealed.

SECTION 70. AMENDATORY 68 O.S. 2001, Section 2358, as amended by Section 1, Chapter 372, O.S.L. 2002 (68 O.S. Supp. 2002, Section 2358), is amended to read as follows:

Section 2358. For all tax years beginning after December 31, 1981, taxable income and adjusted gross income shall be adjusted to arrive at Oklahoma taxable income and Oklahoma adjusted gross income as required by this section.

A. The taxable income of any taxpayer shall be adjusted to arrive at Oklahoma taxable income for corporations and Oklahoma adjusted gross income for individuals, as follows:

1. There shall be added interest income on obligations of any state or political subdivision thereto which is not otherwise exempted pursuant to other laws of this state, to the extent that such interest is not included in taxable income and adjusted gross income.

2. There shall be deducted amounts included in such income that the state is prohibited from taxing because of the provisions of the Federal Constitution, the State Constitution, federal laws or laws of Oklahoma.

3. The amount of any federal net operating loss deduction shall be adjusted as follows:

a. For carryovers and carrybacks to taxable years beginning before January 1, 1981, the amount of any net operating loss deduction allowed to a taxpayer for federal income tax purposes shall be reduced to an amount which is the same portion thereof as the loss from sources within this state, as determined pursuant to this section and Section 2362 of this title, for the taxable year in which such loss is sustained is of the total loss for such year;

b. For carryovers and carrybacks to taxable years beginning after December 31, 1980, the amount of any net operating loss deduction allowed for the taxable year shall be an amount equal to the aggregate of the Oklahoma net operating loss carryovers and carrybacks to such year. Oklahoma net operating losses shall be separately determined by reference to Section 172 of the Internal Revenue Code, 26 U.S.C., Section 172, as modified by the Oklahoma Income Tax Act, Section 2351 et seq. of this title, and shall be allowed without regard to the existence of a federal net operating loss. For tax years beginning after December 31, 2000, the years to which such losses may be carried shall be determined solely by reference to Section 172 of the Internal Revenue Code, 26 U.S.C., Section 172, with the exception that the terms "net operating loss" and "taxable income" shall be replaced with "Oklahoma net operating loss" and "Oklahoma taxable income".

4. Items of the following nature shall be allocated as indicated. Allowable deductions attributable to items separately allocable in subparagraphs a, b and c of this paragraph, whether or not such items of income were actually received, shall be allocated on the same basis as those items:

a. Income from real and tangible personal property, such as rents, oil and mining production or royalties, and gains or losses from sales of such property, shall be allocated in accordance with the situs of such property;

b. Income from intangible personal property, such as interest, dividends, patent or copyright royalties, and gains or losses from sales of such property, shall be allocated in accordance with the domiciliary situs of the taxpayer, except that:

(1) where such property has acquired a nonunitary business or commercial situs apart from the domicile of the taxpayer such income shall be allocated in accordance with such business or commercial situs; interest income from investments held to generate working capital for a unitary business enterprise shall be included in apportionable income; a resident trust or resident estate shall be treated as having a separate commercial or business situs insofar as undistributed income is concerned, but shall not be treated as having a separate commercial or business situs insofar as distributed income is concerned,

(2) income from such property which is required to be allocated pursuant to the provisions of paragraph 5 of this subsection shall be allocated as herein provided;

c. Net income or loss from a business activity which is not a part of business carried on within or without the state of a unitary character shall be separately

allocated to the state in which such activity is conducted;

d. In the case of a manufacturing or processing enterprise the business of which in Oklahoma consists solely of marketing its products by:

(1) sales having a situs without this state, shipped directly to a point from without the state to a purchaser within the state, commonly known as interstate sales,

(2) sales of the product stored in public warehouses within the state pursuant to "in transit" tariffs, as prescribed and allowed by the Interstate Commerce Commission, to a purchaser within the state,

(3) sales of the product stored in public warehouses within the state where the shipment to such warehouses is not covered by "in transit" tariffs, as prescribed and allowed by the Interstate Commerce Commission, to a purchaser within or without the state,

the Oklahoma net income shall, at the option of the taxpayer, be that portion of the total net income of the taxpayer for federal income tax purposes derived from the manufacture and/or processing and sales everywhere as determined by the ratio of the sales defined in this section made to the purchaser within the state to the total sales everywhere. The term "public warehouse" as used in this subparagraph means a licensed public warehouse, the principal business of which is warehousing merchandise for the public;

e. In the case of insurance companies, Oklahoma taxable income shall be taxable income of the taxpayer for federal tax purposes, as adjusted for the adjustments provided pursuant to the provisions of paragraphs 1 and 2 of this subsection, apportioned as follows:

(1) except as otherwise provided by division (2) of this subparagraph, taxable income of an insurance company for a taxable year shall be apportioned to this state by multiplying such income by a fraction, the numerator of which is the direct premiums written for insurance on property or risks in this state, and the denominator of which is the direct premiums written for insurance on property or risks everywhere. For purposes of this subsection, the term "direct premiums written" means the total amount of direct premiums written, assessments and annuity considerations as reported for the taxable year on the annual statement filed by the company with the Oklahoma Insurance Commissioner in the form approved by the National Association of Insurance Commissioners, or such other form as may be prescribed in lieu thereof,

(2) if the principal source of premiums written by an insurance company consists of premiums for reinsurance accepted by it, the taxable income of such company shall be apportioned to this state by multiplying such income by a fraction, the numerator of which is the sum of (a) direct premiums written for insurance on property or risks in this state, plus (b) premiums written for reinsurance accepted in respect of property or risks in this state, and the denominator of which is the sum of (c) direct premiums written for insurance on property or risks everywhere, plus (d) premiums written for reinsurance accepted in respect of property or risks everywhere. For purposes of this paragraph, premiums written for reinsurance accepted in respect of property or risks in this state, whether or not otherwise determinable, may at the election of the company be determined on the basis of the proportion which premiums written for insurance accepted from companies commercially domiciled in Oklahoma bears to premiums written for reinsurance accepted from all sources, or alternatively in the proportion which the sum of the direct premiums written for insurance on property or risks in this state by each ceding company from which reinsurance is accepted bears to the sum of the total direct premiums written by each such ceding company for the taxable year.

5. The net income or loss remaining after the separate allocation in paragraph 4 of this subsection, being that which is derived from a unitary business enterprise, shall be apportioned to this state on the basis of the arithmetical average of three factors consisting of property, payroll and sales or gross revenue enumerated as subparagraphs a, b and c of this paragraph. Net income or loss as used in this paragraph includes that derived from patent or copyright royalties, purchase discounts, and interest on accounts receivable relating to or arising from a business activity, the income from which is apportioned pursuant to this subsection, including the sale or other disposition of such property and any other property used in the unitary enterprise. Deductions used in computing such net income or loss shall not include taxes based on or measured by income. Provided, for corporations whose property for purposes of the tax imposed by Section 2355 of this title has an initial investment cost equaling or exceeding Two Hundred Million Dollars ($200,000,000.00) and such investment is made on or after July 1, 1997, or for corporations which expand their property or facilities in this state and such expansion has an investment cost equaling or exceeding Two Hundred Million Dollars ($200,000,000.00) over a period not to exceed three (3) years, and such expansion is commenced on or after January 1, 2000, the three factors shall be apportioned with property and payroll, each comprising twenty-five percent (25%) of the apportionment factor and sales comprising fifty percent (50%) of the apportionment factor. The apportionment factors shall be computed as follows:

a. The property factor is a fraction, the numerator of which is the average value of the taxpayer's real and

tangible personal property owned or rented and used in this state during the tax period and the denominator of which is the average value of all the taxpayer's real and tangible personal property everywhere owned or rented and used during the tax period.

(1) Property, the income from which is separately allocated in paragraph 4 of this subsection, shall not be included in determining this fraction. The numerator of the fraction shall include a portion of the investment in transportation and other equipment having no fixed situs, such as rolling stock, buses, trucks and trailers, including machinery and equipment carried thereon, airplanes, salespersons' automobiles and other similar equipment, in the proportion that miles traveled in Oklahoma by such equipment bears to total miles traveled,

(2) Property owned by the taxpayer is valued at its original cost. Property rented by the taxpayer is valued at eight times the net annual rental rate. Net annual rental rate is the annual rental rate paid by the taxpayer, less any annual rental rate received by the taxpayer from subrentals,

(3) The average value of property shall be determined by averaging the values at the beginning and ending of the tax period but the Oklahoma Tax Commission may require the averaging of monthly values during the tax period if reasonably required to reflect properly the average value of the taxpayer's property;

b. The payroll factor is a fraction, the numerator of which is the total compensation for services rendered in the state during the tax period, and the denominator of which is the total compensation for services rendered everywhere during the tax period. "Compensation", as used in this subsection means those paid-for services to the extent related to the unitary business but does not include officers' salaries, wages and other compensation.

(1) In the case of a transportation enterprise, the numerator of the fraction shall include a portion of such expenditure in connection with employees operating equipment over a fixed route, such as railroad employees, airline pilots, or bus drivers, in this state only a part of the time, in the proportion that mileage traveled in Oklahoma bears to total mileage traveled by such employees,

(2) In any case the numerator of the fraction shall include a portion of such expenditures in connection with itinerant employees, such as traveling salespersons, in this state only a part of the time, in the proportion that time spent in

Oklahoma bears to total time spent in furtherance of the enterprise by such employees;

c. The sales factor is a fraction, the numerator of which is the total sales or gross revenue of the taxpayer in this state during the tax period, and the denominator of which is the total sales or gross revenue of the taxpayer everywhere during the tax period. "Sales", as used in this subsection does not include sales or gross revenue which are separately allocated in paragraph 4 of this subsection.

(1) Sales of tangible personal property have a situs in this state if the property is delivered or shipped to a purchaser other than the United States government, within this state regardless of the FOB point or other conditions of the sale; or the property is shipped from an office, store, warehouse, factory or other place of storage in this state and (a) the purchaser is the United States government or (b) the taxpayer is not doing business in the state of the destination of the shipment.

(2) In the case of a railroad or interurban railway enterprise, the numerator of the fraction shall not be less than the allocation of revenues to this state as shown in its annual report to the Corporation Commission.

(3) In the case of an airline, truck or bus enterprise or freight car, tank car, refrigerator car or other railroad equipment enterprise, the numerator of the fraction shall include a portion of revenue from interstate transportation in the proportion that interstate mileage traveled in Oklahoma bears to total interstate mileage traveled.

(4) In the case of an oil, gasoline or gas pipeline enterprise, the numerator of the fraction shall be either the total of traffic units of the enterprise within Oklahoma or the revenue allocated to Oklahoma based upon miles moved, at the option of the taxpayer, and the denominator of which shall be the total of traffic units of the enterprise or the revenue of the enterprise everywhere as appropriate to the numerator. A "traffic unit" is hereby defined as the transportation for a distance of one (1) mile of one (1) barrel of oil, one (1) gallon of gasoline or one thousand (1,000) cubic feet of natural or casinghead gas, as the case may be.

(5) In the case of a telephone or telegraph or other communication enterprise, the numerator of the fraction shall include that portion of the interstate revenue as is allocated pursuant to the accounting procedures prescribed by the Federal Communications Commission; provided that

in respect to each corporation or business entity required by the Federal Communications Commission to keep its books and records in accordance with a uniform system of accounts prescribed by such Commission, the intrastate net income shall be determined separately in the manner provided by such uniform system of accounts and only the interstate income shall be subject to allocation pursuant to the provisions of this subsection. Provided further, that the gross revenue factors shall be those as are determined pursuant to the accounting procedures prescribed by the Federal Communications Commission.

In any case where the apportionment of the three factors prescribed in this paragraph attributes to Oklahoma a portion of net income of the enterprise out of all appropriate proportion to the property owned and/or business transacted within this state, because of the fact that one or more of the factors so prescribed are not employed to any appreciable extent in furtherance of the enterprise; or because one or more factors not so prescribed are employed to a considerable extent in furtherance of the enterprise; or because of other reasons, the Tax Commission is empowered to permit, after a showing by taxpayer that an excessive portion of net income has been attributed to Oklahoma, or require, when in its judgment an insufficient portion of net income has been attributed to Oklahoma, the elimination, substitution, or use of additional factors, or reduction or increase in the weight of such prescribed factors. Provided, however, that any such variance from such prescribed factors which has the effect of increasing the portion of net income attributable to Oklahoma must not be inherently arbitrary, and application of the recomputed final apportionment to the net income of the enterprise must attribute to Oklahoma only a reasonable portion thereof.

6. For calendar years 1997 and 1998, the owner of a new or expanded agricultural commodity processing facility in this state may exclude from Oklahoma taxable income, or in the case of an individual, the Oklahoma adjusted gross income, fifteen percent (15%) of the investment by the owner in the new or expanded agricultural commodity processing facility. For calendar year 1999, and all subsequent years, the percentage, not to exceed fifteen percent (15%), available to the owner of a new or expanded agricultural commodity processing facility in this state claiming the exemption shall be adjusted annually so that the total estimated reduction in tax liability does not exceed One Million Dollars ($1,000,000.00) annually. The Tax Commission shall promulgate rules for determining the percentage of the investment which each eligible taxpayer may exclude. The exclusion provided by this paragraph shall be taken in the taxable year when the investment is made. In the event the total reduction in tax liability authorized by this paragraph exceeds One Million Dollars ($1,000,000.00) in any calendar year, the Tax Commission shall permit any excess over One Million Dollars ($1,000,000.00) and shall factor such excess into the percentage for subsequent years. Any amount of the exemption permitted to be excluded pursuant to the provisions of this paragraph but not used in any year may be carried forward as an exemption from income pursuant to the provisions of this paragraph for a period not exceeding six (6) years following the year in which the investment was originally made.

For purposes of this paragraph:

a. "Agricultural commodity processing facility" means building, structures, fixtures and improvements used or operated primarily for the processing or production of marketable products from agricultural commodities. The term shall also mean a dairy operation that requires a depreciable investment of at least Two Hundred Fifty Thousand Dollars ($250,000.00) and which produces milk from dairy cows. The term does not include a facility that provides only, and nothing more than, storage, cleaning, drying or transportation of agricultural commodities, and

b. "Facility" means each part of the facility which is used in a process primarily for:

(1) the processing of agricultural commodities, including receiving or storing agricultural commodities, or the production of milk at a dairy operation,

(2) transporting the agricultural commodities or product before, during or after the processing, or

(3) packaging or otherwise preparing the product for sale or shipment.

7. Despite any provision to the contrary in paragraph 3 of this subsection, for taxable years beginning after December 31, 1999, in the case of a taxpayer which has a farming loss, such farming loss shall be considered a net operating loss carryback in accordance with and to the extent of the Internal Revenue Code, 26 U.S.C., Section 172(b)(G). However, the amount of the net operating loss carryback shall not exceed the lesser of:

a. Sixty Thousand Dollars ($60,000.00), or

b. the loss properly shown on Schedule F of the Internal Revenue Service Form 1040 reduced by one-half (1/2) of the income from all other sources other than reflected on Schedule F.

8. In taxable years beginning after December 31, 1995, all qualified wages equal to the federal income tax credit set forth in 26 U.S.C.A., Section 45A, shall be deducted from taxable income. The deduction allowed pursuant to this paragraph shall only be permitted for the tax years in which the federal tax credit pursuant to 26 U.S.C.A., Section 45A, is allowed. For purposes of this paragraph, "qualified wages" means those wages used to calculate the federal credit pursuant to 26 U.S.C.A., Section 45A.

B. The taxable income of any corporation shall be further adjusted to arrive at Oklahoma taxable income, except those corporations electing treatment as provided in subchapter S of the Internal Revenue Code, 26 U.S.C., Section 1361 et seq., and Section 2365 of this title, deductions pursuant to the provisions of the Accelerated Cost Recovery System as defined and allowed in the Economic Recovery Tax Act of 1981, Public Law 97-34, 26 U.S.C.,

Section 168, for depreciation of assets placed into service after December 31, 1981, shall not be allowed in calculating Oklahoma taxable income. Such corporations shall be allowed a deduction for depreciation of assets placed into service after December 31, 1981, in accordance with provisions of the Internal Revenue Code, 26 U.S.C., Section 1 et seq., in effect immediately prior to the enactment of the Accelerated Cost Recovery System. The Oklahoma tax basis for all such assets placed into service after December 31, 1981, calculated in this section shall be retained and utilized for all Oklahoma income tax purposes through the final disposition of such assets.

Notwithstanding any other provisions of the Oklahoma Income Tax Act, Section 2351 et seq. of this title, or of the Internal Revenue Code to the contrary, this subsection shall control calculation of depreciation of assets placed into service after December 31, 1981, and before January 1, 1983.

For assets placed in service and held by a corporation in which accelerated cost recovery system was previously disallowed, an adjustment to taxable income is required in the first taxable year beginning after December 31, 1982, to reconcile the basis of such assets to the basis allowed in the Internal Revenue Code. The purpose of this adjustment is to equalize the basis and allowance for depreciation accounts between that reported to the Internal Revenue Service and that reported to Oklahoma.

C. 1. For taxable years beginning after December 31, 1987, the taxable income of any corporation shall be further adjusted to arrive at Oklahoma taxable income for transfers of technology to qualified small businesses located in Oklahoma. Such transferor corporation shall be allowed an exemption from taxable income of an amount equal to the amount of royalty payment received as a result of such transfer; provided, however, such amount shall not exceed ten percent (10%) of the amount of gross proceeds received by such transferor corporation as a result of the technology transfer. Such exemption shall be allowed for a period not to exceed ten (10) years from the date of receipt of the first royalty payment accruing from such transfer. No exemption may be claimed for transfers of technology to qualified small businesses made prior to January 1, 1988.

2. For purposes of this subsection:

a. "Qualified small business" means an entity, whether organized as a corporation, partnership, or proprietorship, organized for profit with its principal place of business located within this state and which meets the following criteria:

(1) Capitalization of not more than Two Hundred Fifty Thousand Dollars ($250,000.00),

(2) Having at least fifty percent (50%) of its employees and assets located in Oklahoma at the time of the transfer, and

(3) Not a subsidiary or affiliate of the transferor corporation;

b. "Technology" means a proprietary process, formula, pattern, device or compilation of scientific or technical information which is not in the public domain;

c. "Transferor corporation" means a corporation which is the exclusive and undisputed owner of the technology at the time the transfer is made; and

d. "Gross proceeds" means the total amount of consideration for the transfer of technology, whether the consideration is in money or otherwise.

D. The Oklahoma adjusted gross income of any individual taxpayer shall be further adjusted as follows to arrive at Oklahoma taxable income:

1. a. In the case of individuals, there shall be added or deducted, as the case may be, the difference necessary to allow personal exemptions of One Thousand Dollars ($1,000.00) in lieu of the personal exemptions allowed by the Internal Revenue Code.

b. There shall be allowed an additional exemption of One Thousand Dollars ($1,000.00) for each taxpayer or spouse who is blind at the close of the tax year. For purposes of this subparagraph, an individual is blind only if the central visual acuity of the individual does not exceed 20/200 in the better eye with correcting lenses, or if the visual acuity of the individual is greater than 20/200, but is accompanied by a limitation in the fields of vision such that the widest diameter of the visual field subtends an angle no greater than twenty (20) degrees.

c. There shall be allowed an additional exemption of One Thousand Dollars ($1,000.00) for each taxpayer or spouse who is sixty-five (65) years of age or older at the close of the tax year based upon the filing status and federal adjusted gross income of the taxpayer. Taxpayers with the following filing status may claim this exemption if the federal adjusted gross income does not exceed:

(1) Twenty-five Thousand Dollars ($25,000.00) if married and filing jointly;

(2) Twelve Thousand Five Hundred Dollars ($12,500.00) if married and filing separately;

(3) Fifteen Thousand Dollars ($15,000.00) if single; and

(4) Nineteen Thousand Dollars ($19,000.00) if a qualifying head of household.

Provided, for taxable years beginning after December 31, 1999, amounts included in the calculation of federal adjusted gross income pursuant to the conversion of a traditional individual retirement

account to a Roth individual retirement account shall be excluded from federal adjusted gross income for purposes of the income thresholds provided in this subparagraph.

d. For taxable years beginning after December 31, 1990, and beginning before January 1, 1992, there shall be allowed a one-time additional exemption of Four Hundred Dollars ($400.00) for each taxpayer or spouse who is a member of the National Guard or any reserve unit of the Armed Forces of the United States and who was at any time during such taxable year deployed in active service during a time of war or conflict with an enemy of the United States.

2. In the case of individuals who use the standard deduction in determining taxable income, there shall be added or deducted, as the case may be, the difference necessary to allow a standard deduction in lieu of the standard deduction allowed by the Internal Revenue Code, in an amount equal to the larger of fifteen percent (15%) of the Oklahoma adjusted gross income or One Thousand Dollars ($1,000.00), but not to exceed Two Thousand Dollars ($2,000.00), except that in the case of a married individual filing a separate return such deduction shall be the larger of fifteen percent (15%) of such Oklahoma adjusted gross income or Five Hundred Dollars ($500.00), but not to exceed the maximum amount of One Thousand Dollars ($1,000.00).

3. In the case of resident and part-year resident individuals having adjusted gross income from sources both within and without the state, the itemized or standard deductions and personal exemptions shall be reduced to an amount which is the same portion of the total thereof as Oklahoma adjusted gross income is of adjusted gross income. To the extent itemized deductions include allowable moving expense, proration of moving expense shall not be required or permitted but allowable moving expense shall be fully deductible for those taxpayers moving within or into Oklahoma and no part of moving expense shall be deductible for those taxpayers moving without or out of Oklahoma. All other itemized or standard deductions and personal exemptions shall be subject to proration as provided by law.

4. A resident individual with a physical disability constituting a substantial handicap to employment may deduct from Oklahoma adjusted gross income such expenditures to modify a motor vehicle, home or workplace as are necessary to compensate for his or her handicap. A veteran certified by the Veterans Administration of the federal government as having a service-connected disability shall be conclusively presumed to be an individual with a physical disability constituting a substantial handicap to employment. The Tax Commission shall promulgate rules containing a list of combinations of common disabilities and modifications which may be presumed to qualify for this deduction. The Tax Commission shall prescribe necessary requirements for verification.

5. In any taxable year the first One Thousand Five Hundred Dollars ($1,500.00) received by any person from the United States as salary or compensation in any form, other than retirement benefits, as a member of any component of the Armed Forces of the United States shall be deducted from taxable income. Whenever the filing

of a timely income tax return by a member of the Armed Forces of the United States is made impracticable or impossible of accomplishment by reason of:

a. absence from the United States, which term includes only the states and the District of Columbia;

b. absence from the State of Oklahoma while on active duty; or

c. confinement in a hospital within the United States for treatment of wounds, injuries or disease,

the time for filing a return and paying an income tax shall be and is hereby extended without incurring liability for interest or penalties, to the fifteenth day of the third month following the month in which:

(1) Such individual shall return to the United States if the extension is granted pursuant to subparagraph a of this paragraph, return to the State of Oklahoma if the extension is granted pursuant to subparagraph b of this paragraph or be discharged from such hospital if the extension is granted pursuant to subparagraph c of this paragraph; or

(2) An executor, administrator, or conservator of the estate of the taxpayer is appointed, whichever event occurs the earliest.

Provided, that the Tax Commission may, in its discretion, grant any member of the Armed Forces of the United States an extension of time for filing of income tax returns and payment of income tax without incurring liabilities for interest or penalties. Such extension may be granted only when in the judgment of the Tax Commission a good cause exists therefor and may be for a period in excess of six (6) months. A record of every such extension granted, and the reason therefor, shall be kept.

6. The salary or any other form of compensation, received from the United States by a member of any component of the Armed Forces of the United States, shall be deducted from taxable income during the time in which the person is detained by the enemy in a conflict, is a prisoner of war or is missing in action and not deceased.

7. Notwithstanding anything in the Internal Revenue Code or in the Oklahoma Income Tax Act to the contrary, it is expressly provided that, in the case of resident individuals, amounts received as dividends or distributions of earnings from savings and loan associations or credit unions located in Oklahoma, and interest received on savings accounts and time deposits from such sources or from state and national banks or trust companies located in Oklahoma, shall qualify as dividends for the purpose of the dividend exclusion, and taxable income shall be adjusted accordingly to arrive at Oklahoma taxable income; provided, however, that the dividend, distribution of earnings and/or interest exclusion provided for hereinabove shall not be cumulative to the maximum dividend exclusion allowed by the Internal Revenue Code. Any dividend exclusion already allowed by the Internal Revenue Code and

reflected in the taxpayer's Oklahoma taxable income together with exclusion allowed herein shall not exceed the total of One Hundred Dollars ($100.00) per individual or Two Hundred Dollars ($200.00) per couple filing a joint return.

8. a. An individual taxpayer, whether resident or nonresident, may deduct an amount equal to the federal income taxes paid by the taxpayer during the taxable year.

b. Federal taxes as described in subparagraph a of this paragraph shall be deductible by any individual taxpayer, whether resident or nonresident, only to the extent they relate to income subject to taxation pursuant to the provisions of the Oklahoma Income Tax Act. The maximum amount allowable in the preceding paragraph shall be prorated on the ratio of the Oklahoma adjusted gross income to federal adjusted gross income.

c. For the purpose of this paragraph, "federal income taxes paid" shall mean federal income taxes, surtaxes imposed on incomes or excess profits taxes, as though the taxpayer was on the accrual basis. In determining the amount of deduction for federal income taxes for tax year 2001, the amount of the deduction shall not be adjusted by the amount of any accelerated ten percent (10%) tax rate bracket credit or advanced refund of the credit received during the tax year provided pursuant to the federal Economic Growth and Tax Relief Reconciliation Act of 2001, P.L. No. 170-16, and the advanced refund of such credit shall not be subject to taxation.

d. The provisions of this paragraph shall apply to all taxable years ending after December 31, 1978.

9. Retirement benefits not to exceed Five Thousand Five Hundred Dollars ($5,500.00), which are received by an individual from the civil service of the United States, any component of the Armed Forces of the United States, the Oklahoma Public Employees Retirement System, the Teachers' Retirement System of Oklahoma, the Oklahoma Law Enforcement Retirement System, the Oklahoma Firefighters Pension and Retirement System, the Oklahoma Police Pension and Retirement System, the employee retirement systems created by counties pursuant to Section 951 et seq. of Title 19 of the Oklahoma Statutes, the Uniform Retirement System for Justices and Judges, the Oklahoma Wildlife Conservation Department Retirement Fund, the Oklahoma Employment Security Commission Retirement Plan, or the employee retirement systems created by municipalities pursuant to Section 48-101 et seq. of Title 11 of the Oklahoma Statutes shall be exempt from taxable income.

10. In taxable years beginning after December 31, 1984, Social Security benefits received by an individual shall be exempt from taxable income, to the extent such benefits are included in the federal adjusted gross income pursuant to the provisions of Section 86 of the Internal Revenue Code, 26 U.S.C., Section 86.

11. For taxable years beginning after December 31, 1994, lump-sum distributions from employer plans of deferred compensation, which are not qualified plans within the meaning of Section 401(a) of the Internal Revenue Code, 26 U.S.C., Section 401(a), and which are deposited in and accounted for within a separate bank account or brokerage account in a financial institution within this state, shall be excluded from taxable income in the same manner as a qualifying rollover contribution to an individual retirement account within the meaning of Section 408 of the Internal Revenue Code, 26 U.S.C., Section 408. Amounts withdrawn from such bank or brokerage account, including any earnings thereon, shall be included in taxable income when withdrawn in the same manner as withdrawals from individual retirement accounts within the meaning of Section 408 of the Internal Revenue Code.

12. In taxable years beginning after December 31, 1995, contributions made to and interest received from a medical savings account established pursuant to Sections 2621 through 2623 of Title 63 of the Oklahoma Statutes shall be exempt from taxable income.

13. For taxable years beginning after December 31, 1996, the Oklahoma adjusted gross income of any individual taxpayer who is a swine or poultry producer may be further adjusted for the deduction for depreciation allowed for new construction or expansion costs which may be computed using the same depreciation method elected for federal income tax purposes except that the useful life shall be seven (7) years for purposes of this paragraph. If depreciation is allowed as a deduction in determining the adjusted gross income of an individual, any depreciation calculated and claimed pursuant to this section shall in no event be a duplication of any depreciation allowed or permitted on the federal income tax return of the individual.

14. a. In taxable years beginning after December 31, 2002, nonrecurring adoption expenses paid by a resident individual taxpayer in connection with:

(1) the adoption of a minor, or

(2) a proposed adoption of a minor which did not result in a decreed adoption,

may be deducted from the Oklahoma adjusted gross income.

b. The deductions for adoptions and proposed adoptions authorized by this paragraph shall not exceed Twenty Thousand Dollars ($20,000.00) per calendar year.

c. The Tax Commission shall promulgate rules to implement the provisions of this paragraph which shall contain a specific list of nonrecurring adoption expenses which may be presumed to qualify for the deduction. The Tax Commission shall prescribe necessary requirements for verification.

d. "Nonrecurring adoption expenses" means adoption fees, court costs, medical expenses, attorney fees and expenses which are directly related to the legal process of adoption of a child including, but not

limited to, costs relating to the adoption study, health and psychological examinations, transportation and reasonable costs of lodging and food for the child or adoptive parents which are incurred to complete the adoption process and are not reimbursed by other sources. The term "nonrecurring adoption expenses" shall not include attorney fees incurred for the purpose of litigating a contested adoption, from and after the point of the initiation of the contest, costs associated with physical remodeling, renovation and alteration of the adoptive parents' home or property, except for a special needs child as authorized by the court.

15. In taxable years beginning after December 31, 1996, retirement benefits not to exceed the amounts specified in this paragraph, which are received by an individual sixty-five (65) years of age or older and whose Oklahoma adjusted gross income is Twenty-five Thousand Dollars ($25,000.00) or less if the filing status is single, head of household, or married filing separate, or Fifty Thousand Dollars ($50,000.00) or less if the filing status is married filing joint or qualifying widow, shall be exempt from taxable income. For purposes of this paragraph, "retirement benefits" means the total distributions or withdrawals from the following:

a. an employee pension benefit plan which satisfies the requirements of Section 401 of the Internal Revenue Code, 26 U.S.C., Section 401,

b. an eligible deferred compensation plan that satisfies the requirements of Section 457 of the Internal Revenue Code, 26 U.S.C., Section 457,

c. an individual retirement account, annuity or trust or simplified employee pension that satisfies the requirements of Section 408 of the Internal Revenue Code, 26 U.S.C., Section 408,

d. an employee annuity subject to the provisions of Section 403(a) or (b) of the Internal Revenue Code, 26 U.S.C., Section 403(a) or (b),

e. United States Retirement Bonds which satisfy the requirements of Section 86 of the Internal Revenue Code, 26 U.S.C., Section 86, or

f. lump-sum distributions from a retirement plan which satisfies the requirements of Section 402(e) of the Internal Revenue Code, 26 U.S.C., Section 402(e).

The amount of the exemption provided by this paragraph shall be limited to One Thousand One Hundred Dollars ($1,100.00) for the 1997 tax year; Two Thousand Two Hundred Dollars ($2,200.00) for the 1998 tax year; Three Thousand Three Hundred Dollars ($3,300.00) for the 1999 tax year; Four Thousand Four Hundred Dollars ($4,400.00) for the 2000 tax year; and Five Thousand Five Hundred Dollars ($5,500.00) for all subsequent tax years. Any individual who claims the exemption provided for in paragraph 9 of this subsection shall not be permitted to claim a combined total exemption pursuant to

this paragraph and paragraph 9 of this subsection in an amount exceeding Five Thousand Five Hundred Dollars ($5,500.00).

16. In taxable years beginning after December 31, 1999, for an individual engaged in production agriculture who has filed a Schedule F form with the taxpayer's federal income tax return for such taxable year, there shall be excluded from taxable income any amount which was included as federal taxable income or federal adjusted gross income and which consists of the discharge of an obligation by a creditor of the taxpayer incurred to finance the production of agricultural products.

17. In taxable years beginning December 31, 2000, an amount equal to one hundred percent (100%) of the amount of any scholarship or stipend received from participation in the Oklahoma Police Corps Program, as established in Section 2-140.3 of Title 47 of the Oklahoma Statutes shall be exempt from taxable income.

18. In taxable years beginning after December 31, 2001, there shall be allowed a deduction in the amount of ~~a contribution~~ contributions to ~~an account~~ accounts established pursuant to the Oklahoma College Savings Plan Act. The deduction shall equal the amount of ~~the contribution~~ contributions to ~~the account~~ accounts, but in no event shall the deduction for each contributor exceed Two Thousand Five Hundred Dollars ($2,500.00) each taxable year for each ~~designated beneficiary of the~~ account.

SECTION 71. REPEALER 68 O.S. 2001, Section 2358, as amended by Section 1, Chapter 144, O.S.L. 2002 (68 O.S. Supp. 2002, Section 2358), is hereby repealed.

SECTION 72. AMENDATORY 68 O.S. 2001, Section 2902, as last amended by Section 6, Chapter 476, O.S.L. 2002 (68 O.S. Supp. 2002, Section 2902), is amended to read as follows:

Section 2902. A. ~~A~~ Except as otherwise provided by subsection H of Section 8 of this act pursuant to which the exemption authorized by this section may not be claimed, a qualifying manufacturing concern, as defined by Section 6B of Article X of the Oklahoma Constitution, and as further defined herein, shall be exempt from the levy of any ad valorem taxes upon new, expanded or acquired manufacturing facilities, including facilities engaged in research and development, for a period of five (5) years. Such facilities are hereby classified for the purposes of taxation as provided in Section 22 of Article X of the Oklahoma Constitution.

B. For purposes of this section, the following definitions shall apply:

1. "Manufacturing facilities" shall mean facilities engaged in the mechanical or chemical transformation of materials or substances into new products and shall include:

a. establishments which have received a manufacturer exemption permit pursuant to the provisions of Section 1359.2 of this title,

b. facilities, including repair and replacement parts, primarily engaged in aircraft repair, building and rebuilding whether or not on a factory basis,

c. establishments primarily engaged in computer services and data processing as defined under Industrial Group Numbers 7372 and 7373 of the SIC Manual, latest revision, and which derive at least fifty percent (50%) of their annual gross revenues from the sale of a product or service to an out-of-state buyer or consumer, and as defined under Industrial Group Number 7374 of the SIC Manual, latest revision, which derive at least eighty percent (80%) of their annual gross revenues from the sale of a product or service to an out-of-state buyer or consumer. Eligibility as a manufacturing facility pursuant to this subparagraph shall be established, subject to review by the Oklahoma Tax Commission, by annually filing an affidavit with the Tax Commission stating that the facility so qualifies and such other information as required by the Tax Commission. For purposes of determining whether annual gross revenues are derived from sales to out-of-state buyers, all sales to the federal government shall be considered to be an out-of-state buyer, or

d. establishments primarily engaged in distribution as defined under Industrial Group Number 4221, 4222, 4225 or 4226 or Major Group Number 50 or 51 of the SIC Manual, latest revision, and which meet the following qualifications:

(1) construction with an initial capital investment of at least Five Million Dollars ($5,000,000.00),

(2) employment of at least one hundred (100) full-time-equivalent employees, as certified by the Employment Security Commission,

(3) payment of wages or salaries to its employees at a wage which equals or exceeds one hundred fifty percent (150%) of the federally mandated minimum wage, as certified by the Employment Security Commission, and

(4) commencement of construction prior to December 31, 2002, with construction to be completed within three (3) years from the date of the commencement of construction.

Eligibility as a manufacturing facility pursuant to this subparagraph shall be established, subject to review by the Tax Commission, by annually filing an affidavit with the Tax Commission stating that the facility so qualifies and containing such other information as required by the Tax Commission.

Provided, eating and drinking places, as well as other retail establishments, except as otherwise provided in subsection E of this section, shall not qualify as manufacturing facilities for purposes of this section, nor shall centrally assessed properties;

2. For tax years beginning after December 31, 1992, "manufacturing facilities" shall mean those facilities as defined in

paragraph 1 of this subsection for which the investment cost of the construction, acquisition or expansion of the manufacturing facility is Two Hundred Fifty Thousand Dollars ($250,000.00) or more;

3. "Facility" and "facilities" shall mean and include the land, buildings, structures, improvements, machinery, fixtures, equipment and other personal property used directly and exclusively in the manufacturing process; and

4. "Research and development" shall mean activities directly related to and conducted for the purpose of discovering, enhancing, increasing or improving future or existing products or processes or productivity.

C. For applications for a five-year exemption submitted after December 31, 1993, the following provisions shall apply:

1. A manufacturing concern shall be entitled to the exemption herein provided for each new manufacturing facility constructed, each existing manufacturing facility acquired and the expansion of existing manufacturing facilities on the same site, as such terms are defined by Section 6B of Article X of the Oklahoma Constitution and by this section;

2. Except as otherwise provided in paragraphs 5 and 6 of this subsection, no manufacturing concern shall receive more than one five-year exemption for any one manufacturing facility unless the expansion which qualifies the manufacturing facility for an additional five-year exemption meets the requirements of paragraph 4 of this subsection, provided the employment level established for any previous exemption is maintained;

3. Any exemption as to the expansion of an existing manufacturing facility shall be limited to the increase in ad valorem taxes directly attributable to the expansion;

4. Except as provided in paragraphs 5 and 6 of this subsection, all initial applications for any exemption for a new, acquired or expanded manufacturing facility shall be granted only if:

a. there is a net increase of Two Hundred Fifty Thousand Dollars ($250,000.00) or more in annualized payroll, or a net increase of Two Million Dollars ($2,000,000.00) or more in capital improvements while maintaining or increasing payroll. The Oklahoma Tax Commission shall verify all payroll information through the Oklahoma Employment Security Commission. Payroll shall be verified by the Oklahoma Tax Commission by using the average of the third and fourth quarter Oklahoma Employment Security Commission reports of the calendar year immediately preceding the year for which initial application is made for base-line payroll, and

b. the facility offers, or will offer within one hundred eighty (180) days of the date of employment, a basic health benefits plan to the full-time-equivalent employees of the facility, which is determined by the Department of Commerce to consist of the elements specified in subparagraph b of paragraph 1 of

subsection A of Section 3603 of this title or elements substantially equivalent thereto.

For purposes of this section, calculation of the amount of increased payroll shall be measured from the start of initial construction or expansion to the completion of such construction or expansion or for three (3) years from the start of initial construction or expansion, whichever occurs first. For the facilities of any qualified manufacturing concern the construction or expansion of which began on or after January 1, 1996, and for which an application for the exemption authorized by this section was filed prior to the effective date of this act, the amount of increased payroll shall include payroll for full-time-equivalent employees in this state who are employed by an entity other than the facility which has previously or is currently qualified to receive an exemption pursuant to the provisions of this section and who are leased or otherwise provided to the facility, if such employment did not exist in this state prior to the start of initial construction or expansion of the facility. The manufacturing concern shall submit an affidavit to the Tax Commission, signed by an officer, stating that the construction, acquisition or expansion of the facility will result in a net increase in the annualized payroll as required by this paragraph and that full-time-equivalent employees of the facility are or will be offered a basic health benefits plan as required by this paragraph. If, after the completion of such construction or expansion or after three (3) years from the start of initial construction or expansion, whichever occurs first, the construction, acquisition or expansion has not resulted in a net increase in the amount of annualized payroll, if required, or any other qualification specified in this paragraph has not been met, the manufacturing concern shall pay an amount equal to the amount of any exemption granted, including penalties and interest thereon, to the Tax Commission for deposit to the Ad Valorem Reimbursement Fund; provided, for facilities having previously qualified for an exemption under this section, if the total amount of capital improvements made to the facility during any five-year period is at least Ten Million Dollars ($10,000,000.00), the requirements for a net increase in the amount of annualized payroll or for maintaining payroll and the requirements for increasing or maintaining payroll for previous years shall be deemed to have been met for purposes of this section for the entire five-year period of the exemption and payment to the Tax Commission shall not be required. In such event, the facility shall continue to receive the exemption for the entire original five-year period;

5. Any new, acquired or expanded automotive final assembly manufacturing facility which does not meet the requirements of paragraph 4 of this subsection shall be granted an exemption only if all other requirements of this section are met and only if the investment cost of the construction, acquisition or expansion of the manufacturing facility is Three Hundred Million Dollars ($300,000,000.00) or more and the manufacturing facility retains an average employment of one thousand seven hundred fifty (1,750) or more full-time-equivalent employees in the year in which the exemption is initially granted and in each of the four (4) subsequent years only if an average employment of one thousand seven hundred fifty (1,750) or more full-time-equivalent employees is maintained in the subsequent year. Calculation of the number of employees shall be made in the same manner as required under Section 2357.4 of this title for an investment tax credit. As used in this

paragraph, "expand" and "expansion" shall mean and include any increase to the size or scope of a facility as well as any renovation, restoration, replacement or remodeling of a facility which permits the manufacturing of a new or redesigned product; and

6. Any new, acquired or expanded manufacturing facility which does not meet the requirements of subparagraph a of paragraph 4 of this subsection shall be granted an exemption only if all other requirements of this section are met and only if:

a. the investment cost of the construction, acquisition or expansion of the manufacturing facility is Two Hundred Million Dollars ($200,000,000.00) or more and such investment is made on or after July 1, 1997, and

b. the manufacturing facility retains employment of five hundred (500) or more full-time-equivalent employees in the year in which the exemption provided by this paragraph is granted and in each of the four (4) subsequent years only if employment of five hundred (500) or more full-time-equivalent employees is maintained in the subsequent year. Calculation of the number of employees shall be made in the same manner as required under Section 2357.4 of this title for an investment tax credit.

As used in this paragraph, "expand" and "expansion" shall mean and include any increase to the size or scope of a facility as well as any renovation, restoration, replacement or remodeling of a facility which permits the manufacturing of a new or redesigned product or a technological enhancement of the manufacturing process.

D. The five-year period of exemption from ad valorem taxes for any qualifying manufacturing facility property shall begin on January 1 following the initial qualifying use of the property in the manufacturing process.

E. Any person, firm or corporation claiming the exemption herein provided for shall file each year for which exemption is claimed, an application therefor with the county assessor of the county in which the new, expanded or acquired facility is located. The application shall be on a form or forms prescribed by the Tax Commission, and shall be filed before March 15, except as provided in Section 2902.1 of this title, of each year in which the facility desires to take the exemption or within thirty (30) days from and after receipt by such person, firm or corporation of notice of valuation increase, whichever is later. In a case where completion of the facility or facilities will occur after January 1 of a given year, a facility may apply to claim the ad valorem tax exemption for that year. If such facility is found to be qualified for exemption, the ad valorem tax exemption provided for herein shall be granted for that entire year and shall apply to the ad valorem valuation as of January 1 of that given year. For applicants which qualify under the provisions of subparagraph b of paragraph 1 of subsection B of this section, the application shall include a copy of the affidavit and any other information required to be filed with the Tax Commission.

F. The application shall be examined by the county assessor and approved or rejected in the same manner as provided by law for

approval or rejection of claims for homestead exemptions. The taxpayer shall have the same right of review by and appeal from the county board of equalization, in the same manner and subject to the same requirements as provided by law for review and appeals concerning homestead exemption claims. Approved applications shall be filed by the county assessor with the Tax Commission no later than June 15, except as provided in Section 2902.1 of this title, of the year in which the facility desires to take the exemption. Incomplete applications and applications filed after June 15 will be declared null and void by the Tax Commission. In the event that a taxpayer qualified to receive an exemption pursuant to the provisions of this section shall make payment of ad valorem taxes in excess of the amount due, the county treasurer shall have the authority to credit the taxpayer's real or personal property tax overpayment against current taxes due. The county treasurer may establish a schedule of up to five (5) years of credit to resolve the overpayment.

G. Nothing herein shall in any manner affect, alter or impair any law relating to the assessment of property, and all property, real or personal, which may be entitled to exemption hereunder shall be valued and assessed as is other like property and as provided by law. The valuation and assessment of property for which an exemption is granted hereunder shall be performed by the Tax Commission.

H. The Tax Commission shall have the authority and duty to prescribe forms and to promulgate rules as may be necessary to carry out and administer the terms and provisions of this section.

SECTION 73. REPEALER 68 O.S. 2001, Section 2902, as last amended by Section 15, Chapter 299, O.S.L. 2002 (68 O.S. Supp. 2002, Section 2902), is hereby repealed.

SECTION 74. AMENDATORY 69 O.S. 2001, Section 1705, as amended by Section 1, Chapter 181, O.S.L. 2002 (69 O.S. Supp. 2002, Section 1705), is amended to read as follows:

Section 1705. The Oklahoma Transportation Authority is hereby authorized and empowered:

(a) To adopt bylaws for the regulation of its affairs and conduct of its business.

(b) To adopt an official seal and alter the same at pleasure.

(c) To maintain an office at such place or places within the state as it may designate.

(d) To sue and be sued in contract, reverse condemnation, equity, mandamus and similar actions in its own name, plead and be impleaded; provided, that any and all actions at law or in equity against the Authority shall be brought in the county in which the principal office of the Authority shall be located, or in the county of the residence of the plaintiff, or the county where the cause of action arose. All privileges granted to the Authority and duties enjoined upon the Authority by the provisions of Sections 1701 through 1734 of this title may be enforced in a court of competent jurisdiction in an action in mandamus.

(e) To construct, maintain, repair and operate turnpike projects and highways, with their access and connecting roads, at such locations and on such routes as it shall determine to be feasible and economically sound; provided, that until specifically authorized by the Legislature, the Authority shall be authorized to construct and operate toll turnpikes only at the following locations:

(1) The Turner Turnpike between Oklahoma City and Tulsa.

(2) The Southwestern (H.E. Bailey) Turnpike between Oklahoma City and Wichita Falls, Texas.

(3) The Northeastern (Will Rogers) Turnpike between Tulsa and Joplin, Missouri.

(4) The Eastern (Indian Nation) Turnpike between Tulsa and Paris, Texas, including all or any part thereof between McAlester and the Red River south of Hugo.

(5) The Cimarron Turnpike between Tulsa and Interstate Highway 35 north of Perry, including a connection to Stillwater.

(6) The Muskogee Turnpike between Broken Arrow and Interstate Highway 40 west of Webbers Falls.

(7) All or any part of an extension of the Muskogee Turnpike, beginning at a point on Interstate Highway 40 near the present south terminus of the Muskogee Turnpike, and extending in a southeasterly direction on an alignment near Stigler, Poteau and Heavener to the vicinity of the Arkansas State Line to furnish access to Hot Springs, Texarkana, Shreveport and New Orleans.

(8) A tollgate on the Turner Turnpike in the vicinity of Luther, Oklahoma, and in the vicinity of the intersection of State Highway 33 and Turner Turnpike in Creek County, Oklahoma, or in the vicinity of the intersection of State Highway 33 and Turner Turnpike or U.S. Highway 66 in Creek County, Oklahoma, from any monies available to the Authority.

(9) Add on the Will Rogers Turnpike a northbound automatic tollgate onto State Highway 28 and a southbound on-ramp from State Highway 28.

(10) A turnpike or any part or parts thereof beginning in the vicinity of Duncan extending east to the vicinity of the City of Davis, and extending in a northeasterly direction, by way of the vicinity of the City of Ada, to a connection in the vicinity of Henryetta or in the vicinity of the intersection of State Highway 48 and Interstate 40; and a turnpike or any part or parts thereof from the vicinity of Snyder extending north to the vicinity of Woodward.

(11) A turnpike or any part or parts thereof beginning at a point in the vicinity of Ponca City, or at a point on the Kansas-Oklahoma state boundary line east of the Arkansas River and west of the point where Oklahoma State Highway No. 18 intersects said state boundary line, and extending in a southeasterly direction to a connection with the Tulsa Urban Expressway System in the general area of the Port of Catoosa.

(12) All or any part of an Oklahoma City toll expressway system connecting the residential, industrial and State Capitol Complex in the north part of Oklahoma City with the residential, industrial and Will Rogers World Airport Complex in the south and southwest parts of Oklahoma City.

(13) A turnpike (The Industrial Parkway) or any part or parts thereof beginning at a point on the Oklahoma-Kansas state boundary line between the point where U.S. Highway 66 intersects the boundary line and the northeast corner of Oklahoma and ending by means of a connection or connections with Shreveport, Louisiana, and Houston, Texas, in southeastern Oklahoma and at no point to exceed thirty (30) miles west of the Missouri or Arkansas border.

(14) A turnpike or any part or parts thereof beginning in the vicinity of Velma or County Line to a point intersecting with Interstate 35 in the area south of Davis.

(15) A turnpike or any part or parts thereof beginning in the vicinity of Watonga and extending south and/or east to the vicinity of north and/or west Oklahoma City.

(16) A tollgate on the Will Rogers Turnpike near the intersection of State Highway 137 and the Will Rogers Turnpike, located south of Quapaw.

(17) A tollgate on the Muskogee Turnpike in the vicinity of Porter, Oklahoma, a tollgate on the Will Rogers Turnpike in the vicinity of Adair, Oklahoma, a tollgate on the Turner Turnpike in the vicinity of Luther, Oklahoma, and a tollgate on the H.E. Bailey Turnpike at Elgin, Oklahoma, from any monies available to the Authority.

(18) A tollgate on the Turner Turnpike in the vicinity of Wellston, Oklahoma, from any monies available to the Authority.

(19) A tollgate on the Muskogee Turnpike in the vicinity of Brushy Mountain, Oklahoma, and in the vicinity of Elm Grove, Oklahoma, from any monies available to the Authority.

(20) All or any part of an Oklahoma City Outer Loop expressway system beginning in the vicinity of I-35 and the Turner Turnpike and extending west into Canadian County and then south to I-40; and then south and east to I-35 in the vicinity of Moore and Norman; and then extending east and north to I-40 east of Tinker Field; and then extending north to the Turner Turnpike to complete the Outer Loop.

(21) All or any part of the Tulsa south bypass expressway system beginning in the vicinity of the Turner Turnpike near Sapulpa and extending south and east to U.S. 75 in the vicinity of 96th Street to 121st Street; and then east across the Arkansas River to a connection with the Mingo Valley Expressway; and then south and/or east to a point on the Tulsa-Wagoner County Line near 131st street south in the city of Broken Arrow.

(22) A new turnpike or any part thereof from near the west gate of the Will Rogers Turnpike south to the west end of south Tulsa Turnpike at the Tulsa-Wagoner County Line.

(23) A new turnpike or any parts thereof from the vicinity of the connection between State Highway 33 and U.S. 69 easterly to the Arkansas State Line.

(24) A four-lane extension of the Muskogee Turnpike from Interstate Highway 40 west of Webbers Falls to the Poteau vicinity.

(25) A new turnpike or any part or parts thereof beginning at a point in the vicinity of northwest Tulsa, and extending in a northwesterly direction, by means of a connection or connections with the cities of Pawhuska and Newkirk, to a point intersecting in the vicinity of US Highway No. 77 and the Kansas State Line.

(26) A full access interchange on the Indian Nation Turnpike south of Interstate 40, in the vicinity of Henryetta, Oklahoma, and in the vicinity of the proposed theme park, museum or an industrial facility which qualifies for the Oklahoma Quality Jobs Program Act, from any monies available to the Authority.

(27) A new turnpike beginning at a point directly west of the Arkansas line and four-laning Highway 70 from that point to the farthest western reach of Highway 70 creating a southern route through Oklahoma.

(28) A new turnpike and bridge or any parts thereof from a point in the vicinity of the city of Mustang southerly across the South Canadian River to the H.E. Bailey Turnpike in the vicinity of the city of Tuttle; and then easterly across the South Canadian River to a point in the vicinity of the city of Norman.

(29) A new turnpike or any parts thereof beginning at a point in the vicinity of the city of Altus and extending in a northwesterly direction to a point in the vicinity of the city of Sayre.

(30) A new turnpike or any parts thereof beginning at a point in the vicinity of the city of Enid and extending in a westerly direction to a point in the vicinity of the city of Woodward.

(31) An on- and off-ramp or any parts thereof at Fletcher, Oklahoma, in the vicinity of the Interstate 44 and State Highway 277 intersection. Any existing on- or off-ramp or any parts thereof in the vicinity of Fletcher, Oklahoma, shall not be removed and shall be maintained pursuant to Section 1701 et seq. of this title.

All access roads, interchanges, or lead roads connecting such turnpikes with existing highways must be built by funds furnished by the Authority.

The minimum and maximum wages for the construction of the roads, highways and projects provided for in Sections 1701 through 1734 of this title shall be in accordance with the schedules of wages used or adopted by the Commission in construction of state highways.

The Authority is hereby authorized to enter into contracts or agreements with agencies and instrumentalities of other states or the national government for construction, maintenance and operation of interstate turnpikes or highways.

The Authority is hereby required to construct and install automatic tollgates on the Will Rogers Turnpike at State Highway No. 28 near Adair.

(f) To issue turnpike revenue bonds of the Authority, payable solely from revenues, including the revenues accruing to the trust fund created by Sections 1701 through 1734 of this title, for the purpose of paying all or any part of the cost of any one or more turnpike projects. Provided that any bonds issued for the construction of the proposed turnpike referred to in subparagraphs (10), (20), (21) and (22) of paragraph (e) of this section shall be issued as one issue for all four of the proposed turnpikes and shall be financed, constructed and operated under one bond indenture.

(g) To fix and revise from time to time tolls for the use of any turnpike projects.

Any common carrier having authority at the time of opening any turnpike project to operate upon a highway approximately paralleling the turnpike project shall be granted without further showing authority to operate over the turnpike project to all municipalities which such carrier is serving at the time the turnpike project is opened to traffic. But nothing herein shall be construed as granting any new operation rights to any common carriers.

(h) To acquire, hold, and dispose of real and personal property in the exercise of its powers and the performance of its duties.

(i) To acquire in the name of the Authority by purchase or otherwise on such terms and conditions and in such manner as it may deem proper, or by exercise of the right of condemnation in manner hereinafter provided, such public or private lands, including public parks, playgrounds, or reservations, or parts thereof or rights therein, rights-of-way, property, rights, easements, and interests, as it may deem necessary for carrying out the provisions of Sections 1701 through 1734 of this title; provided, that all public property damaged in carrying out the powers granted by Sections 1701 through 1734 of this title shall be restored or repaired and placed in its original condition as nearly as practicable.

(j) To designate, except as is provided for herein, the location, and establish, limit and control such points of ingress to and egress from each turnpike project as may be necessary or desirable in the judgment of the Authority to insure the proper operation and maintenance of such project, and to prohibit entrance to such project from any point or points not so designated.

(k) To make and enter into all contracts and agreements necessary or incidental to the performance of its duties and the execution of its powers, and to employ consulting engineers, attorneys, accountants, construction and financial experts, superintendents, managers, and such other employees and agents as may be necessary in its judgment, and to fix their compensation; provided, that all such expenses shall be payable solely from the proceeds of turnpike revenue bonds issued under the provisions of Sections 1701 through 1734 of this title or from revenues; provided, further, no attorney employed by the Authority, nor any member of any law firm of which he may be connected, shall ever be paid any fee or compensation for any special or extraordinary services.

(l) To receive and accept from any federal agency grants for or in aid of the construction of any turnpike project, provided, the acceptance of such grants will not reduce the amount of federal aid for the construction, repair, or maintenance of farm-to-market roads and other highways and bridges in this state; and to receive and accept aid or contributions from any source of either money, property, labor, or other things of value, to be held, used, and applied only for the purposes for which such grants and contributions may be made.

(m) To adopt such rules, and to do any and all things necessary to comply with rules, regulations, or requirements of the Bureau of Public Roads, Multistate Economic Development Regional Commission, as defined in Sections 1151 through 1153, inclusive, of Title 74 of the Oklahoma Statutes, Ozarka Region Commission or any other federal agency administering any law enacted by the Congress of the United States to aid or encourage the construction of highways.

(n) To do all things necessary or convenient to carry out the powers expressly granted in Sections 1701 through 1734 of this title. ~~Except as provided in this section, alternate bids for paving work on all turnpike projects shall be taken on asphalt concrete and portland cement concrete and the~~ The design standards for ~~such~~ all paving shall comply with the design standards of the American Association of State Highway and Transportation Officials as modified by the Oklahoma Department of Transportation. ~~However, alternative bids shall not be required for paving work involving asphalt concrete and portland cement concrete on the turnpike projects extending the Creek Turnpike, the H.E. Bailey Turnpike, and the John Kilpatrick Turnpike, as funded by the Series 1998A and 1998B Second Series Senior Revenue Bonds.~~ All contracts for construction work on turnpike projects shall be let to the lowest responsible bidder, or bidders, after notice by publication in a newspaper published in the county where the work is to be done in two consecutive weekly issues of the newspaper. In all cases where more than eight (8) miles of construction is let at the same time, such advertisement shall provide for bids on sections of the turnpike not to exceed eight (8) miles. Subject to the following restrictions and limitations, the Authority shall, when contracting for construction work, divide such work into paving projects, bridge projects, including underpasses and overpasses, and earthmoving or miscellaneous projects, according to the type of work to be done. Each project shall be let under a separate contract or contracts and no contract or project shall include more than one of such types of construction work. Each contract for construction work shall contain a provision that ninety percent (90%) of all labor employed on the project shall be residents of Oklahoma. However, contracts for bridges may include earthwork and structures for the approaches thereto.

(o) It shall be unlawful for any member, officer or employee of the Authority to transact with the Authority, either directly or indirectly, any business for profit of such member, officer, or employee; and any person, firm, or corporation knowingly participating therein shall be equally liable for violation of this provision.

The term "business for profit" shall include, but not be limited to, the acceptance or payment of any fee, commission, gift, or consideration to such member, officer, or employee.

Violation of this provision shall constitute a felony punishable by incarceration in the State Penitentiary for a term not to exceed five (5) years or a fine of not less than Five Hundred Dollars ($500.00) and not more than Five Thousand Dollars ($5,000.00), or both such imprisonment and fine.

(p) In the event of a national emergency, the Authority, subject to any vested rights or claims, may enter into contracts with the federal government or any authorized agency thereof to allow the federal government or agency thereof to use such turnpikes partly or exclusively during the existence of such emergency, provided, that the federal government agrees in such contract to pay, during the term of such contract, an amount sufficient, when added to any tolls collected, to meet all operating and maintenance expenses, interest payments, and the minimum sinking fund and reserve requirements of the trust agreement for the turnpike covered by the contract.

(q) All meetings of the Authority shall be open public meetings, and all records shall be public records, except when considering personnel or litigation.

SECTION 75. REPEALER 69 O.S. 2001, Section 1705, as amended by Section 1, Chapter 146, O.S.L. 2002 (69 O.S. Supp. 2002, Section 1705), is hereby repealed.

SECTION 76. AMENDATORY 70 O.S. 2001, Section 3-116, as amended by Section 1, Chapter 437, O.S.L. 2002 (70 O.S. Supp. 2002, Section 3-116), is amended to read as follows:

Section 3-116. A. There is hereby created the Education Oversight Board. The membership of the Education Oversight Board shall consist of:

1. The Chairperson of the Education Committee of the Oklahoma House of Representatives;

2. The Chairperson of the Education Committee of the Senate;

3. Two members, who are not legislators, appointed by the Governor;

4. Two members, who are not legislators, appointed by the Speaker of the Oklahoma House of Representatives;

5. Two members, who are not legislators, appointed by the President Pro Tempore of the Senate; and

6. One member, who is not a legislator, appointed jointly by the President Pro Tempore of the Senate and the Speaker of the House of Representatives.

The two Education Committee Chairpersons shall serve as nonvoting members of the Board as long as each holds that position in such chairperson's respective house. The terms of the appointed members shall be staggered. The initial term of the first member appointed by the Governor shall expire on June 30, 1996. The initial term of the first member appointed by the President Pro Tempore of the Senate shall expire on June 30, 1995. The initial term of the first member appointed by the Speaker of the House of

Representatives shall expire on June 30, 1994. The initial term of the second member appointed by the Governor shall expire on June 30, 2002. The initial term of the second member appointed by the President Pro Tempore of the Senate shall expire on June 30, 2001. The initial term of the second member appointed by the Speaker of the House of Representatives shall expire on June 30, 2000. The initial term of the member appointed jointly by the President Pro Tempore of the Senate and the Speaker of the House of Representatives shall expire on June 30, 1999. The terms of the seven appointed members shall begin on July 1 of the year the preceding term expires. All terms scheduled to begin on or before June 30, 1997, shall be for three (3) years. Except for the initial terms of the second members appointed by the Governor, Speaker of the House of Representatives, and the President Pro Tempore of the Senate and the member appointed jointly, all terms scheduled to begin on or after July 1, 1997, shall be for five (5) years. At least one appointed member must reside in each congressional district. <u>However, when congressional districts are redrawn each member appointed prior to July 1 of the year in which such modification becomes effective shall complete the current term of office and appointments made after July 1 of the year in which such modification becomes effective shall be based on the redrawn districts. Appointments made after July 1 of the year in which such modification becomes effective shall be from any redrawn districts which are not represented by a board member until such time as each of the modified congressional districts are represented by a board member.</u> If a vacancy occurs, the vacancy shall be filled for the unexpired term in the same manner as the office was previously filled.

B. A chairperson and vice-chairperson shall be elected annually from the membership of the Board. A quorum which shall consist of four voting members must be present for the transaction of any business. Members shall be reimbursed for travel in the performance of their official duties in accordance with the State Travel Reimbursement Act.

C. The Education Oversight Board shall have oversight over implementation of:

1. The provisions of Enrolled House Bill No. 1017 of the 1st Extraordinary Session of the 42nd Oklahoma Legislature; and

2. The provisions of the Oklahoma Teacher Preparation Act.

D. The Education Oversight Board shall govern the operation of the Office of Accountability created in Section 3-117 of this title. The Secretary of Education shall be the chief executive officer of the Office of Accountability.

E. Legislators and appointed members who serve on the Education Oversight Board shall be exempt from the dual office holding prohibitions of Section 6 of Title 51 of the Oklahoma Statutes.

SECTION 77. REPEALER 70 O.S. 2001, Section 3-116, as amended by Section 16, Chapter 375, O.S.L. 2002 (70 O.S. Supp. 2002, Section 3-116), is hereby repealed.

SECTION 78. AMENDATORY 70 O.S. 2001, Section 5-117, as amended by Section 2, Chapter 483, O.S.L. 2002 (70 O.S. Supp. 2002, Section 5-117), is amended to read as follows:

Section 5-117. A. The board of education of each school district shall have power to:

1. Elect its own officers; provided that the chair of the board authorized in Section 5-107B of this title shall be elected by the electors of the school district;

2. Make rules, not inconsistent with the law or rules of the State Board of Education, governing the board and the school system of the district;

3. Maintain and operate a complete public school system of such character as the board of education shall deem best suited to the needs of the school district;

4. Designate the schools to be attended by the children of the district;

5. Provide and operate, when deemed advisable, cafeterias or other eating accommodations, thrift banks or other facilities for the teaching and practice of thrift and economy, bookstores, print shops, and vocational and other shops;

6. Provide informational material concerning school bond elections and millage elections, including but not limited to all pertinent financial information relative to the bond issue, a statement of revenue sources necessary to retire proposed bonds, a statement of current bonded indebtedness of the school district, and a statement of proposed use of funds to be generated by the proposed bond issue. The informational material shall not contain the words "vote yes" or "vote no" or any similar words or statement any place on such informational material;

7. Purchase, construct or rent, and operate and maintain, classrooms, libraries, auditoriums, gymnasiums, stadiums, recreation places and playgrounds, teacherages, school bus garages, laboratories, administration buildings, and other schoolhouses and school buildings, and acquire sites and equipment therefor;

8. Have school district property insured;

9. Acquire property by condemnation proceedings in the same manner as land is condemned for railroad purposes. School district funds may be used to erect buildings on leased land on which other buildings have been erected prior to April 3, 1969, or on land which is leased from a governmental entity;

10. Lease real or personal property to the state or any political subdivision thereof <u>or a not-for-profit entity operating pursuant to Section 868 of Title 18 of the Oklahoma Statutes</u> for nominal cash consideration for so long as the use of the property by the lessee substantially benefits, in whole or in part, the same public served by the school district;

11. Dispose of personal or real property no longer needed by the district by sale, exchange, lease, lease-purchase, sale and

partial lease back, or otherwise. Real property shall be conveyed pursuant to a public sale, public bid, or private sale, provided however, unless otherwise prohibited by law, the board of education of a consolidated or annexed school district may convey real property to a local political subdivision without consideration. Prior to the sale of any real property, the board of education shall have the real property appraised. The appraisal shall be confidential until the real property is sold. When the real property is sold the board of education shall make the appraisal available for public inspection. Prior to the conveyance of any real property by private sale, the board of education shall have offered the real property for sale by public sale or public bid. Any conveyance of real property by private sale to a nonprofit organization, association, or corporation to be used for public purposes, unless for exchange, shall contain a reversionary clause which returns the real property to the board of education upon the cessation of the use without profit or for public purposes by the purchaser or the assigns of the purchaser;

12. Purchase necessary property, equipment, furniture, and supplies necessary to maintain and operate an adequate school system;

13. Incur all expenses, within the limitations provided for by law, necessary to perform all powers granted by the provisions of this section;

14. Contract with and fix the duties and compensation of physicians, dentists, optometrists, nurses, attorneys, superintendents, principals, teachers, bus drivers, janitors, and other necessary employees of the district. The board of education shall establish a written policy for reimbursement of necessary travel expenses of employees and members of the board. The policy may include in-district travel from the site of employment assignment which is necessary in the performance of employment duties. The written policy shall specify procedures, contain documentation requirements, and may include payment of meal expenses during authorized travel on a per diem allowance basis rather than itemized documentation. Per diem meal reimbursement may not exceed the amounts authorized for state employees in Section 500.8 of Title 74 of the Oklahoma Statutes, but such reimbursement shall be available for necessary travel that does not require overnight stays. The board shall designate the funds from which reimbursement is to be made. Reimbursement of meal expenses for an employee or a board member shall not be considered compensation;

15. Pay necessary travel expenses and other related expenses of prospective employees for sponsored visits to the school district pursuant to a written policy specifying procedures containing documentation requirements equal to or greater than the requirements specified by law for state employees in the State Travel Reimbursement Act;

16. Provide for employees' leaves of absence without pay;

17. Exercise sole control over all the schools and property of the district, subject to other provisions of the Oklahoma School Code;

18. Allow district-owned school buses to be used for transportation of students from other districts or educational institutions while within the district on educational tours. This shall not restrict the authority of the board to authorize any other use of such buses which may now be permitted by law or rule of the State Board of Education;

19. Enter into contractual agreements with the board of trustees of a multicounty library system, as defined in Section 4-103 of Title 65 of the Oklahoma Statutes, a city-county library commission, as defined in Section 152 of Title 65 of the Oklahoma Statutes, or a rural single county library system, as defined in Section 1-104 of Title 65 of the Oklahoma Statutes, on such terms as may be mutually agreed, except no district board of education may enter into any agreement under which the library services for the school would be provided at any site other than the school site or which would result in library services that do not meet accreditation standards as required by law or rule;

20. Perform all functions necessary to the administration of a school district in Oklahoma as specified in the Oklahoma School Code, and in addition thereto, those powers necessarily implied but not delegated by law to any other agency or official; and

21. Prepare and distribute at the expense of the school district any and all material which has the purpose of informing the public about district activities.

B. The board of education of any school district may rent, on a monthly basis, real and personal property, if such items are necessary for the operation of the school, and pay the rental charges for the usage during any fiscal year, or portion thereof, out of appropriations made and approved for current expense purposes during the fiscal year. Any such rental contract extending beyond June 30 of such fiscal year shall be void unless it contains provisions for mutual ratification of renewal pursuant to the conditions provided for in this subsection. It is the intent of this subsection to authorize boards of education to enter into lease contracts but not to incur any obligation against the school district in excess of the income and revenue provided for such purposes for the fiscal year in which such lease contract is operative. Any lease or lease-purchase agreement entered into by any board of education shall state the purchase price of real or personal property so leased. The lease or lease-purchase shall not be extended so as to cause payment of more than the original purchase price of the real or personal property, plus interest not to exceed the legal rate. When the purchase price plus interest has been paid, the property shall belong to the lessee and the lessor shall deliver a deed or bill of sale to the property to the lessee. When any real or personal property has been leased or rented during any fiscal year pursuant to the provisions of any contract which permits continuance of such rental for the remainder of such fiscal year, the renting or leasing thereof must be continued for the remainder of the fiscal year unless the board of education renting or leasing the same certifies by proper resolution entered in the minutes of the board of education that the continuance of such rental is unnecessary and contrary to the public interest.

C. The boards of education of two or more school districts may enter into cooperative agreements and maintain joint programs

including but not limited to, courses of instruction for handicapped children, courses of instruction in music and other subjects, practical instruction for trades and vocations, practical instruction in driver training courses, and health programs including visual care by persons legally licensed for such purpose, without favoritism as to either profession. The revenues necessary to operate a joint program approved in cooperative agreements, whether from federal, state or local sources, including the individual contributions of participating school districts, shall be deposited into a fund separate from all other appropriated funds. The beginning fund balance each year, combined with all actual revenues, including collected and estimated revenues, must be appropriated before being expended. Purchase orders shall be issued against available appropriations and, once goods or services have been received, either payable or nonpayable warrants shall be issued in payment of all purchase orders. The fund shall be reported as a separate appropriated fund in all the financial reports of the school district which is chosen by the other school districts to keep the accounting records of the joint program.

D. Any school district may operate or maintain a school or schools on any military reservation which is within the boundaries of the school district or which is adjacent to the school district, and provide the instruction in the school or schools to children of personnel on the military reservation and, in doing so, shall conform to all federal laws and requirements.

E. The board of education of each school district shall adopt and maintain on file in the office of the superintendent of schools appropriate personnel policy and sick leave guide. The guide shall be made available to the public.

SECTION 79. REPEALER 70 O.S. 2001, Section 5-117, as amended by Section 1, Chapter 283, O.S.L. 2002 (70 O.S. Supp. 2002, Section 5-117), is hereby repealed.

SECTION 80. AMENDATORY 70 O.S. 2001, Section 17-116.2, as amended by Section 1, Chapter 459, O.S.L. 2002 (70 O.S. Supp. 2002, Section 17-116.2), is amended to read as follows:

Section 17-116.2 A. 1. Beginning July 1, 1987, and prior to July 1, 1995, a member who retires on or after the member's normal retirement age or whose retirement is because of disability shall receive an annual allowance for life, payable monthly, in an amount equal to two percent (2%) of the member's highest three-year average salary upon which member contributions were made, multiplied by the number of the member's years of creditable service.

A classified member who retired prior to July 1, 1986, shall have his retirement allowance calculated on a minimum average salary of Eleven Thousand Five Hundred Dollars ($11,500.00) or on his current minimum average salary plus Two Thousand Dollars ($2,000.00), whichever is greater. Beginning July 1, 1994, a classified member who retired prior to July 1, 1993, shall have the member's retirement allowance calculated on the member's current minimum average salary plus Five Hundred Fifty Dollars ($550.00). An unclassified member who retired prior to July 1, 1986, shall have his retirement allowance calculated on a minimum average salary of Nine Thousand Five Hundred Dollars ($9,500.00) or on his current minimum average salary plus One Thousand Dollars ($1,000.00),

whichever is greater. Beginning July 1, 1994, an unclassified member who retired prior to July 1, 1993, shall have the member's retirement allowance calculated on the member's current minimum average salary plus Two Hundred Seventy-five Dollars ($275.00). Those individuals receiving benefits pursuant to subsection (3) of Section 17-105 of this title whose benefits commenced prior to July 1, 1993, shall receive an increase in benefits of two and one-half percent (2 1/2%). No retirement benefit payments shall be made retroactively.

Except for those members retiring because of a disability, the retirement allowance shall be subject to adjustment for those members retiring before normal retirement age in accordance with the actuarial equivalent factors adopted by the Board of Trustees.

2. Beginning July 1, 1995, a member, who has no service performed on or after July 1, 1995, for an entity or institution within The Oklahoma State System of Higher Education, who retires on or after the member's normal retirement age or whose retirement is because of disability shall receive an annual allowance for life, payable monthly as follows:

a. if the member becomes a member after June 30, 1995, and was not eligible to become a member prior to July 1, 1995, in an amount equal to two percent (2%) of the member's average salary upon which member contributions were made, multiplied by the number of the member's years of creditable service, or

b. if the member became a member or is eligible to become a member prior to July 1, 1995, and elected to have a maximum compensation level in excess of Twenty-five Thousand Dollars ($25,000.00) pursuant to paragraph 1 of subsection C of this section or pursuant to subsection E of this section, or if the member's salary has never exceeded Twenty-five Thousand Dollars ($25,000.00) prior to July 1, 1995, in an amount equal to:

(1) two percent (2%) of the member's average salary upon which member contributions were made not to exceed Forty Thousand Dollars ($40,000.00), multiplied by the number of the member's years of credited service authorized and performed prior to July 1, 1995, plus any years of prior service authorized under this title, plus

(2) two percent (2%) of the member's average salary upon which member contributions were made, multiplied by the number of the member's years of credited service authorized and performed after June 30, 1995, or

c. if the member became a member or is eligible to become a member prior to July 1, 1995, and was eligible to elect to have a maximum compensation level in excess of Twenty-five Thousand Dollars ($25,000.00) and did not elect or elected not to have a maximum compensation level of Forty Thousand Dollars ($40,000.00) pursuant to paragraph 1 of subsection C

of this section or pursuant to subsection E of this section, in an amount equal to:

(1) two percent (2%) of the member's average salary upon which member contributions were made not to exceed Twenty-five Thousand Dollars ($25,000.00), multiplied by the number of the member's years of credited service authorized and performed prior to July 1, 1995, plus any years of prior service authorized under this title, plus

(2) two percent (2%) of the member's average salary upon which member contributions were made, multiplied by the number of the member's years of credited service authorized and performed after June 30, 1995.

B. Except as otherwise provided for in this section, the amount contributed by each member to the retirement system shall be:

1. Beginning July 1, 1992, through June 30, 1996, six percent (6%) of the regular annual compensation of such member not in excess of Twenty-five Thousand Dollars ($25,000.00) and beginning July 1, 1995, through June 30, 1996, six percent (6%) of the maximum compensation level; and

2. Beginning July 1, 1996, through June 30, 1997, six and one-half percent (6 1/2%) of the regular annual compensation of members, who are not employed by an entity or institution within The Oklahoma State System of Higher Education not in excess of Twenty-five Thousand Dollars ($25,000.00) and beginning July 1, 1996, through June 30, 1997, six and one-half percent (6 1/2%) of the regular annual compensation of members, who are employed by an entity or institution within The Oklahoma State System of Higher Education, not in excess of Twenty-five Thousand Dollars ($25,000.00);

3. Beginning July 1, 1997, seven percent (7%) of the regular annual compensation of the member not in excess of any applicable maximum compensation level of the member; and

4. All public schools in this state shall treat the employee contributions as being picked-up under the provisions of Section 414 (h) (2) of the Internal Revenue Code of 1986 in determining tax treatment.

C. 1. Prior to July 1, 1995, an active member of the System may elect to have a maximum compensation level of Forty Thousand Dollars ($40,000.00). Such an election shall be made in writing and filed with the System. Members whose salaries are in excess of Twenty-five Thousand Dollars ($25,000.00) on the effective date of this act shall file the election with the System prior to January 1, 1988. Members whose salaries exceed Twenty-five Thousand Dollars ($25,000.00) after the effective date of this act shall file the election when the salary exceeds Twenty-five Thousand Dollars ($25,000.00). If a member makes such an election, the member shall contribute the following amounts:

a. beginning July 1, 1992, through June 30, 1993, eleven percent (11%) of the regular annual compensation of such member that is in excess of Twenty-five Thousand

Dollars ($25,000.00) and is not in excess of Forty Thousand Dollars ($40,000.00),

b. beginning July 1, 1993, through June 30, 1994, nine percent (9%) of the regular annual compensation of such member that is in excess of Twenty-five Thousand Dollars ($25,000.00) and is not in excess of Forty Thousand Dollars ($40,000.00), and

c. beginning July 1, 1994, through June 30, 1995, eight percent (8%) of the regular annual compensation of such member that is in excess of Twenty-five Thousand Dollars ($25,000.00) and is not in excess of Forty Thousand Dollars ($40,000.00). Except as provided in subsection E of this section, any such election shall be irrevocable.

2. After June 30, 1995, in addition to the amount contributed by each member to the retirement system pursuant to subsection B of this section, the total amount contributed by each member to the retirement system shall include, beginning July 1, 1995, through June 30, 1997, seven percent (7%) of the regular annual compensation of each member, who is not employed by an entity or institution within The Oklahoma State System of Higher Education, that is in excess of Twenty-five Thousand Dollars ($25,000.00) and beginning July 1, 1996, through June 30, 1997, seven percent (7%) of the regular annual compensation of each member who is employed by an entity or institution within The Oklahoma State System of Higher Education in excess of Twenty-five Thousand Dollars ($25,000.00), but not in excess of any applicable maximum compensation level of the member.

D. For purposes of Section 17-101 et seq. of this title, regular annual compensation shall include:

1. Normal periodic payments of money for service the right to which accrues on a regular basis in proportion to the service performed, such periodic payments shall include payments for staff development or other periodic payments to qualifying employees of the employer;

2. Amounts that would otherwise qualify as salary under paragraph 1 of this subsection but are not received directly by the member pursuant to a good faith, voluntary written salary reduction agreement in order to finance payments to a deferred compensation or tax-sheltered annuity program or to finance benefit options under a cafeteria plan qualifying under the United States Internal Revenue Code, 26 U.S.C., Section 101 et seq.; and

3. Group health and disability insurance, group term life insurance, annuities and pension plans, provided on a periodic basis to all qualified employees of the employer, which qualify as fringe benefits under the United States Internal Revenue Code.

Excluded from regular annual compensation are expense payments, allowances, payment for unused vacation and sick leave, any payment made for reason of termination or retirement not specifically provided for in paragraphs 1 through 3 of this subsection, maintenance or other nonmonetary compensation, payment received as an independent contractor or consultant, pursuant to a lawful

contract which complies with the requirements of subsection B of Section 6-101.2 of this title, any benefit payments not made pursuant to a valid employment agreement, or any compensation not described in paragraphs 1 through 3 of this subsection.

E. 1. Any member who was a contributing member of the Retirement System between July 1, 1987, and June 30, 1995, who at the time the member was eligible to make an election to increase the maximum compensation level of the member, failed to make an election or chose not to increase the maximum compensation level of the member to Forty Thousand Dollars ($40,000.00), may elect to make back contributions to the Retirement System. The member shall complete a new election form and file with the Board of Trustees, the form and a payment equaling the difference between the amount contributed at the twenty-five-thousand-dollar level and the appropriate contribution on compensation in excess of Twenty-five Thousand Dollars ($25,000.00) up to a maximum of Forty Thousand Dollars ($40,000.00) shall be made prior to the official retirement date of the member. The required payment shall include any contribution required by the employing school district, and shall include interest compounded annually at ten percent (10%) per annum of both employer and employee contributions.

2. Any changes made pursuant to this subsection shall be irrevocable.

F. 1. An individual who withdrew from the Teachers' Retirement System and whose salary was in excess of Seven Thousand Eight Hundred Dollars ($7,800.00) and had elected to contribute only on Seven Thousand Eight Hundred Dollars ($7,800.00) before his or her withdrawal shall contribute on the earning ceiling as provided for in this section on his or her reentry into membership in the Teachers' Retirement System.

2. An individual who elected to contribute on a maximum of Seven Thousand Eight Hundred Dollars ($7,800.00) per annum shall, beginning July 1, 1979, contribute on his or her earning ceiling as provided for in this section.

3. Any member who elected to contribute on Seven Thousand Eight Hundred Dollars ($7,800.00) prior to January 1, 1978, and whose salary was more than Seven Thousand Eight Hundred Dollars ($7,800.00) during the school years 1974-75 through 1978-79 may elect to make back contributions to the retirement system by paying the five percent (5%) contributions on the difference between Seven Thousand Eight Hundred Dollars ($7,800.00) and the actual salary of the member, not to exceed Ten Thousand Dollars ($10,000.00) for each applicable school year, plus interest compounded annually at ten percent (10%) per annum. Such payment shall be made prior to the official retirement date of the member.

G. Each employer shall cause to be deducted from the salary of each member on each and every payroll of such employer for each and every payroll period, the proper percentage of his or her earnable compensation as provided for in subsection B or subsection C of this section.

1. Deductions shall begin with the first payroll period of the school year. In determining the amount earnable by a member in a payroll period, the Board of Trustees shall consider the rate of

annual compensation payable to such member on the first day of the payroll period as continuing throughout such payroll period, and it may omit deductions from compensation for any period less than a full period, and to facilitate the making of deductions, it may modify the deduction required of any member by such an amount as shall not exceed one-tenth of one percent (1/10 of 1%) of the annual compensation upon the basis of which such deduction is to be made. Prior to January 1, 1991, any active contributing member who joined the System subsequent to July 1, 1943, may pay the normal cost, which shall mean the single sum which would have been paid under existing statutes at the time the service was performed, plus interest, for years of teaching service in Oklahoma from the date of establishment of the System in 1943 to date of membership, in a lump sum, or in installments equal to establishing one (1) year of creditable service. Effective January 1, 1991, any active contributing member who joined the System subsequent to July 1, 1943, may pay the amount determined by the Board of Trustees pursuant to Section 17-116.8 of this title for years of teaching service in Oklahoma from the date of establishment of the System in 1943 to date of membership, in a lump sum, or in installments equal to establishing one (1) year of creditable service. For purposes of this option, teaching service in Oklahoma shall include the teaching of vocational agricultural courses within Oklahoma for the federal government. Years for which contributions are paid shall count as membership service under this plan. A member may receive credit for not more than five (5) years of teaching service rendered while in the Peace Corps or in the public schools of a territory of the United States or the public schools, American Military Dependent Schools or state colleges or state universities outside this state by paying his or her contributions, plus interest, and membership fees to the retirement system, subject to the regulations of the Board of Trustees, providing he or she is not receiving and is not eligible to receive retirement credit or benefits from said service in any other public retirement system of this state, or any other state or territory of the United States subject to the following provisions:

a. the member is required to have two (2) years of employed service teaching earned in Oklahoma for each year of Peace Corps, territorial, out-of-state, noncovered in-state or military membership credit granted.

b. prior to January 1, 1991, the out-of-state or noncovered in-state payment shall be the normal cost, which means the single sum which would have been paid under existing law at the time the service was performed, plus interest, on the basis of what his or her annual salary would have been in Oklahoma or out of state, whichever is greater, had he or she been employed as a teacher. Effective January 1, 1991, the Peace Corps, territorial, out-of-state or noncovered in-state payment shall be the amount determined by the Board of Trustees pursuant to Section 17-116.8 of this title.

2. In addition to the deductions hereinabove provided for, any member who becomes a member of the Armed Forces of the United States of America during any period of national emergency, including World War II, the Korean conflict, the Vietnam conflict or others as may

be determined by the Board of Trustees, or whose entrance into or training for the teaching profession was interrupted by his or her entrance into the Armed Forces, and who was or shall have become a member of the Teachers' Retirement System shall be granted the privilege of making up his or her five percent (5%) contributions as provided for in this section until January 1, 1991, for not to exceed five (5) years of service in the Armed Forces by electing to pay said contributions on the basis of the rate of pay in his or her contract as a teacher at the time his or her service in the Armed Forces commenced or in the case of a teacher who was not teaching prior to entering the Armed Forces, on the basis of the salary of the first year of teaching after being honorably discharged from the Armed Forces. Effective January 1, 1991, the member will receive such service upon payment of the amount determined by the Board of Trustees pursuant to Section 17-116.8 of this title. Such contributions shall be credited in the regular manner, and the period for which said contributions were paid shall be counted as creditable years of service and allocated to the period during which the military service was rendered, except that the period for which contributions were paid must have been continuous and shall be credited in the aggregate, regardless of fiscal year limitations. Notwithstanding any provision herein to the contrary, contributions, benefits and service credit with respect to qualified military service as defined by Section 414(u) of the Internal Revenue Code of 1986, shall be provided in accordance with Section 414(u) of the Internal Revenue Code.

3. Retirement benefits for all service credits purchased pursuant to this subsection shall be determined in accordance with the provisions of paragraph 2 of this subsection.

H. For those members who joined the System prior to July 1, 1992, the total creditable service of a member who retires or terminates employment and elects a vested benefit shall include not to exceed one hundred twenty (120) days of unused sick leave accumulated subsequent to August 1, 1959. Twenty (20) days of unused sick leave shall equal one (1) month for purposes of creditable service credit. If the member becomes a member or was eligible to become a member prior to July 1, 1995, the year of credit received in this section shall be treated as service earned prior to July 1, 1995. This paragraph shall apply to members retiring or vesting on or after the effective date of this act and shall not be retroactive.

I. Any member who:

1. Shall be absent from the teaching service because of election to the State Legislature or appointment to the executive branch in an education-related capacity shall be allowed thirty (30) days from the date as of which the person is officially elected or appointed to file an election with the Teachers’ Retirement System to retain his or her membership in the Teachers' Retirement System upon payment of the contribution required of other members and employers of said members as provided for in this section and his or her service credits shall continue to be accumulated during such absence, provided he or she is not receiving retirement credits or benefits from said service beginning after July 1, 1992, in other public retirement systems; or

2. Became an employee of the Oklahoma Commission for Teacher Preparation on or subsequent to June 1, 2001, but prior to July 1, 2002, who was previously employed by a participating employer within the Teachers' Retirement System of Oklahoma, may elect to cancel any accumulated service credit accrued within the Oklahoma Public Employees Retirement System on or after June 1, 2001, but prior to July 1, 2002, by filing an election with the Oklahoma Public Employees Retirement System for the cancellation of such service credit. The election shall be irrevocable and shall require the Oklahoma Public Employees Retirement System to transfer all accumulated employer and employee contributions made on behalf of or by the person making such election to the Teachers' Retirement System for such period of time. The Teachers' Retirement System shall compute the employee contributions that would have been made to the System by such employee if the contributions had been computed pursuant to this section. In order to receive the full amount of creditable service for the period of time on or after June 1, 2001, but not later than June 30, 2002, the employee shall be required to pay any difference between the transferred employee contributions and the amount computed by the Teachers' Retirement System. The employee may make payment of any required amount in the manner provided by and subject to the requirements of Section 17-116.8 of this title. After payment of all required employee contributions, the Teachers' Retirement System shall credit the period of time represented by the transferred employee contributions as creditable service within the meaning of Section 17-101 of this title. After the transfer of the employee contributions, the Oklahoma Public Employees Retirement System shall cancel any service credit previously accumulated for the period of time represented by such transferred employee contributions. Any person who makes the election provided for by this paragraph, and who continues employment with the Oklahoma Commission for Teacher Preparation on or after July 1, 2002, shall continue to accrue service credit in the Teachers' Retirement System of Oklahoma. The employer shall make employer contributions according to the requirements of Section 17-108.1 of this title and shall provide for the deduction of employee contributions as required by this section.

J. Any member who shall be absent from the teaching service because of election or appointment as a local, state or national education association officer shall be allowed to retain his or her membership in the Teachers' Retirement System upon payment of the contribution required of other members and employers of said members as provided for in this section and his or her service credits shall continue to be accumulated during such absence. Provided, however, any one such absence shall not exceed eight (8) continuous years. No member who has less than ten (10) years of contributory service on July 1, 1994, may make this election after June 30, 1994. Members contributing to the System on July 1, 1994, may continue to contribute under this subsection until they have completed eight (8) years allowed by this subsection. <u>The member may file for retirement when otherwise eligible for retirement as provided by Section 17-105 of this title.</u>

K. A member may receive credit for those years of service accumulated by the member while employed by an entity which is a participating employer in the Oklahoma Firefighters Pension and Retirement System, the Oklahoma Police Pension and Retirement System, the Uniform Retirement System for Justices and Judges, the Oklahoma Law Enforcement Retirement System, or the Oklahoma Public

Employees Retirement System, if the member is not receiving or eligible to receive retirement credit or benefits from said service in any other public retirement system. A member also may receive credit for those years of service with the Department of Wildlife Conservation or with an employer that is a participating employer within one of the state retirement systems specifically referred to in this section when at the time of such service by the member the employer was not such a participating employer, if the member is not receiving or eligible to receive retirement credit or benefits from said service in any other public retirement system. To receive the service credit provided in this subsection, the member shall pay the amount determined by the Board of Trustees pursuant to Section 17-116.8 of this title. For purposes of this subsection, creditable service transferred from the Oklahoma Public Employees Retirement System shall include service authorized under paragraph (f) of subsection (2) of Section 913 of Title 74 of the Oklahoma Statutes as amended from time to time. Members who retire prior to July 1, 1993, shall have their monthly benefit adjusted to include all services accrued under paragraph (f) of subsection (2) of Section 913 of Title 74 of the Oklahoma Statutes. Provided however, any adjustment of existing retirement benefits caused by reason of inclusion of such service authorized under paragraph (f) of subsection (2) of Section 913 of Title 74 of the Oklahoma Statutes shall not affect any retirement benefit paid prior to July 1, 1993.

L. 1. An active member of the Teachers' Retirement System of Oklahoma may receive credit for those years of service accumulated by the member while a member of the Oklahoma Public Employees Retirement System if:

a. the member is an active member of the Teachers' Retirement System of Oklahoma, and

b. the member provides notice to the Oklahoma Public Employees Retirement System and the Teachers' Retirement System of Oklahoma of the member's election to transfer said service credit. The notice shall include a list of the years to be transferred, and

c. the member is not receiving or eligible to receive retirement credit or benefits from said service in any other public retirement system, notwithstanding the years of service sought to be transferred under this subsection.

Members electing to take advantage of the transfer authorized by this subsection who are receiving or eligible to receive retirement credit or benefits from said service in any other public retirement system shall have all service credit with the Oklahoma Public Employees Retirement System canceled which is not transferred to the Teachers' Retirement System of Oklahoma or used as a cash offset in such a transfer pursuant to subparagraph d of paragraph 2 of this subsection. Service credit transferred to the Teachers' Retirement System of Oklahoma under this subsection shall also be canceled with the Oklahoma Public Employees Retirement System.

2. For purposes of this subsection, the “sending system” shall mean the Oklahoma Public Employees Retirement System. The “receiving system” shall mean the Teachers' Retirement System of Oklahoma.

a. Within thirty (30) days notification of an intent to transfer is received by the sending system, the sending system shall, according to its own rules and regulations:

(1) for members who have accrued at least eight (8) years of credited service with the sending system, determine the present value of the member's earned benefits attributable to the years of service sought to be transferred, discounted according to the member's age at the time of transfer and computed as of the earliest age at which the member would be able to retire. Said computation shall assume an unreduced benefit and be computed using interest and mortality assumptions consistent with the actuarial assumptions adopted by the Board of Trustees for purposes of preparing the annual actuarial evaluation, but shall not make any projections regarding future salary. For employees who have accrued at least eight (8) years of credited service, the sending system shall use the product of this calculation for purposes of determining the transfer fee to be paid by the employee under subparagraph c of this paragraph so long as it is greater than the product of the calculation in division (2) of this subparagraph, and

(2) determine the sum of the employee and employer contributions applicable to the years of service sought to be transferred plus interest consistent with the actuarial assumptions adopted by the Board of Trustees for purposes of preparing the annual actuarial evaluation. For all non-vested members, and for members who have accrued at least eight (8) years of credited service, if the product of this calculation is greater than the product of the calculation in division (1) of this subparagraph, the sending system shall use the product of this calculation for purposes of determining the amount to be transferred by the sending system under subparagraph c of this paragraph and any transfer fee to be paid by the member under subparagraph d of this paragraph.

b. Within thirty (30) days notification of an intent to transfer is received by the receiving system, the receiving system shall determine, according to the system's own rules and regulations, the present value of the member's incremental projected benefits discounted according to the member's age at the time of the transfer. Incremental projected benefits shall be the difference between the projected benefit said member would receive without transferring the service credit and the projected benefit after transfer of service credit computed as of the earliest age at which the member would be able to retire. Said computation shall assume an unreduced benefit and be computed using interest, salary projections and

mortality assumptions consistent with the actuarial assumptions adopted by the Board of Trustees for purposes of preparing the annual actuarial evaluation.

c. The sending system shall, within sixty (60) days from the date notification of an intent to transfer is received by the sending system, transfer to the receiving system the amount determined in subparagraph a of this paragraph. Except if the cost as calculated under subparagraph a of this paragraph is greater than the actuarial value of the incremental benefit in the receiving system, as established in subparagraph b of this paragraph, the sending system shall send the receiving system an amount equal to the actuarial value of the incremental projected benefit in the receiving system.

d. In order to receive the credit provided for in paragraph 1 of this subsection, if the cost of the actuarial value of the incremental benefit to the receiving system is greater than the cost as calculated under subparagraph a of this paragraph for the same years of service to the sending system as established in subparagraphs a and b of this paragraph, the employee shall elect to:

(1) pay any difference to receive full credit for the years sought to be transferred, or

(2) receive prorated service credit for only the amount received from the Oklahoma Public Employees Retirement System pursuant to this subsection.

Such an election shall be made in writing, filed with the System prior to receiving the credit provided for in paragraph 1 of this subsection, and shall be irrevocable.

3. Within sixty (60) days of successfully completing all of the requirements for transfer under this subsection, the sending system shall pay the receiving system any amount due under this subsection. Within sixty (60) days of successfully completing all of the requirements for transfer under this subsection, the member shall pay the receiving system any amount due under this subsection. In the event that the member is unable to pay the transfer fee provided for in this subsection by the due date, the Board of Trustees of the receiving system shall permit the member to amortize the transfer fee over a period not to exceed sixty (60) months. Said payments shall be made by payroll deductions unless the Board of Trustees permits an alternate payment source. The amortization shall include interest in an amount not to exceed the actuarially assumed interest rate adopted by the Board of Trustees for investment earnings each year. Any member who ceases to make payment, terminates, retires or dies before completing the payments provided for in this section shall receive prorated service credit for only those payments made, unless the unpaid balance is paid by said member, his or her estate or successor in interest within six (6) months after said member's death, termination of employment or retirement, provided no retirement benefits shall be payable until the unpaid balance is

paid, unless said member or beneficiary affirmatively waives the additional six-month period in which to pay the unpaid balance.

4. Years of service transferred pursuant to this subsection shall be used both in determining the member's retirement benefit and in determining the years of service for retirement and/or vesting purposes. Years of service rendered as a member of the Oklahoma Public Employees Retirement System prior to July 1, 1992, if any, shall be deemed to be years of service rendered as a member of the Teachers' Retirement System of Oklahoma prior to July 1, 1992, and shall qualify such person as a member of the Teachers' Retirement System of Oklahoma before July 1, 1992.

5. Notwithstanding the requirements of subsection (5) of Section 917 of Title 74 of the Oklahoma Statutes, members electing to take advantage of the transfer authorized by this subsection who have withdrawn their contributions from the sending system shall remit to the sending system the amount of the accumulated contributions the member has withdrawn plus simple interest of ten percent (10%) per annum prior to making said election or the election shall be deemed invalid and the transfer shall be canceled. If such an election is deemed invalid and the transfer is canceled, the accumulated contribution remitted to the sending system by the member who originally withdrew their contributions shall be returned to the member. The member's rights and obligations regarding any service credit reestablished in the sending system due to a failure to satisfy the requirements of this subsection shall be determined by the sending system in accordance with Section 901 et seq. of Title 74 of the Oklahoma Statutes.

6. If any member fails for any reason to satisfy the requirements of this subsection, the election to transfer service credit shall be void and of no effect, and any service credited as a result of this transfer shall be canceled. If such service is canceled, the years of canceled service credit which were unsuccessfully transferred to the receiving system from the sending system shall be reestablished in the sending system. The member's rights and obligations regarding any service credit reestablished in the sending system due to a failure to satisfy the requirements of this subsection shall be determined by the sending system in accordance with Section 901 et seq. of Title 74 of the Oklahoma Statutes.

7. The Board of Trustees shall promulgate such rules as are necessary to implement the provisions of this subsection.

M. Any member whose regular annual compensation was not determined as provided for by law may pay the member contribution required pursuant to subsection B of this section on such amount not included in the member's regular annual compensation and receive credit for such amount in the calculation of the member's benefit. The employees must pay the employer contributions required pursuant to Section 17-108.1 of this title. Interest at the rate of ten percent (10%) per annum shall be charged to both employee and employer contributions. Provided that the employing district may pay all or any portion of the contributions and interest the member is required to pay. Any payment by the employing district for a prior year obligation shall be considered a current obligation of the employer.

N. Any active member who elected during the 1978-79 school year to pay the difference between five percent (5%) on actual salary not exceeding Ten Thousand Dollars ($10,000.00) and six percent (6%) on actual salary not exceeding Fifteen Thousand Dollars ($15,000.00) shall receive credit for one (1) year of credited service upon receipt and approval of a proper request by the Board of Trustees.

O. Effective July 1, 1988, any member who is employed by the Governor, the State Senate, the House of Representatives or the Legislative Service Bureau shall be allowed to elect to retain membership in the Retirement System upon payment of the accrued and current member contributions and employer contributions as provided in subsection B of this section and Section 17-108.1 of this title. Such contributions may be paid on behalf of the member by the employing entity. Upon payment of such contributions, service credits shall continue to be accumulated during such employment. Accrued contributions shall be paid to the Retirement System by August 1, 1989. Current contributions shall be paid to the Retirement System by the tenth of the following month beginning with the month of July 1989.

P. Notwithstanding any requirements of this title to restrict the payment of service purchases, the Board of Trustees shall promulgate such rules as necessary to allow active members of the System to make installment payments for the redeposit of withdrawn accounts or other payments due under the provisions of this title. The rules shall permit the member to amortize the balance due over a period not to exceed sixty (60) months, and shall include interest consistent with the actuarial assumptions adopted by the Board of Trustees for purposes of preparing the annual actuarial evaluation. Further, the rules shall provide that all payments must be completed prior to the effective retirement date of the member.

Q. 1. A member of the Oklahoma Public Employees Retirement System who becomes a member of the Teachers' Retirement System of Oklahoma because the member has become employed by an entity or institution within The Oklahoma State System of Higher Education, State Board of Education, State Board of Vocational and Technical Education, Oklahoma Department of Vocational and Technical Education, Oklahoma School of Science and Mathematics, Oklahoma Center for the Advancement of Science and Technology, State Department of Rehabilitation Services, Oklahoma State Regents for Higher Education, Department of Corrections, State Department of Education, Oklahoma Board of Private Vocational Schools, Board of Regents of Oklahoma Colleges, Oklahoma Student Loan Authority, or the Teachers' Retirement System of Oklahoma, may elect to receive credit in the Teachers' Retirement System of Oklahoma for those years of service accumulated by the member in the Oklahoma Public Employees Retirement System pursuant to this subsection. A member shall be eligible to elect to receive credit for such years of service if:

a. the member is an active member of the Teachers' Retirement System of Oklahoma,

b. the member provides notice to the Teachers' Retirement System of Oklahoma and the Oklahoma Public Employees Retirement System of the member's election to transfer such retirement credit. The notice shall include a list of the years to be transferred, and

c. the member is not receiving or eligible to receive retirement credit or benefits from such service in any other public retirement system, notwithstanding the years of service sought to be transferred under this subsection.

Members electing to take advantage of the transfer authorized by this subsection shall have all service credit with the Oklahoma Public Employees Retirement System canceled which is transferred to the Teachers' Retirement System of Oklahoma.

2. For purposes of this subsection, the "sending system" shall mean the Oklahoma Public Employees Retirement System. The "receiving system" shall mean the Teachers' Retirement System of Oklahoma. Within thirty (30) days after notification of an intent to transfer is received by the sending system, the sending system shall, according to its own rules, send to the receiving system all employer and employee contributions made on behalf of the member which were made to the sending system plus an additional amount of earnings based on the actuarial assumed rate of the sending system. Upon receipt of these contributions by the receiving system, the receiving system shall give credit to the transferring member in an amount equal to the years of service accrued in the sending system.

3. If the transferring member's normal retirement date calculation is based upon the sum of the member's age and number of years of credited service totaling eighty (80) in the sending system, then the member shall retain such calculation in the receiving system.

4. The Board of Trustees shall promulgate such rules as are necessary to implement the provisions of this subsection.

R. A former member of the Teachers' Retirement System of Oklahoma who withdrew his or her contributions from the System prior to January 1, 1983, and who had at least ten (10) years of service in the System and purchased that service in the Oklahoma Public Employees Retirement System, may elect to revoke that purchase from the Oklahoma Public Employees Retirement System and to repay the withdrawn contributions to the System in order to be eligible, once such member reaches the normal retirement age, to receive a retirement benefit that is based upon years of service and compensation at the time such member terminated employment. In addition, such former member may elect to transfer service credit accrued in the Oklahoma Public Employees Retirement System to the Teachers' Retirement System of Oklahoma pursuant to subsection L of this section. The election, pursuant to this subsection, shall be made prior to September 1, 2000. The election and the repayment shall be made according to rules promulgated by the Board.

SECTION 81. REPEALER 70 O.S. 2001, Section 17-116.2, as amended by Section 1, Chapter 406, O.S.L. 2002 (70 O.S. Supp. 2002, Section 17-116.2), is hereby repealed.

SECTION 82. AMENDATORY 70 O.S. 2001, Section 23-105, as amended by Section 19, Chapter 375, O.S.L. 2002 (70 O.S. Supp. 2002, Section 23-105), is amended to read as follows:

Section 23-105. There is hereby re-created, to continue until July 1, ~~2002~~ 2008, in accordance with the provisions of the Oklahoma

Sunset Law, Section 3901 et seq. of Title 74 of the Oklahoma Statutes, a body corporate and politic to be known as the "Oklahoma Educational Television Authority", and by that name the Authority may sue and be sued, and plead and be impleaded. The Authority is hereby constituted an instrumentality of the state, and the exercise by the Authority of the powers conferred by this article for the planning, construction, operation, and maintenance of educational television facilities shall be deemed and held to be an essential function of the state.

The Oklahoma Educational Television Authority shall consist of thirteen (13) members, including the President of the University of Oklahoma, the President of Oklahoma State University, the State Superintendent of Public Instruction, the Chancellor of the Oklahoma State Regents for Higher Education, the president of one of the state-supported four-year colleges to be chosen by the presidents of this group of institutions, the president of one of the state-supported two-year colleges to be chosen by the presidents of this group of institutions, and seven additional members to be appointed by the Governor with the consent of the Senate, to serve seven-year terms.

The appointed members shall have been residents of the state for at least five (5) years preceding the date of their appointment. The appointed members shall include one member from each of the Congressional Districts and any remaining members shall be appointed from the state at large. However, when congressional districts are redrawn each member appointed prior to July 1 of the year in which such modification becomes effective shall complete the current term of office and appointments made after July 1 of the year in which such modification becomes effective shall be based on the redrawn districts. Appointments made after July 1 of the year in which such modification becomes effective shall be from any redrawn districts which are not represented by a board member until such time as each of the modified congressional districts are represented by a board member. A majority of the appointed members shall be actively engaged in the profession of education. Each appointed member of the Authority, before entering upon ~~his~~ the duties of the member, shall take the oath provided for by Section 1 of Article XV of the Constitution of the State of Oklahoma.

The seven original members appointed by the Governor shall continue in office for terms expiring on June 30, 1954; June 30, 1955; June 30, 1956; June 30, 1957; June 30, 1958; June 30, 1959; and June 30, 1960, respectively. The terms of each of the original appointed members shall be designated by the Governor, and said members shall serve for their appointed terms and until their respective successors shall be appointed and qualified. The successor of each appointed member shall be appointed for a term of seven (7) years, except that any person appointed to fill a vacancy shall be appointed to serve only for the unexpired term in said vacancy.

The Authority shall elect from the membership of the Authority a chairman, a vice-chairman, and a secretary-treasurer. Any such officers elected by the Authority on or after July 1, 1984, shall be appointed to serve a term of one (1) year. Seven members of the Authority shall constitute a quorum, and the vote of seven members shall be necessary for any action taken by the Authority. No vacancy in the membership of the Authority shall impair the right of

a quorum to exercise all the rights and perform all the duties of the Authority. The Authority shall meet at least quarterly.

The members of the Authority shall not be entitled to compensation for their services, but each member shall be reimbursed for ~~his~~ travel expenses incurred in performing ~~his~~ official duties in accordance with the provisions of the State Travel Reimbursement Act. No liability or obligation shall be incurred by the Authority beyond the extent to which monies shall have been provided pursuant to the authority of this article.

SECTION 83. REPEALER 70 O.S. 2001, Section 23-105, as amended by Section 1, Chapter 104, O.S.L. 2002 (70 O.S. Supp. 2002, Section 23-105), is hereby repealed.

SECTION 84. AMENDATORY 70 O.S. 2001, Section 3311, as amended by Section 27, Chapter 22, O.S.L. 2002 (70 O.S. Supp. 2002, Section 3311), is amended to read as follows:

Section 3311. A. There is hereby re-created a Council on Law Enforcement Education and Training which shall be, and is hereby declared to be, a governmental agency of the State of Oklahoma, body politic and corporate, with powers of government and with the authority to exercise the rights, privileges and functions specified by this act and as hereinafter specified. The Council shall be composed of seven (7) police or peace officers, one selected by each of the following: the Court of Criminal Appeals, the Commissioner of Public Safety, the Board of Directors of the Oklahoma Sheriffs and Peace Officers Association, the Oklahoma Association of Police Chiefs, the Board of Directors of the Oklahoma Sheriffs' Association, the Board of Directors of the Fraternal Order of Police and the Governor. The Director selected by the Council shall be an ex officio member of the Council and shall act as Secretary. The Council on Law Enforcement Education and Training shall select a chair and vice-chair from among its members. Members of the Council on Law Enforcement Education and Training shall not receive a salary for duties performed as members of the Council, but shall be reimbursed for their actual and necessary expenses incurred in the performance of Council duties pursuant to the provisions of the State Travel Reimbursement Act.

B. The Council on Law Enforcement Education and Training is hereby authorized and directed to:

1. Appoint a larger Advisory Council to discuss problems and hear recommendations concerning necessary research, minimum standards, educational needs, and other matters imperative to upgrading Oklahoma law enforcement to professional status;

2. Promulgate rules with respect to such matters as certification, revocation, suspension, withdrawal and reinstatement of certification, minimum courses of study, testing and test scores, attendance requirements, equipment and facilities, minimum qualifications for instructors, minimum standards for basic and advanced in-service courses, and seminars for Oklahoma police and peace officers;

3. Authorize research, basic and advanced courses, and seminars to assist in program planning directly and through subcommittees;

4. Authorize additional staff and services necessary for program expansion;

5. Recommend legislation necessary to upgrade Oklahoma law enforcement to professional status;

6. Establish policies and regulations concerning the number, geographic and police unit distribution, and admission requirements of those receiving tuition or scholarship aid available through the Council. Such waiver of costs shall be limited to duly appointed members of legally constituted local, county, and state law enforcement agencies on the basis of educational and financial need;

7. Appoint a Director and an Assistant Director to direct the staff, inform the Council of compliance with the provisions of this section and perform such other duties imposed on the Council by law;

8. Enter into contracts and agreements for the payment of classroom space, food, and lodging expenses as may be necessary for law enforcement officers attending any official course of instruction approved or conducted by the Council. Such expenses may be paid directly to the contracting agency or business establishment. The food and lodging expenses for each law enforcement officer shall not exceed the authorized rates as provided for in the State Travel Reimbursement Act;

9. Certify canine teams, consisting of a dog and a handler working together as a team, trained to detect controlled dangerous substances;

10. Enter into a lease, loan or other agreement with the Oklahoma Development Finance Authority or a local public trust for the purpose of facilitating the financing of a new facility for its operations and use and pledge, to the extent authorized by law, all or a portion of its receipts of the assessment penalty herein referenced for the payment of its obligations under such lease, loan or other agreement. It is the intent of the Legislature to increase the assessment penalty to such a level or appropriate sufficient monies to the Council on Law Enforcement Education and Training to make payments on the lease, loan or other agreement for the purpose of retiring the bonds to be issued by the Oklahoma Development Finance Authority or local public trust. Such lease, loan or other agreement and the bonds issued to finance such facilities shall not constitute an indebtedness of the State of Oklahoma or be backed by the full faith and credit of the State of Oklahoma, and the lease, loan or other agreement and the bonds shall contain a statement to such effect;

11. Accept gifts, bequests, devises, contributions and grants, public or private, of real or personal property; and

12. Appoint an advisory committee composed of representatives from security guard and private investigative agencies to advise the Council concerning necessary research, minimum standards for licensure, education, and other matters related to licensure of security guards, security guard agencies, private investigators, and private investigative agencies.

C. Failure of the Legislature to appropriate necessary funds to provide for expenses and operations of the Council on Law Enforcement Education and Training shall not invalidate other

provisions of this section relating to the creation and duties of the Council.

D. 1. No person shall be eligible to complete a basic police course approved by the Council until the Oklahoma State Bureau of Investigation and the Federal Bureau of Investigation have reported to the submitting agency that such person has no felony record, and the employing agency has reported to the Council that such person has undergone psychological testing as provided for in paragraph 2 of this subsection, and the applicant has certified the completion of a high school diploma or a GED equivalency certificate and that the applicant is not participating in a deferred sentence agreement for a felony or a crime involving moral turpitude or is not currently subject to an order of the Council revoking, suspending, or accepting a voluntary surrender of peace officer certification and that the applicant is not currently undergoing treatment for a mental illness, condition, or disorder. For purposes of this subsection, "currently undergoing treatment for mental illness, condition, or disorder" means the person has been diagnosed by a licensed physician or psychologist as being afflicted with a substantial disorder of thought, mood, perception, psychological orientation, or memory that significantly impairs judgment, behavior, capacity to recognize reality, or ability to meet the ordinary demands of life and such condition continues to exist.

2. No person shall be certified as a police or peace officer in this state unless the employing agency has reported to the Council that:

a. the Oklahoma State Bureau of Investigation and the Federal Bureau of Investigation have reported that such person has no record of a conviction of a felony or crime involving moral turpitude,

b. such person has undergone psychological evaluation such as the Minnesota Multiphasic Personality Inventory, the California Psychological Inventory (CPI), or other psychological instrument approved by the Council on Law Enforcement Education and Training. The psychological instrument utilized shall be evaluated by a psychologist licensed by the State of Oklahoma, and the employing agency shall certify to the Council that the evaluation was conducted in accordance with this provision and that the employee/applicant is suitable to serve as a peace officer in the State of Oklahoma. Nothing herein shall preclude a psychologist licensed in the state from employing additional psychological techniques to assist the employing agency's determination of the employee/applicant's suitability to serve as a peace officer in the State of Oklahoma. Any person found not to be suitable for employment or certification by the Council shall not be employed, retained in employment as a peace officer, or certified by the Council for at least one (1) year, at which time the employee/applicant may be re-evaluated by a psychologist licensed by the State of Oklahoma. This section shall also be applicable to all reserve peace officers in the State of Oklahoma,

c. such person possesses a high school diploma or a GED equivalency certificate, provided this requirement shall not affect those persons who are already employed as a police or peace officer prior to November 1, 1985,

d. such person is not participating in a deferred sentence agreement for a felony or a crime involving moral turpitude,

e. such person has attained twenty-one (21) years of age prior to certification as a peace officer,

f. such person has provided proof of United States citizenship or resident alien status, pursuant to an employment eligibility verification form from the United States Immigration and Naturalization Service, and

g. the name, gender, date of birth, and address of such person have been presented to the Department of Mental Health and Substance Abuse Services by the Council. The Department of Mental Health and Substance Abuse Services shall respond to the Council within ten (10) days whether the computerized records of the Department indicate the applicant has ever been involuntarily committed to an Oklahoma state mental institution. In the event that the Department of Mental Health and Substance Abuse Services reports to the Council that the applicant has been involuntarily committed, the Council shall immediately inform the employing agency,

and the Council has determined that such person has satisfactorily completed a basic police course of not less than one hundred sixty (160) hours of accredited instruction for reserve police officers and reserve deputies and not less than three hundred (300) hours for full-time salaried police or peace officers from the Council or curriculum or course of study approved by the Council; provided, the Council may increase the number of hours for the completion of a basic police course by requiring independent study. Beginning January 1, 2003, the basic police course for full-time-salaried police or peace officers shall be increased to not less than three hundred two (302) hours. Said training shall include training in crime and drug prevention, crisis intervention, and youth and family intervention techniques and recognizing, investigating and preventing abuse and exploitation of elderly persons.

3. Every person who has not been certified as a police or peace officer and is duly appointed or elected as a police or peace officer shall hold such position on a temporary basis only, and shall, within one (1) year from the date of appointment or taking office, qualify as required in this subsection or forfeit such position. In computing the one (1) year, all service shall be cumulative from date of first appointment or taking office as a police or peace officer with any department in this state. The Council may extend the time requirement specified in this paragraph for good cause as determined by the Council. An elected police or peace officer shall be eligible to enroll in a basic police course in accordance with this subsection upon being elected. A duty is

hereby imposed upon the employing agency to withhold payment of the compensation or wage of said unqualified officer. If the police or peace officer fails to forfeit the position or the employing agency fails to require the officer to forfeit the position, the district attorney shall file the proper action to cause the forfeiting of such position. The district court of the county where the officer is employed shall have jurisdiction to hear the case.

4. The Council may certify officers who have completed a course of study in another state deemed by the Council to meet standards for Oklahoma peace officers providing the officer's certification in the other state has not been revoked or voluntarily surrendered and is not currently under suspension.

5. For purposes of this section, a police or peace officer is defined as a full-time duly appointed or elected officer who is paid for working more than twenty-five (25) hours per week and whose duties are to preserve the public peace, protect life and property, prevent crime, serve warrants, and enforce laws and ordinances of this state, or any political subdivision thereof; provided, elected sheriffs and their deputies and elected, appointed, or acting chiefs of police shall meet the requirements of this subsection within the first six (6) months after assuming the duties of the office to which they are elected or appointed or for which they are an acting chief; provided further, that this section shall not apply to persons designated by the Director of the Department of Corrections as peace officers pursuant to Section 510 of Title 57 of the Oklahoma Statutes.

E. No person shall be certified as a police or peace officer by the Council or be employed by the state, a county, a city, or any political subdivision thereof, who is currently subject to an order of the Council revoking, suspending, or accepting a voluntary surrender of peace officer certification or has been convicted of a felony or a crime involving moral turpitude unless a full pardon has been granted by the proper agency; however, any person who has been trained and certified by the Council on Law Enforcement Education and Training and is actively employed as a full-time peace officer as of November 1, 1985, shall not be subject to the provisions of this subsection for convictions occurring prior to November 1, 1985.

F. Every person employed as a police or peace officer in this state shall be fingerprinted by the employing law enforcement agency. One set of said impressions shall be mailed to the Oklahoma State Bureau of Investigation and one set to the Federal Bureau of Investigation, Washington, D.C. within ten (10) days from the initial date of employment.

G. 1. The Council is hereby authorized to provide to any employing agency the following information regarding a person who is or has applied for employment as a police or peace officer of such employing agency:

a. Oklahoma State Bureau of Investigation and Federal Bureau of Investigation reports,

b. administration of the psychological tests provided for herein,

c. performance in the course of study or other basis of certification,

d. previous certifications issued, and

e. any administrative or judicial determination denying certification.

2. An employing agency shall not be liable in any action arising out of the release of contents of personnel information relevant to the qualifications or ability of a person to perform the duties of a police or peace officer when such information is released pursuant to written authorization for release of information signed by such person and is provided to another employing agency which has employed or has received an application for employment from such person.

H. A law enforcement agency employing police or peace officers in this state shall report the hiring, resignation, or termination for any reason of a police or peace officer to the Council at a time established by the Council. Failure to comply with the provisions of this subsection may disqualify a law enforcement agency from participating in training programs sponsored by the Council.

I. As used in this section, "employing agency" means a political subdivision or law enforcement agency which either has employed or received an employment application from a person who, if employed, would be subject to this section.

J. 1. The Council may take disciplinary action against a police or peace officer to include a denial, suspension or revocation of peace officer certification on a showing of clear and convincing evidence for the following:

a. the Council shall deny, revoke or accept voluntary surrender of peace officer certification for conviction of a felony or a crime of domestic violence,

b. the Council shall deny, revoke or accept voluntary surrender of peace officer certification for conviction of a misdemeanor involving moral turpitude; provided, if the conviction is a single isolated incident that occurred more than five (5) years ago and the Council is satisfied that the person has been sufficiently rehabilitated, the Council may certify such person providing that all other statutory requirements have been met,

c. the Council shall revoke or accept a voluntary surrender of peace officer certification upon a verdict of guilt or entry of a plea of guilty or nolo contendere for a deferred sentence for a felony offense, a crime of moral turpitude, or a crime of domestic violence,

d. falsification or a willful misrepresentation of information in an employment application, or records of evidence, or in testimony under oath, or

e. revocation or voluntary surrender of police or peace officer certification in another state.

2. Disciplinary proceedings shall be commenced by filing with the Council a complaint, on a form approved by the Council, verified by the complainant.

3. Upon the filing of the verified complaint, the Council's Executive Director shall conduct a preliminary investigation to determine whether:

a. there is reason to believe the person has violated any provision of this subsection, or

b. there is reason to believe the person has been convicted of or is currently participating in a deferred sentence for a felony, a crime involving moral turpitude or a domestic violence offense.

4. If the Executive Director does not find there is reason to believe the person has violated any of the provisions of this subsection, or the Executive Director is satisfied the person is sufficiently rehabilitated as provided in subparagraph b of paragraph 1 of this subsection, the person shall remain certified. If the Executive Director finds that there is reason to believe the person has violated the provisions of this subsection, the matter shall be referred for disciplinary proceedings. The disciplinary proceedings shall be in accordance with Articles I and II of the Administrative Procedures Act.

5. The Council shall revoke the certification of any person upon determining that such person has been convicted of a felony or crime involving moral turpitude or domestic violence; provided, that if the conviction has been reversed, vacated or otherwise invalidated by an appellate court, such conviction shall not be the basis for revocation of certification; provided further, that any person who has been trained and certified by the Council on Law Enforcement Education and Training and is actively employed as a full-time peace officer as of November 1, 1985, shall not be subject to the provisions of this subsection for convictions occurring prior to November 1, 1985. The sole issue to be determined at the hearing shall be whether the person has been convicted of a felony or crime involving moral turpitude.

6. The Council shall revoke the certification of any person upon determining that such person has received a deferred sentence for a felony, a crime involving moral turpitude or a domestic violence offense.

7. For all other violations of this subsection, the hearing examiner shall take into consideration the severity of the violation, and any mitigating circumstances offered by the person subject to disciplinary action, and any other evidence relevant to the person’s character to determine the appropriate disciplinary action.

8. a. A police or peace officer may voluntarily surrender and relinquish his peace officer certification to CLEET. Pursuant to such surrender or relinquishment, the person surrendering the certification shall be

prohibited from applying to CLEET for reinstatement within five (5) years of the date of the surrender or relinquishment.

b. No person who has had a police or peace officer certification from another state revoked or voluntarily surrendered shall be considered for certification by CLEET within five (5) years of the effective date of any such revocation or voluntary surrender of certification.

c. Any person seeking reinstatement of police or peace officer certification which has been suspended, revoked, or voluntarily surrendered, may apply for reinstatement pursuant to promulgated CLEET rules governing reinstatement.

9. A duty is hereby imposed upon the district attorney who, on behalf of the State of Oklahoma, prosecutes a person holding police or peace officer certification for a felony or crime involving moral turpitude in which a plea of guilty, nolo contendere, or other finding of guilt is entered by, against or on behalf of a certified police or peace officer to report such plea, agreement, or other finding of guilt to the Council on Law Enforcement Education and Training within ten (10) days of such plea agreement or the finding of guilt.

10. Any person or agency required or authorized to submit information pursuant to this section to the Council shall be immune from liability arising from the submission of the information as long as the information was submitted in good faith and without malice.

K. 1. Every canine team in the state trained to detect controlled dangerous substances shall be certified, by test, in the detection of such controlled dangerous substances and shall be recertified annually so long as the canine is used for such detection purposes. The certification test and annual recertification test provisions of this subsection shall not be applicable to canines that are owned by a law enforcement agency and that are certified and annually recertified in the detection of controlled dangerous substances by the United States Customs Service.

2. The fee for the certification test shall be Two Hundred Dollars ($200.00) and the annual recertification test fee shall be One Hundred Dollars ($100.00) per canine team. A retest fee of Fifty Dollars ($50.00) will be charged if the team fails the test. No such fee shall be charged to any local, state or federal government agency. The fees provided for in this paragraph shall be deposited to the credit of the C.L.E.E.T. Fund created pursuant to Section 1313.2 of Title 20 of the Oklahoma Statutes.

L. All tribal police officers of any Indian tribe or nation which has entered into a cross-deputization agreement with the State of Oklahoma or any political subdivision of the State of Oklahoma pursuant to the provisions of Section 1221 of Title 74 of the Oklahoma Statutes shall be eligible to enroll in and receive the training provided for in this section under the same terms and conditions that such training is made available to members of the

law enforcement agencies of the State of Oklahoma and its political subdivisions, except that a fee of Three Dollars and sixteen cents ($3.16) per hour of training shall be charged for all training provided pursuant to this subsection. Such fees shall be deposited to the credit of the C.L.E.E.T. Fund created pursuant to Section 1313.2 of Title 20 of the Oklahoma Statutes.

M. If an employing law enforcement agency in this state has paid the salary of a person while that person is completing in this state a basic police course approved by the Council and if within one (1) year after certification that person resigns and is hired by another law enforcement agency in this state, the second agency or the person receiving the training shall reimburse the original employing agency for the salary paid to the person while completing the basic police course by the original employing agency.

SECTION 85. REPEALER 70 O.S. 2001, Section 3311, as amended by Section 1, Chapter 62, O.S.L. 2002 (70 O.S. Supp. 2002, Section 3311), is hereby repealed.

SECTION 86. AMENDATORY 74 O.S. 2001, Section 500.18, as last amended by Section 42, Chapter 460, O.S.L. 2002 (74 O.S. Supp. 2002, Section 500.18), is amended to read as follows:

Section 500.18 A. Except for members of the Legislature, the Governor and the Lieutenant Governor, provisions of Sections 500.1 through 500.18 of this title shall be mandatory for all officials and employees of all departments, boards, commissions and institutions of the state, regardless of the provisions of any other act of the Legislature, except as provided by this section. The enactment of any measure in the future providing for travel reimbursement of state officers and employees on the basis of "actual and necessary" expenses or in any other manner inconsistent with Sections 500.1 through 500.18 of this title shall be deemed to provide for reimbursement in accordance with Sections 500.1 through 500.18 of this title unless a contrary intent is explicitly expressed in this section. Sections 500.1 through 500.18 of this title shall not apply, however, to travel reimbursements made by political subdivisions of this state, except as otherwise provided by law.

B. The agencies listed below are authorized certain exceptions and/or exemptions to the provisions of Sections 500.1 through 500.18 of this title to the extent specified:

1. Oklahoma Department of Agriculture, Food, and Forestry:

a. The actual and reasonable expenses of travel and subsistence in pursuing and developing markets for Oklahoma agricultural products incurred by the Commissioner, Deputy Commissioner and such employees designated by the State Board of Agriculture within the marketing development programs of the Oklahoma Department of Agriculture, Food, and Forestry shall be reimbursed to the employee incurring such expenses. Reimbursement of such expenses shall be in accordance with rules adopted by the Board. Expenses claimed shall, prior to reimbursement, be reviewed by the Board at a regular meeting and individually approved or disapproved.

b. The actual and necessary expenses of out-of-state travel and subsistence incurred by employees of the Forestry Division authorized to evaluate and acquire federal excess property or surplus property in other states for use in its fire protection program, shall be reimbursed to the employee incurring such expenses.

2. Wheat Utilization, Research and Market Development Commission:

The actual and reasonable expenses of travel, lodging and subsistence in pursuing and developing markets for Oklahoma wheat and wheat products incurred by the Commission, staff and such persons authorized by the Commission shall be reimbursed to the person incurring such expenses. Expenses of wheat trade officials on wheat trade missions from foreign countries and from other states can be reimbursed to the person previously authorized by the Commission to incur the expense. No actual and reasonable expenses shall be paid except for time spent working with wheat trade officials on wheat trade missions. Reimbursement of such expenses shall be made in accordance with rules adopted by the Commission. Expenses claimed shall, prior to reimbursement, be reviewed by the Commission at each regular meeting and individually approved or disapproved.

3. Department of Public Safety:

When traveling with the Governor or at the Governor's request, personnel assigned by the Commissioner for executive security and pilots on executive assignment shall be allowed their actual and necessary traveling expenses, upon claims approved by the Commissioner.

4. Department of Corrections:

The Department of Corrections shall be exempt from limitations of reimbursement for rented automobiles, as set forth in Section 500.5 of ~~Title 74 of the Oklahoma Statutes~~ this title, when the rental is by a Correctional Officer or Transportation Officer for the limited purpose of transporting inmates. Reimbursement for the expense shall be on the basis of actual cost.

5. Oklahoma Tourism and Recreation Department:

The Oklahoma Tourism and Recreation Commission and Department staff who promote in-state and out-of-state business for Oklahoma's state-operated or state-owned parks, lodges, and golf courses and the tourism and recreation industry, may be reimbursed for the actual and necessary expense of travel, subsistence and entertainment for this purpose. The Director of the Oklahoma Tourism and Recreation Department may reimburse the Publisher of Oklahoma Today magazine and its staff for expenses for meals and other entertainment in order to gain advertising and promotion for Oklahoma Today magazine. The Oklahoma Tourism and Recreation Department may reimburse the Director of the Office of the Oklahoma Film and Music ~~Office~~ Commission and staff for the actual and necessary expenses for meals and other entertainment in order to promote the film and music industries in this state. Reimbursement

of all actual and necessary expenses shall be in accordance with rules adopted by the Oklahoma Tourism and Recreation Commission.

6. Oklahoma Department of Commerce:

a. The actual and necessary expenses incurred by the Director and other employees of the Department authorized by the Director for the purpose of business recruitment shall be reimbursed. Reimbursement of expenses shall be in accordance with rules adopted by the Director of the Oklahoma Department of Commerce. Expenses claimed shall, prior to reimbursement, be reviewed by the Director and individually approved or disapproved.

b. The Department, at the discretion of the Director, may charter aircraft for the purposes of carrying out its duties and responsibilities related to business recruitment and performing the duties of the Director. The cost of such charter shall be exempt from the provisions of Section 500.6 of this title. Claims filed with the Office of State Finance shall bear the following certification:

The best interests of the citizens of Oklahoma were better served in that conventional ground transportation was not practical or feasible for this trip, aircraft from the Department of Public Safety were not available for this trip, and no other claim has been or will be filed as a payment for the cost of transportation in connection with this trip.

7. Department of Central Services:

The actual and necessary expenses of travel and subsistence incurred by the Director, any state employee approved by his or her appointing authority, or state officials, for travel outside the state in performance of duties related to bond financing shall be reimbursed to the employee or state official incurring such expenses. Reimbursement for lodging expenses shall be supported by three telephone bids from hotels within a reasonable distance of the activity for which the travel was approved.

8. Oklahoma Futures:

The actual and necessary expenses incurred by the members of Oklahoma Futures in the performance of their duties shall be reimbursed to the members incurring such expenses. Reimbursement of all actual and necessary expenses shall be in accordance with rules adopted by Oklahoma Futures.

9. Oklahoma Development Finance Authority:

The actual and necessary expenses incurred by the members and employees of the Oklahoma Development Finance Authority in the performance of their duties shall be reimbursed to the person incurring such expenses. Reimbursement of all actual and necessary expenses shall be in accordance with the bylaws of the Authority.

10. Oklahoma Center for the Advancement of Science and Technology:

The actual and necessary expenses incurred by the members and employees of the Oklahoma Center for the Advancement of Science and Technology in the performance of their duties shall be reimbursed to the person incurring such expenses. Reimbursement of all actual and necessary expenses shall be in accordance with the bylaws of the Center.

11. Center for International Trade Development:

The actual and necessary expenses of travel, lodging and subsistence incurred by the Director and authorized employees of the Center for International Trade Development for performance of their duties for the purpose of business recruitment and assistance shall be reimbursed to the person incurring such expenses. Reimbursement of such expenses shall be in accordance with the rules adopted by the Director of the Center for International Trade Development. Expenses claimed shall be reviewed and individually approved or disapproved, prior to reimbursement, first by the Director, and finally by either the Vice President, Business and Finance of Oklahoma State University or the President of Oklahoma State University.

12. Oklahoma State Bureau of Investigation:

The actual and necessary expenses incurred by the Director and other employees of the Bureau authorized by the Director as a result of conducting investigations shall be reimbursed to each such employee incurring the expenses. Reimbursement of the expenses shall be in accordance with rules adopted by the Director of the Oklahoma State Bureau of Investigation. Prior to reimbursement, expenses claimed shall be reviewed by the Director and individually approved or disapproved.

13. Department of Human Services:

a. The actual and necessary expenses of travel, lodging and subsistence incurred by employees of the Legal Division in the performance of their duties for the purpose of representing the Department of Human Services or any of its officials, employees, institutions or hospitals at any proceeding, including depositions, held before any court, administrative body or representative thereof, shall be reimbursed to the employee incurring such expenses. Expenses claimed shall be approved by the General Counsel and the Director of Human Services prior to reimbursement.

b. The Department, at the discretion of the Director, may charter aircraft when determined by the Director such charter would be more practical or less expensive than normal modes of transportation and when aircraft of the Department of Public Safety are unavailable. The costs of such charter shall be exempt from the provisions of Section 500.6 of this title.

14. Oklahoma Health Care Authority:

The actual and necessary expenses of travel, lodging and subsistence incurred by employees of the Legal Division in the performance of their duties for the purpose of representing the Authority or any of its officials or employees, at any proceeding, including depositions, held before any court, administrative body or representative thereof, shall be reimbursed to the employee incurring such expenses. Expenses claimed shall be approved by the Administrator prior to reimbursement.

15. Oklahoma State Bureau of Narcotics and Dangerous Drugs Control:

The actual and necessary expenses incurred by the Director and other employees of the Bureau authorized by the Director as a result of conducting investigations shall be reimbursed to each employee incurring the expenses. Reimbursement of the expenses shall be in accordance with rules adopted by the Director of the Oklahoma State Bureau of Narcotics and Dangerous Drugs Control. Prior to reimbursement, expenses claimed shall be reviewed by the Director and individually approved or disapproved.

16. University Hospitals:

The actual and necessary expenses of travel, lodging and subsistence incurred by employees of the Legal Office in the performance of their duties for the purpose of representing the University Hospitals or any of its officials, employees, institutions or hospitals at any proceeding, including depositions, held before any court, administrative body or representative thereof, shall be reimbursed to the employee incurring such expenses. Expenses shall be approved by the Chief Executive Officer of the University Hospitals or by the University Hospitals Authority.

17. Oklahoma Historical Society:

The actual and necessary expenses of travel, subsistence and entertainment incurred by the Executive Director, Deputy Director and any employees designated by the Executive Committee of the Oklahoma Historical Society Board of Directors in pursuing and developing programs and projects for the preservation and marketing of Oklahoma history shall be reimbursed to the person incurring the expenses. Reimbursement of expenses shall be in accordance with rules adopted by the Oklahoma Historical Society Board of Directors. Prior to reimbursement, expenses claimed shall be reviewed by the Executive Committee at a regularly scheduled meeting and each claim shall be individually approved or disapproved.

18. The Oklahoma Department of Mines:

The actual and necessary expenses of travel, lodging and subsistence incurred by employees of the Department in the performance of their duties for the purpose of representing the Department or any of its officials or employees, at any proceeding, hearing or meeting with federal agencies, boards, commissions, congressional representatives, congressional committees or staff, shall be reimbursed to the employee incurring such expenses. Expenses claimed shall be approved by the Executive Director prior to reimbursement.

19. The Office of Attorney General:

The actual and necessary expenses of travel, lodging and subsistence incurred by its employees in the performance of their duties for the purpose of representing the state, the Legislature, any state board, agency or commission, or any employee or official of the state entitled to representation, at any proceeding, including depositions, held before any court, administrative body or any representative thereof, and the actual and necessary expenses incurred by employees as a result of conducting investigations shall be reimbursed to the employee incurring the expenses. The expenses shall be approved by the Attorney General prior to reimbursement.

20. District Attorneys Council:

The actual and necessary expenses of travel, lodging and subsistence incurred by each district attorney and other employees of the district attorney authorized by the district attorney in the performance of their duties for any district other than the district for which they are employed for the purpose of representing the state, any county, or any employee or official of the state entitled to representation at any proceeding, including depositions held before any court, administrative body or any representative of a court or administrative body, and the actual and necessary expenses incurred as a result of conducting investigations shall be reimbursed to each employee incurring the expenses. Reimbursement of the expenses shall be in accordance with rules adopted by the District Attorneys Council. Prior to reimbursement, expenses claimed shall be reviewed by the Council and individually approved or disapproved.

21. The Department of Securities:

The actual and necessary expenses of travel, lodging and subsistence incurred by the Administrator and other employees of the Department of Securities in the performance of their duties for the purpose of representing the Department of Securities, at any proceeding, including depositions, held before any court, administrative body or any representative thereof, conducting on-site examinations, or conducting investigations, shall be reimbursed to each employee incurring the expenses. The expenses shall be approved by the Administrator of the Department of Securities prior to reimbursement.

22. Corporation Commission:

The actual and necessary travel expenses incurred by the staff of the Public Utility Division as a result of conducting audits and/or reviews of utility service providers shall be reimbursed to each such employee incurring the expense. Reimbursement of the expenses shall be as set forth in procedures established by the appointing authority.

23. The Department of Human Services:

Employees of the Department of Human Services shall be reimbursed for their actual and necessary expenses of travel, lodging and subsistence incurred in the performance of their duties for the purpose of escorting and transporting children or adults in the care or custody of the Department:

a. for out-of-state visitation, care, treatment and placement of a child welfare client,

b. for out-of-state treatment for or placement of an adult protective services client,

c. for out-of-state treatment for or placement of a resident of a state resource center, or

d. for out-of-state treatment for or placement of an individual with a developmental disability who is living in the community in community residential services.

Expenses claimed shall be approved by the appropriate Division Administrator or Associate Director prior to reimbursement.

24. The Banking Department:

The actual and necessary expenses of travel and lodging incurred by the Commissioner and other employees of the Banking Department in the performance of their duties for the Banking Department shall be paid or reimbursed by the Banking Department to each employee incurring the expenses. The expenses shall be approved by the Banking Commissioner prior to payment or reimbursement.

C. The agencies listed in subsection B of this section shall be required to report annually the actual expenses excepted or exempted from Sections 500.1 through 500.18 of this title to the Governor, the President Pro Tempore of the Senate, and the Speaker of the House of Representatives. The report shall be submitted no later than the first day of September following the end of each fiscal year.

SECTION 87. REPEALER 74 O.S. 2001, Section 500.18, as amended by Section 4, Chapter 9, O.S.L. 2002, is hereby repealed.

SECTION 88. REPEALER 74 O.S. 2001, Section 500.18, as last amended by Section 3, Chapter 343, O.S.L. 2002 (74 O.S. Supp. 2002, Section 500.18), is hereby repealed.

SECTION 89. AMENDATORY 74 O.S. 2001, Section 840-5.5, as last amended by Section 1, Chapter 435, O.S.L. 2002 (74 O.S. Supp. 2002, Section 840-5.5), is amended to read as follows:

Section 840-5.5 A. The following offices, positions, and personnel shall be in the unclassified service and shall not be placed under the classified service:

1. Persons chosen by popular vote or appointment to fill an elective office, and their employees, except the employees of the Corporation Commission, the State Department of Education and the Department of Labor;

2. Members of boards and commissions, and heads of agencies; also one principal assistant or deputy and one executive secretary for each state agency;

3. All judges, elected or appointed, and their employees;

4. Persons employed with one-time, limited duration, federal or other grant funding that is not continuing or indefinitely renewable. The length of the unclassified employment shall not exceed the period of time for which that specific federal funding is provided;

5. All officers and employees of The Oklahoma State System of Higher Education, State Board of Education and Oklahoma Department of Career and Technology Education;

6. Persons employed in a professional or scientific capacity to make or conduct a temporary and special inquiry, investigation, or examination on behalf of the Legislature or a committee thereof or by authority of the Governor. These appointments and authorizations shall terminate on the first day of the regular legislative session immediately following the appointment, if not terminated earlier. However, nothing in this paragraph shall prevent the reauthorization and reappointment of any such person. Any such appointment shall be funded from the budget of the appointing authority;

7. Election officials and employees;

8. Temporary employees employed to work less than one thousand (1,000) hours in any twelve-month period and seasonal employees employed pursuant to Section 1806.1 of this title who work less than one thousand two hundred (1,200) hours in any twelve-month period. This category of employees may include persons employed on an intermittent, provisional, seasonal, temporary or emergency basis;

9. Department of Public Safety employees occupying the following offices or positions:

a. two administrative aides to the Commissioner,

b. executive secretaries to the Commissioner,

c. the Governor's representative of the Oklahoma Highway Safety Office who shall be appointed by the Governor,

d. Highway Patrol Colonel,

e. Highway Patrol Lieutenant Colonel,

f. Highway Patrol Major,

g. Director of Finance,

h. noncommissioned pilots,

i. Information Systems Administrator,

j. Law Enforcement Telecommunications System Specialist,

k. Law Enforcement Programs Administrator,

l. Civil Rights Administrator

m. Budget Analyst,

n. Comptroller,

o. Law Enforcement Highway Patrol Administrator, and

p. a maximum of seven positions for the purpose of administering the Oklahoma Police Corps Program, within full-time employee limitations of the Department, employed with federal funding that is continuing or indefinitely renewable. The authorization for such positions shall be terminated if the federal funding for positions is discontinued;

10. Professional trainees only during the prescribed length of their course of training or extension study;

11. Students who are employed on a part-time basis, which shall be seventy-five percent (75%) of a normal forty-hour work week or thirty (30) hours per week, or less, or on a full-time basis if the employment is pursuant to a cooperative education program such as that provided for under Title I IV-D of the Higher Education Act of 1965 (20 U.S.C. 1087a-1087c), as amended, and who are regularly enrolled in:

a. an institution of higher learning within The Oklahoma State System of Higher Education,

b. an institution of higher learning qualified to become coordinated with The Oklahoma State System of Higher Education. For purposes of this section, a student shall be considered a regularly enrolled student if the student is enrolled in a minimum of five (5) hours of accredited graduate courses or a minimum of ten (10) hours of accredited undergraduate courses, provided, however, the student shall only be required to be enrolled in a minimum of six (6) hours of accredited undergraduate courses during the summer, or

c. high school students regularly enrolled in a high school in Oklahoma and regularly attending classes during such time of enrollment;

12. The spouses of personnel who are employed on a part-time basis to assist or work as a relief for their spouses in the Oklahoma Tourism and Recreation Department;

13. Service substitute attendants who are needed to replace museum and site attendants who are unavoidably absent. Service substitutes may work as part-time or full-time relief for absentees for a period of not more than four (4) weeks per year in the Oklahoma Historical Society sites and museums; such substitutes will not count towards the agency's full-time-equivalent (FTE) employee limit;

14. Employees of the House of Representatives, the State Senate, or the Legislative Service Bureau;

15. Corporation Commission personnel occupying the following offices and positions:

a. Administrative aides, and executive secretaries to the Commissioners,

b. Directors of all the divisions, personnel managers and comptrollers,

c. General Counsel,

d. Public Utility Division Chief Engineer,

e. Public Utility Division Chief Accountant,

f. Public Utility Division Chief Economist,

g. Public Utility Division Deputy Director,

h. Secretary of the Commission,

i. Deputy Conservation Director,

j. Manager of Pollution Abatement,

k. Manager of Field Operations,

l. Manager of Technical Services,

m. Public Utility Division Chief of Telecommunications, and

n. Director of Information Services;

16. At the option of the employing agency, the Supervisor, Director, or Educational Coordinator in any other state agency having a primary responsibility to coordinate educational programs operated for children in state institutions;

17. Bill Willis Community Mental Health and Substance Abuse Center personnel occupying the following offices and positions:

a. Director of Facility,

b. Deputy Director for Administration,

c. Clinical Services Director,

d. Executive Secretary to Director, and

e. Directors or Heads of Departments or Services;

18. Office of State Finance personnel occupying the following offices and positions:

a. State Comptroller,

b. Information Services Division Manager,

c. Network Manager,

d. Network Technician,

e. Employees of the Budget Division, and

f. Employees of the Research Division;

19. Employees of the Oklahoma Development Finance Authority;

20. Those positions so specified in the annual business plan of the Oklahoma Department of Commerce;

21. Those positions so specified in the annual business plan of the Oklahoma Center for the Advancement of Science and Technology;

22. The following positions and employees of the Oklahoma School of Science and Mathematics:

a. positions for which the annual salary is Twenty-four Thousand One Hundred Ninety-three Dollars ($24,193.00) or more, as determined by the Office of Personnel Management, provided no position shall become unclassified because of any change in salary or grade while it is occupied by a classified employee,

b. positions requiring certification by the State Department of Education, and

c. positions and employees authorized to be in the unclassified service of the state elsewhere in this section or in subsection B of this section;

23. Office of Personnel Management employees occupying the following positions:

a. the Carl Albert Internship Program Coordinator, and

b. one Administrative Assistant;

24. Department of Labor personnel occupying the following offices and positions:

a. two Deputy Commissioners,

b. Executive Secretary to the Commissioner,

c. Chief of Staff, and

d. two Administrative Assistants;

25. The State Bond Advisor and his or her employees;

26. The Oklahoma Employment Security Commission employees occupying the following positions:

a. Associate Director,

b. Secretary to the Associate Director, and

c. Assistant to the Executive Director;

27. Oklahoma Human Rights Commission personnel occupying the position of Administrative Assistant;

28. The officers and employees of the State Banking Department;

29. Officers and employees of the University Hospitals Authority except personnel in the state classified service pursuant to Section 3211 of Title 63 of the Oklahoma Statutes and members of the University Hospitals Authority Model Personnel System created pursuant to subsection E of Section 3211 of Title 63 of the Oklahoma Statutes or as otherwise provided for in Section 3213.2 of Title 63 of the Oklahoma Statutes;

30. Alcoholic Beverage Laws Enforcement Commission employees occupying the following positions:

a. three Administrative Service Assistant positions, and

b. the Deputy Director position in addition to the one authorized by paragraph 2 of this subsection;

31. The Oklahoma State Bureau of Investigation employees occupying the following positions:

a. five assistant directors,

b. two special investigators,

c. one information representative,

d. one federally funded physical evidence technician,

e. four federally funded laboratory analysts,

f. one Data Base Administrator,

g. two Data Processing Branch Managers,

h. four Senior Data Processing Applications Specialists,

i. a total of three positions from the following classes: Senior Data Processing Systems Specialists, Data Processing Applications Specialists, or Data Processing Systems Specialists,

j. one Senior Computer Services Technician, or Computer Services Technician,

k. one Senior Computer Services Coordinator, or Computer Services Coordinator, and

l. one executive secretary in addition to the one authorized pursuant to paragraph 2 of this subsection;

32. The Department of Transportation, the following positions:

a. Director of the Oklahoma Aeronautics Commission,

b. five Department of Transportation Assistant Director positions,

c. eight field division engineer positions, and

d. one pilot position;

33. Commissioners of the Land Office employees occupying the following positions:

a. Director of the Investments Division,

b. Assistant Director of the Investments Division, and

c. one Administrative Assistant;

34. Within the Oklahoma State Bureau of Narcotics and Dangerous Drugs Control Commission, the following positions:

a. six Narcotics Agent positions and three Typist Clerk/Spanish transcriptionists, including a Typist Clerk Supervisor/Spanish transcriptionist, provided, authorization for such positions shall be terminated if the federal funding for the positions is discontinued,

b. one executive secretary in addition to the one authorized pursuant to paragraph 2 of this subsection,

c. one fiscal officer,

d. one full-time Programmer, and

e. one full-time Network Engineer;

35. The ~~Oklahoma~~ Military Department of the State of Oklahoma is authorized such unclassified employees within full-time employee limitations to work in any of the Department of Defense directed youth programs, the State of Oklahoma Juvenile Justice youth programs, those persons reimbursed from Armory Board or Billeting Fund accounts, and skilled trade positions;

36. Within the Oklahoma Commission on Children and Youth the following unclassified positions:

a. one Oversight Specialist and one Community Development Planner,

b. one State Plan Grant Coordinator, provided authorization for the position shall be terminated when federal support for the position by the United States Department of Education Early Intervention Program is discontinued, and

c. one executive secretary in addition to the one authorized pursuant to paragraph 2 of this subsection;

37. The following positions and employees of the Department of Central Services:

a. one Executive Secretary in addition to the Executive Secretary authorized by paragraph 2 of this subsection,

b. the Director of Central Purchasing,

c. one Alternate Fuels Administrator,

d. one Director of Special Projects,

e. three postauditors,

f. four high-technology contracting officers,

g. one Executive Assistant to the Purchasing Director,

h. one Contracts Manager,

i. one Associate Director, and

j. one specialized HiTech/Food Contracting Officer;

38. Four Water Quality Specialists, and four Water Resources Division Chiefs within the Oklahoma Water Resources Board;

39. J.D. McCarty Center for Children with Developmental Disabilities personnel occupying the following offices and positions:

a. Physical Therapists,

b. Physical Therapist Assistants,

c. Occupational Therapists,

d. Certified Occupational Therapist Aides, and

e. Speech Pathologists;

40. The Development Officer and the Director of the State Museum of History within the Oklahoma Historical Society;

41. Oklahoma Department of Agriculture, Food, and Forestry personnel occupying the following positions:

a. one Executive Secretary in addition to the Executive Secretary authorized by paragraph 2 of this subsection and one Executive Assistant,

b. Agricultural Marketing Coordinator III,

c. temporary fire suppression personnel, regardless of the number of hours worked, who are employed by the Oklahoma Department of Agriculture, Food, and Forestry during the period of October 1 through May 31 in any fiscal year; provided, however, notwithstanding the provisions of any other section of law, the hours worked by such employees shall not entitle such employees to any benefits received by full-time employees,

d. one Administrator for Human Resources,

e. one Director of Administrative Services,

f. one Water Quality Consumer Complaint Coordinator,

g. one hydrologist position,

h. Public Information Office Director,

i. Market Development Services Director,

j. Legal Services Director,

k. Animal Industry Services Director,

l. Water Quality Services Director,

m. Forestry Services Director,

n. Plant Industry and Consumer Services Director,

o. one Grants Administrator position,

p. Director of Laboratory Services,

q. Chief of Communications,

r. Public Information Manager,

s. Inventory/Supply Officer,

t. five Agriculture Field ~~Inspectors~~ Inspector positions assigned the responsibility for conducting inspections and audits of agricultural grain storage warehouses. All other Agriculture Field Inspector positions and employees of the Oklahoma Department of Agriculture, Food, and Forestry shall be classified and subject to the provisions of the Merit System of Personnel Administration. On November 1, 2002, all other unclassified Agriculture Field Inspectors shall be given status in the classified service as provided in Section 840-4.2 of this title,

u. Rural Fire Coordinator,

v. Poultry Coordinator, and

w. Food Safety Division Director;

42. The Contracts Administrator within the Oklahoma State Employees Benefits Council;

43. The Development Officer within the Oklahoma Department of Libraries;

44. Oklahoma Real Estate Commission personnel occupying the following offices and positions:

a. Educational Program Director, and

b. Data Processing Manager;

45. A Chief Consumer Credit Examiner for the Department of Consumer Credit;

46. All officers and employees of the Oklahoma Capitol Complex and Centennial Commemoration Commission;

47. All officers and employees of the Oklahoma Motor Vehicle Commission;

48. One Museum Archivist of The Will Rogers Memorial Commission; ~~and~~

49. One Fire Protection Engineer of the Office of the State Fire Marshal; and

50. Acting incumbents employed pursuant to Section 209 of Title 44 or Section 48 of Title 72 of the Oklahoma Statutes who shall not be included in any limitation on full-time equivalency imposed by law on an agency.

B. If an agency has the authority to employ personnel in the following offices and positions, the appointing authority shall have the discretion to appoint personnel to the unclassified service:

1. Licensed medical doctors, osteopathic physicians, dentists, and psychologists;

2. Certified public accountants;

3. Licensed attorneys;

4. Licensed veterinarians; and

5. Licensed pharmacists.

C. Effective July 1, 1996, authorization for unclassified offices, positions, or personnel contained in a bill or joint resolution shall terminate June 30 of the ensuing fiscal year after the authorization unless the authorization is codified in the Oklahoma Statutes or the termination is otherwise provided in the legislation.

D. The appointing authority of agencies participating in the statewide information systems project may establish unclassified positions and appoint unclassified employees to the project as needed. Additional unclassified positions may be established, if required, to appoint an unclassified employee to perform the duties of a permanent classified employee who is temporarily absent from a classified position as a result of assignment to this project. All unclassified appointments under this authority shall expire no later than June 30, 2004, and all unclassified positions established to support the project shall be abolished. Both the positions and appointments resulting from this authority shall be exempt from any agency FTE limitations and any limits imposed on the number of unclassified positions authorized. Permanent classified employees may request a leave of absence from classified status and accept an unclassified appointment and compensation with the same agency under the provisions of this subsection; provided, the leave shall expire no later than June 30, 2004. Employees accepting the appointment and compensation shall be entitled to participate without interruption in any benefit programs available to classified employees, including retirement and insurance programs. Immediately upon termination of an unclassified appointment pursuant to this subsection, an employee on assignment from the classified service shall have a right to be restored to the classified service and reinstated to the former job family level and compensation plus any

adjustments and increases in salary or benefits which the employee would have received but for the leave of absence.

SECTION 90. REPEALER 74 O.S. 2001, Section 840-5.5, as last amended by Section 16, Chapter 347, O.S.L. 2002 (74 O.S. Supp. 2002, Section 840-5.5), is hereby repealed.

SECTION 91. REPEALER 74 O.S. 2001, Section 840-5.5, as last amended by Section 4, Chapter 396, O.S.L. 2002 (74 O.S. Supp. 2002, Section 840-5.5), is hereby repealed.

SECTION 92. REPEALER 74 O.S. 2001, Section 840-5.5, as last amended by Section 34, Chapter 397, O.S.L. 2002 (74 O.S. Supp. 2002, Section 840-5.5), is hereby repealed.

SECTION 93. AMENDATORY 74 O.S. 2001, Section 902, as amended by Section 5, Chapter 438, O.S.L. 2002 (74 O.S. Supp. 2002, 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, as defined by the Board of Trustees, 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 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.

(d) Current appointed members of the Oklahoma Tax Commission whose salary is constitutionally limited and is less than the highest salary allowed by law for his or her position shall be allowed, within ninety (90) days from the effective date of this act, to make an election to use the highest salary allowed by law for the position to which the member was appointed for the purposes of making contributions and determination of retirement benefits. Such election shall be irrevocable and be in writing. Re-appointment to the same office shall not permit a new election. Members appointed to the Oklahoma Tax Commission after the effective date of this act shall make such election, pursuant to this subparagraph, within ninety (90) days of taking office;

(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.

(c) All employees of the George Nigh Rehabilitation Institute who elected to retain membership in the System, pursuant to Section 913.7 of this title, shall continue to be eligible employees for the purposes of this act. The George Nigh Rehabilitation Institute shall be considered a participating employer only for such employees.

(d) A participating employer of the Teachers' Retirement System of Oklahoma, who has one or more employees who have made an election pursuant to enabling legislation to retain membership in the System as a result of change in administration, shall be considered a participating employer of the Oklahoma Public Employees Retirement System only for such employees;

(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 member of the System who did not initially elect to participate as a member of the System pursuant to subparagraph (e) of this paragraph shall be able to acquire service performed as a temporary legislative session employee for periods of service performed prior to the date upon which the person became a member of the System if:

a. the member files an election with the System not later than December 31, 2000, to purchase the prior service; and

b. the member 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 compensation, 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, as defined by the Board of Trustees;

(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;

(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:

(i) 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

(ii) a firefighter with the Oklahoma Military Department either employed for the first time on or after July 1, 2002, or who was employed prior to July 1, 2002, in such position and who makes the election authorized by division (1) of subparagraph b of paragraph (5) of subsection A of Section 915 of this title and at the time of retirement, the member was a firefighter with the Oklahoma Military Department, and such member has at least twenty (20) years of credited service upon which the two and one-half percent (2 1/2%) multiplier will be used in calculating the retirement benefit,

(e) for those fugitive apprehension agents who retire on or after July 1, 2002, 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 fugitive apprehension agent with the Department of Corrections and at the time of retirement, the member was a fugitive apprehension agent with the Department of Corrections, or

(f) 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);

(25) "Participating employer" means an eligible employer who has agreed to make contributions to the System on behalf of its employees;

(26) "Participating service" means the period of employment after the entry date for which credit is granted a member;

(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;

(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.

SECTION 94. REPEALER 74 O.S. 2001, Section 902, as last amended by Section 2, Chapter 354, O.S.L. 2002 (74 O.S. Supp. 2002, Section 902), is hereby repealed.

SECTION 95. REPEALER 74 O.S. 2001, Section 902, as last amended by Section 1, Chapter 376, O.S.L. 2002 (74 O.S. Supp. 2002, Section 902), is hereby repealed.

SECTION 96. AMENDATORY 74 O.S. 2001, Section 917, as last amended by Section 3, Chapter 376, O.S.L. 2002 (74 O.S. Supp. 2002, 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 such member has completed eight (8) years of credited service at date of termination 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.

(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.

(10) Subject to the provisions of Sections 918 and 918.1 of this title, if there are two or more beneficiaries designated by the member, upon the member's death, the System shall pay any applicable benefits to any of the beneficiaries that have completed all required paperwork regardless of whether or not all beneficiaries have completed such paperwork.

SECTION 97. REPEALER 74 O.S. 2001, Section 917, as amended by Section 1, Chapter 29, O.S.L. 2002 (74 O.S. Supp. 2002, Section 917), is hereby repealed.

SECTION 98. AMENDATORY 74 O.S. 2001, Section 918, as amended by Section 7, Chapter 438, O.S.L. 2002 (74 O.S. Supp. 2002, Section 918), is amended to read as follows:

Section 918. (1) Except as otherwise provided for in this section and Section ~~42~~ 918.1 of this ~~act~~ title, a member may elect to have the retirement benefit paid under one of the options

provided in this section in lieu of having it paid in the form stated in Section 915 of this title. The election of an option must be made at any time prior to retirement or prior to termination of service with a vested benefit. A specific person must be designated as joint annuitant at the time of election of Option A or B. Election of an option is available with respect to the vested benefit. All retirement benefits of a married member shall be paid pursuant to the Option A plan as provided for in this section unless the spouse of a member consents in writing for the benefits to be paid as provided for in Section 915 of this title or pursuant to Option B or Option C as provided for in this section.

(2) The amount of retirement benefit payable under an option shall be based on the age and sex of the member and the age and sex of the joint annuitant, and shall be such amount as to be the actuarial equivalent of the retirement benefit otherwise payable under Section 915 of this title.

(3) The retirement options are:

Option A. Joint and one-half to joint annuitant survivor. A reduced retirement benefit is payable to the retirant during his or her lifetime with one-half of that amount continued to the joint annuitant during such joint annuitant's remaining lifetime, if any, after the death of the retirant. If the named joint annuitant dies at any time after the member's retirement date, but before the death of the retirant, the retirant shall return to the retirement benefit, including any post retirement benefit increases the member would have received had the member not selected Option A. The benefit shall be determined at the date of death of the named joint annuitant or July 1, 1994, whichever is later. This increase shall become effective the first day of the month following the date of death of the named joint annuitant or July 1, 1994, whichever is later, and shall be payable for the retirant's remaining lifetime. The retirant shall notify the Oklahoma Public Employees Retirement System of the death of the named joint annuitant in writing. In the absence of the written notice being filed by the member notifying the Oklahoma Public Employees Retirement System of the death of the named joint annuitant within six (6) months of the date of death, nothing in this subsection shall require the Oklahoma Public Employees Retirement System to pay more than six (6) months of retrospective benefits increase.

Option B. Joint and survivor. A reduced retirement benefit is payable to the retirant during his or her lifetime with that amount continued to the joint annuitant during the joint annuitant's remaining lifetime, if any, after the death of the retirant. If the named joint annuitant dies at any time after the member's retirement date, but before the death of the retirant, the retirant shall return to the retirement benefit, including any post retirement benefit increases the member would have received had the member not selected Option B. The benefit shall be determined at the date of death of the named joint annuitant or July 1, 1994, whichever is later. This increase shall become effective the first day of the month following the date of death of the named joint annuitant or July 1, 1994, whichever is later, and shall be payable for the retirant's remaining lifetime. The retirant shall notify the Oklahoma Public Employees Retirement System of the death of the named joint annuitant in writing. In the absence of such written notice being filed by the member notifying the Oklahoma Public

Employees Retirement System of the death of the named joint annuitant within six (6) months of the date of death, nothing in this subsection shall require the Oklahoma Public Employees Retirement System to pay more than six (6) months of retrospective benefits increase.

Option C. Life with ten (10) years certain. A reduced retirement benefit is payable to the retirant during his or her lifetime and if the retirant dies within the ten-year certain period, measured from the commencement of retirement benefits payments, such payments will be continued to the beneficiary during the balance of the ten-year certain period.

(4) If the selection of a joint annuitant would violate the distribution requirements contained in Section ~~42~~ 918.1 of this ~~act~~ title, such selection will not be permitted.

(5) If a member who is eligible to retire in accordance with the provisions of Section 914 of this title but is not actually retired or is eligible to vest or has elected a vested benefit dies, the member's spouse may elect to receive benefits as a joint annuitant under Option B calculated as if the member retired on the date of death, in lieu of receiving the member's accumulated contributions. However, no benefits shall be payable before the date the deceased member would have met the requirements for a normal or early retirement. The provisions of this paragraph shall be applicable to a surviving spouse of a deceased member who died prior to the effective date of this act, but only if no benefits or distributions have been previously paid.

(6) Benefits payable to a joint annuitant shall accrue from the first day of the month following the death of a member or retirant and, in the case of Option A and Option B, shall end on the last day of the month in which the joint annuitant dies.

SECTION 99. REPEALER 74 O.S. 2001, Section 918, as amended by Section 4, Chapter 354, O.S.L. 2002 (74 O.S. Supp. 2002, Section 918), is hereby repealed.

SECTION 100. AMENDATORY 74 O.S. 2001, Section 1316.2, as last amended by Section 2, Chapter 450, O.S.L. 2002 (74 O.S. Supp. 2002, Section 1316.2), is amended to read as follows:

Section 1316.2 (1) Any employee other than an education employee who retires pursuant to the provisions of the Oklahoma Public Employees Retirement System or who has a vested benefit pursuant to the provisions of the Oklahoma Public Employees Retirement System may continue in force the health and dental insurance benefits authorized by the provisions of the State and Education Employees Group Insurance Act, or other employer insurance benefits as provided for in subsection H of Section 1315 of this title, if such election to continue in force is made within thirty (30) days from the date of termination of service. Health insurance benefits offered pursuant to this section shall include the state indemnity plan, managed care plans offered in alternative to the state indemnity plan, Medicare supplements offered by the ~~Oklahoma~~ State and Education Employees Group Insurance Board which shall include prescription drug coverage, other employer plans as provided for in subsection H of Section 1315 of this title, and Medicare risk-sharing contracts offered in alternative to the Board's

Medicare supplement. Provided, all Medicare risk-sharing contracts shall be subject to a risk adjustment factor, based on generally accepted actuarial principals for adverse selection which may occur. Except as otherwise provided for in Section 840-2.27I of this title, health and dental insurance coverage may not be reinstated at a later time if the election to continue in force is declined. Vested employees other than education employees who have terminated service and are not receiving benefits and effective July 1, 1996, nonvested persons who have terminated service with more than eight (8) years of participating service with a participating employer, who within thirty (30) days from the date of termination elect to continue such coverage, shall pay the full cost of said insurance premium at the rate and pursuant to the terms and conditions established by the Board. Provided also, any employee other than an education employee who commences employment with a participating employer on or after September 1, 1991, who terminates service with such employer on or after July 1, 1996, but who otherwise has insufficient years of service to retire or terminate service with a vested benefit pursuant to the provisions of the Oklahoma Public Employees Retirement System or to elect to continue coverage as a nonvested employee as provided in this section, but who, immediately prior to employment with the participating employer was covered as a dependent on the health and dental insurance policy of a spouse who was an active employee other than an education employee, may count as part of his or her credited service for the purpose of determining eligibility to elect to continue coverage under this section, the time during which said terminating employee was covered as such a dependent.

(2) A retired employee other than an education employee who is receiving benefits from the Oklahoma Public Employees Retirement System after September 30, 1988, is under sixty-five (65) years of age and is not otherwise eligible for Medicare and pursuant to subsection (1) of this section elects to continue the health insurance plan shall pay the premium rate for the health insurance minus an amount equal to the premium rate of the Medicare supplement offered by the ~~Oklahoma~~ State and Education Employees Group Insurance Board or One Hundred Five Dollars ($105.00), whichever is less, which shall be paid by the Oklahoma Public Employees Retirement System to the Board or other insurance carrier as provided for in subsection H of Section 1315 of this title in the manner specified in subsection (9) of this section.

(3) A retired employee other than an education employee who is receiving benefits from the Oklahoma Public Employees Retirement System after September 30, 1988, is sixty-five (65) years of age or older or who is under sixty-five (65) years of age and is eligible for Medicare and pursuant to subsection (1) of this section elects to continue the health insurance plan and elects coverage under the Medicare supplement offered by the ~~Oklahoma~~ State and Education Employees Group Insurance Board or other employer plan as provided for in subsection H of Section 1315 of this title shall have One Hundred Five Dollars ($105.00), or the premium rate of the Medicare supplement, whichever is less, paid by the Oklahoma Public Employees Retirement System to the Board or other insurance carrier as provided for in subsection H of Section 1315 of this title in the manner specified in subsection (9) of this section. If the amount paid by the Oklahoma Public Employees Retirement System does not cover the full cost of the Medicare supplement, the retired employee shall pay to the Board or other insurance carrier as provided for in

subsection H of Section 1315 of this title the remaining amount if the retired employee wants to continue coverage. If such retiree elects coverage under any Medicare risk-sharing contract, the retiree shall have One Hundred Five Dollars ($105.00) or the premium rate of the Medicare risk-sharing contract selected by the retiree, whichever is less, paid by the Oklahoma Public Employees Retirement System to the Board or other insurance carrier as provided for in subsection H of Section 1315 of this title in the manner specified in subsection (9) of this section. If the amount paid by the Oklahoma Public Employees Retirement System does not cover the full cost of the Medicare risk-sharing contract, the retired employee shall pay to the Board or other insurance carrier as provided for in subsection H of Section 1315 of this title the remaining amount if the retired employee wants to continue coverage.

(4) (a) A retired employee or surviving spouse other than an education employee who is receiving benefits from the Oklahoma Law Enforcement Retirement System after September 30, 1988, is under sixty-five (65) years of age and is not otherwise eligible for Medicare and pursuant to subsection (1) of this section elects to continue the health insurance plan shall pay the premium rate for the health insurance minus an amount equal to the premium rate of the ~~Medicare supplement~~ Non-Medicare offered by the ~~Oklahoma~~ State and Education Employees Group Insurance Board or One Hundred Five Dollars ($105.00), whichever is less, which shall be paid by the Oklahoma Law Enforcement Retirement System to the Board in the manner specified in subsection (9) of this section.

(b) For any member of the System killed in the line of duty, whether the member was killed in the line of duty prior to the effective date of this act or on or after the effective date of this act, or if the member was on a disability leave status at the time of death, the surviving spouse or dependents of such deceased member of the Oklahoma Law Enforcement Retirement System may elect to continue or commence health and dental insurance benefits provided said dependents pay the full cost of such insurance and for deaths occurring on or after July 1, 2002, such election is made within thirty (30) days of the date of death. The eligibility for said benefits shall terminate for the surviving spouse when said spouse remarries or becomes eligible for another group health insurance plan. The eligibility for said benefits shall terminate for the surviving children when said children cease to qualify as dependents.

(5) A retired employee other than an education employee who is receiving benefits from the Oklahoma Law Enforcement Retirement System after September 30, 1988, is sixty-five (65) years of age or older or who is under sixty-five (65) years of age and is eligible for Medicare and pursuant to subsection (1) of this section elects to continue the health insurance plan and elects coverage under the Medicare supplement offered by the ~~Oklahoma~~ State and Education Employees Group Insurance Board shall have One Hundred Five Dollars ($105.00), or the premium rate of the Medicare supplement, whichever is less, paid by the Oklahoma Law Enforcement Retirement System to the Board in the manner specified in subsection (9) of this section. If the amount paid by the Oklahoma Law Enforcement Retirement System does not cover the full cost of the Medicare supplement, the retired employee shall pay to the Board the remaining amount if the retired employee wants to continue coverage. If such retiree elects coverage under any Medicare risk-sharing contract, the retiree shall

have One Hundred Five Dollars ($105.00) or the premium rate of the Medicare risk-sharing contract selected by the retiree, whichever is less, paid by the Oklahoma Law Enforcement Retirement System to the Board in the manner specified in subsection (9) of this section. If the amount paid by the Oklahoma Law Enforcement Retirement System does not cover the full cost of the Medicare risk-sharing contract, the retired employee shall pay to the Board the remaining amount if the retired employee wants to continue coverage.

(6) A retired employee other than an education employee who is receiving benefits from the Uniform Retirement System for Justices and Judges after September 30, 1988, is under sixty-five (65) years of age and is not otherwise eligible for Medicare and pursuant to subsection (1) of this section elects to continue the health insurance plan shall pay the premium rate for the health insurance minus an amount equal to the premium rate of the Medicare supplement offered by the ~~Oklahoma~~ State and Education Employees Group Insurance Board or One Hundred Five Dollars ($105.00), whichever is less, which shall be paid by the Uniform Retirement System for Justices and Judges to the Board in the manner specified in subsection (9) of this section.

(7) A retired employee other than an education employee who is receiving benefits from the Uniform Retirement System for Justices and Judges after September 30, 1988, is sixty-five (65) years of age or older or who is under sixty-five (65) years of age and is eligible for Medicare and pursuant to subsection (1) of this section elects to continue the health insurance plan and elects coverage under the Medicare supplement offered by the ~~Oklahoma~~ State and Education Employees Group Insurance Board shall have One Hundred Five Dollars ($105.00), or the premium rate of the Medicare supplement, whichever is less, paid by the Uniform Retirement System for Justices and Judges to the Board in the manner specified in subsection (9) of this section. If the amount paid by the Uniform Retirement System for Justices and Judges does not cover the full cost of the Medicare supplement, the retired employee shall pay to the Board the remaining amount if the retired employee wants to continue coverage. If such retiree elects coverage under any Medicare risk-sharing contract, the retiree shall have One Hundred Five Dollars ($105.00) or the premium rate of the Medicare risk-sharing contract selected by the retiree, whichever is less, paid by the Uniform Retirement System for the Justices and Judges to the Board in the manner specified in subsection (9) of this section. If the amount paid by the Uniform Retirement System for Justices and Judges does not cover the full cost of the Medicare risk-sharing contract, the retired employee shall pay to the Board the remaining amount if the retired employee wants to continue coverage.

(8) Dependents of a deceased employee other than an education employee who was on active work status or on a disability leave at the time of death or of a participating retirant or of any person who has elected to receive a vested benefit under the Oklahoma Public Employees Retirement System, the Uniform Retirement System for Justices and Judges or the Oklahoma Law Enforcement Retirement System may continue the health and dental insurance benefits in force provided said dependents pay the full cost of such insurance and they were covered as eligible dependents at the time of such death and such election is made within thirty (30) days of date of death. The eligibility for said benefits shall terminate for the

surviving children when said children cease to qualify as dependents.

(9) The amounts required to be paid by the Oklahoma Public Employees Retirement System, the Uniform Retirement System for Justices and Judges and the Oklahoma Law Enforcement Retirement System pursuant to this section shall be forwarded no later than the tenth day of each month following the month for which payment is due by the Oklahoma Public Employees Retirement System Board of Trustees or the Oklahoma Law Enforcement Retirement Board to the State and Education Employees Group Insurance Board for deposit in the Health, Dental and Life Insurance Reserve Fund or to another insurance carrier as provided for in subsection H of Section 1315 of this title.

(10) Upon retirement from employment of the Board of Regents of the University of Oklahoma, any ~~employee of~~ person who was or is employed at the George Nigh Rehabilitation Institute and who ~~was~~ transferred employment pursuant to Section 3427 of Title 70 of the Oklahoma Statutes, any person who was employed at the Medical Technology and Research Authority and who transferred employment pursuant to Section 7068 of this title, and any person who is a member of the Oklahoma Law Enforcement Retirement System pursuant to the authority of Section 2-314 of Title 47 of the Oklahoma Statutes may participate in the benefits authorized by the provisions of the State and Education Employees Group Insurance Act for retired participants, including health, dental and life insurance benefits, if such election to participate is made within thirty (30) days from the date of retirement. Life insurance benefits for any such person who transferred employment shall not exceed the coverage the ~~employee~~ person had at the time ~~he or she was transferred pursuant to Section 3427 of Title 70 of the Oklahoma Statutes~~ of such transfer. Retirees who transferred employment and who participate pursuant to this paragraph shall pay the premium for elected benefits less any amounts paid by a state retirement system pursuant to this section.

SECTION 101. REPEALER 74 O.S. 2001, Section 1316.2, as amended by Section 9, Chapter 399, O.S.L. 2002 (74 O.S. Supp. 2002, Section 1316.2), is hereby repealed.

SECTION 102. REPEALER 74 O.S. 2001, Section 1316.2, as last amended by Section 8, Chapter 438, O.S.L. 2002 (74 O.S. Supp. 2002, Section 1316.2), is hereby repealed.

SECTION 103. AMENDATORY 74 O.S. 2001, Section 1365, as amended by Section 9, Chapter 439, O.S.L. 2002 (74 O.S. Supp. 2002, Section 1365), is amended to read as follows:

Section 1365. A. The Oklahoma State Employees Benefits Council shall have the following duties, responsibilities and authority with respect to the administration of the plan:

1. To construe and interpret the plan, and decide all questions of eligibility in accordance with this act and the Code;

2. To select those benefits which shall be made available to participants under the plan, according to this act, and other applicable laws and rules;

3. To retain or employ qualified agencies, persons or entities to design, develop, communicate, implement or administer the plan;

4. To prescribe procedures to be followed by participants in making elections and filing claims under the plan;

5. To prepare and distribute information communicating and explaining the plan to participating employers and participants. The State and Education Employees Group Insurance Board, Health Maintenance Organizations, or other third-party insurance vendors may be directly or indirectly involved in the distribution of communicated information to participating state agency employers and state employee participants subject to the following conditions:

a. the Council shall verify all marketing and communications information for factual accuracy prior to distribution,

b. the Board or vendors shall provide timely notice of any marketing, communications, or distribution plans to the Council and shall coordinate the scheduling of any group presentations with the Council, and

c. the Board or vendors shall file a brief summary with the Council outlining the results following any marketing and communications activities;

6. To receive from participating employers and participants such information as shall be necessary for the proper administration of the plan, and any of the benefits offered thereunder;

7. To furnish the participating employers and participants such annual reports with respect to the administration of the plan as are reasonable and appropriate;

8. To keep reports of benefit elections, claims and disbursements for claims under the plan;

9. To appoint an executive director who shall serve at the pleasure of the Council. The executive director shall employ or retain such persons in accordance with this act and the requirements of other applicable law, including but not limited to actuaries and certified public accountants, as he or she deems appropriate to perform such duties as may from time to time be required under this act and to render advice upon request with regard to any matters arising under the plan subject to the approval of the Council. The executive director shall have not less than seven (7) years of group insurance administration experience on a senior managerial level or not less than three (3) years of flexible benefits experience on a senior managerial level. Any actuary or certified public accountant employed or retained under contract by the Council shall have not less than three (3) years' experience in group insurance or employee benefits administration. The compensation of all persons employed or retained by the Council and all other expenses of the Council shall be paid at such rates and in such amounts as the Council shall approve, subject to the provisions of applicable law;

10. To negotiate for best and final offer through competitive negotiation and contract with federally qualified health maintenance organizations under the provisions of 42 U.S.C., Section 300e et

seq. or with Health Maintenance Organizations licensed by the Department of Health pursuant to Sections 2501 through 2510 of Title 63 of the Oklahoma Statutes for consideration by participants as an alternative to the health plans offered by the Board, and to transfer to the health maintenance organizations such funds as may be approved for a participant electing health maintenance organization alternative services. Such HMOs may offer coverage through a point-of-service plan, subject to the guidelines established by the Council.

The Oklahoma State Employees Benefits Council may, however, renegotiate rates with successful bidders after contracts have been awarded if there is an extraordinary circumstance. An extraordinary circumstance shall be limited to insolvency of a participating health maintenance organization, dissolution of a participating health maintenance organization or withdrawal of another participating health maintenance organization at any time during the calendar year. Nothing in this section of law shall be construed to permit either party to unilaterally alter the terms of the contract;

11. To retain as confidential information the initial Request For Proposal offers as well as any subsequent bid offers made by the health plans prior to final contract awards as a part of the best and final offer negotiations process for the benefit plan;

12. To promulgate administrative rules for the competitive negotiation process;

13. To require vendors offering coverage through the Council, including the Board, to provide such enrollment and claims data as is determined by the Council. The Oklahoma State Employees Benefits Council with the cooperation of the Department of Central Services acting pursuant to Section 85.1 et seq. of this title, shall be authorized to retain as confidential, any proprietary information submitted in response to the Council's Request For Proposal. Provided, however, that any such information requested by the Council from the vendors shall only be subject to the confidentiality provision of this paragraph if it is clearly designated in the Request For Proposal as being protected under this provision. All requested information lacking such a designation in the Request For Proposal shall be subject to Section 24A.1 et seq. of Title 51 of the Oklahoma Statutes. From ~~the state plan and~~ health maintenance organizations, data provided shall include the current Health Plan Employer Data and Information Set (HEDIS);

14. To purchase any insurance deemed necessary for providing benefits under the plan, provided that the only indemnity plan selected by the Council shall be the indemnity plan offered by the Board, and to transfer to the Board such funds as may be approved for a participant electing a benefit plan offered by the Board;

15. To communicate deferred compensation programs as provided in Section 1701 of this title;

16. To assess and collect reasonable fees from the Board, and from such contracted health maintenance organizations and third party insurance vendors to offset the costs of administration as determined by the Council. The Council shall have the authority to transfer income received pursuant to this subsection to the Board for services provided by the Board;

17. To accept, modify or reject elections under the plan in accordance with this act and the Code;

18. To promulgate election and claim forms to be used by participants;

19. To take all steps deemed necessary to properly administer the plan in accordance with this act and the requirements of other applicable law; and

20. To manage, license or sell software developed for and acquired by the Council, whether or not such software is patented or copyrighted. The Council shall have the authority to license and sell such software or any rights to such software without declaring such property to be surplus. All proceeds from any such sale shall be deposited in the Benefits Council Administration Revolving Fund and used to defray the costs of administration.

B. The Council members shall discharge their duties as fiduciaries with respect to the participants and their dependents of the plan, and all fiduciaries shall be subject to the following definitions and provisions:

1. A person or organization is a fiduciary with respect to the Council to the extent that the person or organization:

a. exercises any discretionary authority or discretionary control respecting administration or management of the Council,

b. exercises any authority or control respecting disposition of the assets of the Council,

c. renders advice for a fee or other compensation, direct or indirect, with respect to any participant or dependent benefits, monies or other property of the Council, or has any authority or responsibility to do so, or

d. has any discretionary authority or discretionary responsibility in the administration of the Council;

2. The Council may procure insurance indemnifying the members of the Council from personal loss or accountability from liability resulting from a member's action or inaction as a member of the Council;

3. Except for a breach of fiduciary obligation, a Council member shall not be individually or personally responsible for any action of the Council;

4. Any person who is a fiduciary with respect to the Council shall be entitled to rely on representations made by participants, participating employers, third party administrators and beneficiaries with respect to age and other personal facts concerning a participant or beneficiaries, unless the fiduciary knows the representations to be false;

5. Each fiduciary shall discharge his or her duties and responsibilities with respect to the Council and the plan solely in

the interest of the participants and beneficiaries of the plan according to the terms hereof, for the exclusive purpose of providing benefits to participants and their beneficiaries, with the care, skill, prudence and diligence under the circumstances prevailing from time to time that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of like character and with like aims; and

6. The duties and responsibilities allocated to each fiduciary by this act or by the Council shall be the several and not joint responsibility of each, and no fiduciary shall be liable for the act or omission of any other fiduciary unless:

a. by his or her failure to properly administer his or her specific responsibility he or she enabled such other person or organization to commit a breach of fiduciary responsibility, or

b. he or she knowingly participates in, or knowingly undertakes to conceal, an act or omission of another person or organization, knowing such act or omission to be a breach, or

c. having knowledge of the breach of another person or organization, he or she fails to make reasonable efforts under the circumstances to remedy said breach.

SECTION 104. REPEALER 74 O.S. 2001, Section 1365, as amended by Section 5, Chapter 196, O.S.L. 2002 (74 O.S. Supp. 2002, Section 1365), is hereby repealed.

SECTION 105. AMENDATORY 82 O.S. 2001, Section 1020.11a, as amended by Section 1, Chapter 275, O.S.L. 2002 (82 O.S. Supp. 2002, Section 1020.11a), is amended to read as follows:

Section 1020.11a A. 1. Except for renewals, the Oklahoma Water Resources Board shall not issue any permit or amendment thereto or other authorization for the use of water for any swine animal feeding operation wholly or partially located within three (3) miles of the outside boundary of any area or facility owned or operated as a camp or recreational site by a nonprofit organization. In determining whether any such area or facility is a camp or recreational site, the Board shall consider:

a. whether a reasonable person, after considering the totality of the circumstances, would determine that the area or facility is predominately used for camping or recreational purposes,

b. the type of permanent structures or fixtures of a recreational nature located on the land,

c. the frequency with which the site is used for recreational purposes,

d. the types of activities which are conducted or engaged in on the site, and

e. any other factors the decision-making body deems directly relevant to the question of whether a site is recreational in nature.

2. The provisions of this subsection shall apply only if the real property was owned or leased by such organization prior to the construction or establishment of the swine animal feeding operation.

B. The setback requirement contained in subsection A of this section shall not apply to any property owner who executes a written waiver with the owner or operator of the swine feeding operation, under such terms and conditions as are agreed to by the parties. The written waiver shall be effective upon recording of the waiver in the office of the county clerk in the county in which such property is located. The filed waiver shall preclude enforcement of the setback requirements of subsection A of this section with regard to property described in the waiver and owned by the person executing such waiver. A change in ownership of the applicable property or change in ownership of the property on which the swine feeding operation is located shall not affect the validity of the waiver.

C. Requests for transfer of water permits authorizing the use of groundwater for swine feeding operations shall be approved if the Executive Director of the Oklahoma Water Resources Board determines all of the following conditions are met:

1. The transfer is needed due to a change in ownership of the swine feeding operation;

2. The person or entity to whom the permit is to be transferred is not, at the time of the transfer, seeking to increase the number of animals or animal unit capacity; and

3. The person or entity to whom the permit is to be transferred is not, at the time of the transfer, seeking to increase the amount of water authorized for use.

SECTION 106. REPEALER 82 O.S. 2001, Section 1020.11a, as amended by Section 1, Chapter 57, O.S.L. 2002 (82 O.S. Supp. 2002, Section 1020.11a), is hereby repealed.

SECTION 107. AMENDATORY 85 O.S. 2001, Section 134, as amended by Section 1, Chapter 145, O.S.L. 2002 (85 O.S. Supp. 2002, Section 134), is amended to read as follows:

Section 134. A. In conducting the business and affairs of CompSource Oklahoma, the ~~Commissioner of the said fund~~ CompSource Oklahoma President and Chief Executive Officer, or other officer to whom such power and authority may be delegated by the ~~Commissioner~~ CompSource Oklahoma President and Chief Executive Officer, as provided by Section 133 of this title, shall have full power and authority:

1. To enter into contracts of insurance, insuring employers against liability for compensation, and insuring to employees and other persons entitled thereto compensation as provided by the Workers' Compensation Act, Section 1 et seq. of this title;

2. To decline to insure any risk in which the minimum requirements of the law with regard to construction, equipment and operation are not observed, or which is beyond the safe carrying of CompSource Oklahoma, but shall not have power or authority, except as otherwise provided in this act to refuse to insure any compensation risk tendered with the premium therefor;

3. To enter into contracts of insurance insuring persons, firms and corporations against loss, expense or liability by reason of bodily injury, death by accident, occupational disability, or occupational disease suffered by employees for which the insured may be liable or have assumed liability;

4. To purchase reinsurance for any risk or any portion of any risk of CompSource Oklahoma;

5. To inspect and audit, cause to be inspected and audited, or require production of the records of employers insured with or applying for insurance with CompSource Oklahoma against liability for compensation;

6. To contract with physicians, surgeons and hospitals for medical and surgical treatment and the care and nursing of injured persons entitled to benefits from said fund;

7. To meet the reasonable expenses of conducting the business of CompSource Oklahoma;

8. To produce a reasonable surplus to cover catastrophe hazard; and

9. To administer a program in compliance with Section 924.3 of Title 36 of the Oklahoma Statutes, whereby employers may appeal rating classification decisions which are disputed. CompSource Oklahoma shall notify employers of the availability of the program.

B. CompSource Oklahoma must be funded through actuarially sound rates and premiums charged to its policyholders.

C. CompSource Oklahoma shall establish and use rates and rating plans to assure that it is self-funding while those rates are in effect.

D. No later than September 1 of each year, CompSource Oklahoma shall obtain an independent actuarial certification of the results of its operations for prior years.

E. Any premium or assessments collected by CompSource Oklahoma in excess of the amount necessary to fund its projected ultimate incurred losses and expenses and not paid to policyholders insured under CompSource Oklahoma in conjunction with dividend programs shall be retained by CompSource Oklahoma.

F. CompSource Oklahoma losses are the sole and exclusive responsibility of CompSource Oklahoma, and payment for such losses must be funded in accordance with this section and must not come, directly or indirectly, from insurers or any guaranty association for such insurers, except for reinsurance purchased by CompSource Oklahoma.

SECTION 108. REPEALER 85 O.S. 2001, Section 134, as amended by Section 11, Chapter 50, O.S.L. 2002 (85 O.S. Supp. 2002, Section 134), is hereby repealed.

SECTION 109. 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 4th day of March, 2003.

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Presiding Officer of the House of Representatives

Passed the Senate the 17th day of March, 2003.

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Presiding Officer of the Senate