

1 ENGROSSED HOUSE AMENDMENT  
TO  
2 ENGROSSED SENATE BILL NO. 357

By: Crutchfield, Johnson  
(Mike), Adelson and Myers  
of the Senate

and

Benge and Miller of the  
House

( Rural Economic Action Plan Fund accounts -  
effective date )

10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24

AUTHORS: Add the following House Coauthors: Brannon, Hyman, Kern,  
Lindley, Luttrell, McAffrey, McCarter, McDaniel (Jeannie),  
McMullen, Sears, Shoemake, Smithson, Terrill, Tibbs and  
Turner

AUTHOR: Add the following Senate Coauthor: Mazzei

AMENDMENT NO. 1. Strike the stricken title, enacting clause and  
entire bill and insert

"An Act relating to public retirement systems;  
amending 70 O.S. 2001, Section 17-108.1, as last  
amended by Section 72 of Enrolled House Bill No.  
2195 of the 1st Session of the 51st Oklahoma  
Legislature, which relates to employer contribution  
rates; modifying amount of rate; providing increase  
in employer contribution rate contingent upon  
certain appropriated levels; requiring expenditure  
of certain appropriated funds to the extent  
available for purposes of employer contributions;  
amending 68 O.S. 2001, Sections 1353, as last  
amended by Section 17, Chapter 44, 2nd Extraordinary  
Session, O.S.L. 2006, 1403, as last amended by

1 Section 18, Chapter 44, 2nd Extraordinary Session,  
2 O.S.L. 2006 and 2352, as last amended by Section 2,  
3 Chapter 444, O.S.L. 2005 (68 O.S. Supp. 2006,  
4 Sections 1353, 1403 and 2352), which relate to the  
5 apportionment of sales, use and income taxes;  
6 requiring the State Board of Equalization to make  
7 certain determinations regarding revenue apportioned  
8 to the Teachers' Retirement System Dedicated Revenue  
9 Revolving Fund; requiring certain monies apportioned  
10 to the General Revenue Fund from sales, use and  
11 income taxes to be used if additional monies are  
12 needed to meet certain baseline amount; providing  
13 for codification; and providing an effective date.

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

15 SECTION 1. AMENDATORY 70 O.S. 2001, Section 17-108.1, as  
16 last amended by Section 72 of Enrolled House Bill No. 2195 of the  
17 1st Session of the 51st Oklahoma Legislature, is amended to read as  
18 follows:

19 Section 17-108.1 A. The 1. Except as provided in paragraph 2  
20 of this subsection, the employer of any member of the Teachers'  
21 Retirement System of Oklahoma shall make the following contributions  
22 to the System:

23 ~~1. Beginning~~

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

~~2. Beginning~~



1 annual compensation of the member not in excess of any  
2 applicable maximum compensation level of the member,

3 ~~7. Beginning July 1, 2007~~

4 g. beginning July 1, 2007, through June 30, 2008 December  
5 31, 2007, seven and eighty-five hundredths percent  
6 (7.85%) of the regular annual compensation of the  
7 member not in excess of any applicable maximum  
8 compensation level of the member, and,

9 ~~8. Beginning July~~

10 h. beginning January 1, 2008, through June 30, 2009 2008,  
11 and for each fiscal year thereafter, eight percent  
12 (8.0%) eight and thirty-five hundredths percent  
13 (8.35%) of the regular annual compensation of the  
14 member not in excess of any applicable maximum  
15 compensation level of the member,

16 i. beginning July 1, 2008, through December 31, 2008,  
17 eight and five-tenths percent (8.5%) of the regular  
18 annual compensation of the member not in excess of any  
19 applicable maximum compensation level of the member,

20 j. beginning January 1, 2009, through December 31, 2009,  
21 nine percent (9%) of the regular annual compensation  
22 of the member not in excess of any applicable maximum  
23 compensation level of the member,

- 1        k. beginning January 1, 2010, through June 30, 2010, nine  
2        and five-tenths percent (9.5%) of the regular annual  
3        compensation of the member not in excess of any  
4        applicable maximum compensation level of the member,  
5        and  
6        l. beginning July 1, 2010, through June 20, 2011, and for  
7        each fiscal year thereafter, nine and five-tenths  
8        percent (9.5%) of the regular annual compensation of  
9        the member not in excess of any applicable maximum  
10       compensation level of the member.

11       The employer contribution rate increase that would otherwise be  
12 effective, as provided by ~~paragraphs 6, 7 and 8~~ subparagraphs f, g,  
13 h, i, j, k and l of this ~~subsection~~ paragraph, shall not become  
14 effective as law unless appropriation levels to each of the affected  
15 participating employers within the ~~Oklahoma Teachers' Retirement~~  
16 System are increased so that the additional employer contribution  
17 obligation is funded through such appropriation levels instead of  
18 requiring the additional employer contribution to be paid for from  
19 existing budgetary resources of such participating employers. The  
20 participating employers shall use any monies specifically  
21 appropriated for purposes of making employer contributions for such  
22 purpose and to the extent of the funds appropriated for that  
23 purpose.

1        2.    a.    Beginning January 1, 2007, through ~~June 30,~~ December

2                    31, 2007, and for each fiscal year thereafter, a

3                    participating employer that employs an employee of a

4                    comprehensive university or a regional institution

5                    offering a four-year degree program as designated or

6                    authorized by the Oklahoma State Regents for Higher

7                    Education shall make contributions to the System with

8                    respect to such employees at the rate of seven and

9                    five-hundredths percent (7.05%) of the regular annual

10                   compensation of the member not in excess of any

11                   applicable maximum compensation level.

12                   b.    Beginning January 1, 2008, through December 31, 2008,

13                   a participating employer that employs an employee of a

14                   comprehensive university or a regional institution

15                   offering a four-year degree program as designated or

16                   authorized by the Oklahoma State Regents for Higher

17                   Education shall make contributions to the System with

18                   respect to such employees at the rate of seven and

19                   fifty-five hundredths percent (7.55%) of the regular

20                   annual compensation of the member not in excess of any

21                   applicable maximum compensation level of the member.

22                   c.    Beginning January 1, 2009, through December 31, 2009,

23                   a participating employer that employs an employee of a

24                   comprehensive university or a regional institution

1 offering a four-year degree program as designated or  
2 authorized by the Oklahoma State Regents for Higher  
3 Education shall make contributions to the System with  
4 respect to such employees at the rate of eight and  
5 five hundredths percent (8.05%) of the regular annual  
6 compensation of the member not in excess of any  
7 applicable maximum compensation level of the member.

8 d. Beginning January 1, 2010, through June 30, 2010, a  
9 participating employer that employs an employee of a  
10 comprehensive university or a regional institution  
11 offering a four-year degree program as designated or  
12 authorized by the Oklahoma State Regents for Higher  
13 Education shall make contributions to the System with  
14 respect to such employees at the rate of eight and  
15 fifty-five hundredths percent (8.55%) of the regular  
16 annual compensation of the member not in excess of any  
17 applicable maximum compensation level of the member.

18 e. Beginning July 1, 2010, through June 30, 2011, and for  
19 each fiscal year thereafter, a participating employer  
20 that employs an employee of a comprehensive university  
21 or a regional institution offering a four-year degree  
22 program as designated or authorized by the Oklahoma  
23 State Regents for Higher Education shall make  
24 contributions to the System with respect to such

1 employees at the rate of eight and fifty-five  
2 hundredths percent (8.55%) of the regular annual  
3 compensation of the member not in excess of any  
4 applicable maximum compensation level of the member.

5 The employer contribution rate increase that would otherwise be  
6 effective as provided by subparagraphs b, c, d and e of this  
7 paragraph shall not become effective as law unless appropriation  
8 levels to each of the affected participating employers within the  
9 System are increased so that the additional employer contribution  
10 obligation is funded through such appropriation levels instead of  
11 requiring the additional employer contribution to be paid for from  
12 existing budgetary resources of such participating employers. The  
13 participating employers shall use any monies specifically  
14 appropriated for purposes of making employer contributions for such  
15 purpose and to the extent of the funds appropriated for that  
16 purpose.

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

21 B. For entities or institutions within The Oklahoma State  
22 System of Higher Education, the contributions to the ~~retirement~~  
23 ~~system specified in subsection A of this section~~ System shall be  
24 made on regular annual compensation of a member who is an employee

1 of such entity or institution not to exceed the maximum compensation  
2 level in effect for the member as prescribed by law.

3 C. Employers paying contributions to the ~~Retirement~~ System  
4 pursuant to subsection A or B of this section shall receive credit  
5 for that portion of the gross production tax on natural gas and/or  
6 casinghead gas apportioned to the ~~Retirement~~ System pursuant to  
7 subsection 2 of Section 1004 of Title 68 of the Oklahoma Statutes in  
8 meeting the total required employer contribution. On an annual  
9 basis, the Board of Trustees of the Teachers' Retirement System of  
10 Oklahoma shall estimate the net additional cost required to be paid  
11 by the contributing employers in order to meet the total employer  
12 contribution as provided in subsection A or B of this section. The  
13 Board of Trustees shall approve the amount of the additional  
14 contribution required to be paid by contributing employers as a  
15 percentage of total member salaries and fringe benefits for each  
16 fiscal year ending June 30, no later than April 1 of the previous  
17 fiscal year. In no event shall the additional contribution required  
18 to be paid by the contributing employer under this subsection be  
19 less than the contribution required under this subsection in the  
20 prior year. In the event actual contributions do not equal the  
21 required total contribution as provided in subsection A or B of this  
22 section, the net difference between the actual contributions and the  
23 required total contributions shall be determined and shall be  
24 included in the amount of the additional contribution required to be

1 paid by contributing employers for the next fiscal year. All  
2 contributing employers shall pay the same percentage of total member  
3 salaries and fringe benefits during each fiscal year. The  
4 provisions of this subsection shall terminate June 30, 1999.

5 D. Any school district, state college or university, State  
6 Board of Education, State Board of Career and Technology Education,  
7 or other state agency may, for and on behalf of any member of the  
8 ~~Teachers' Retirement~~ System, pay all or any portion of the  
9 contribution required by Section 17-108 of this title. Provided,  
10 the contribution so paid by any school district, state college or  
11 university, State Board of Education, State Board of Career and  
12 Technology Education, or other state agency shall be and remain  
13 subject to the withdrawal provisions set forth under the ~~Teachers'~~  
14 ~~Retirement~~ System. Wherever the term "contribution" is used, it  
15 shall be deemed to include contributions paid for and on behalf of a  
16 member by a school district, state college or university, State  
17 Board of Education, State Board of Career and Technology Education,  
18 or other state agency.

19 E. All participating employers shall provide a complete record  
20 of the total compensation paid to each employee, including any  
21 person who is a retired member of the ~~retirement system~~ System,  
22 whether or not employer and employee contributions are made with  
23 respect to such compensation. The employer shall provide the report  
24 required by this subsection on a monthly basis on a form or using

1 such method as the Teachers' Retirement System of Oklahoma may  
2 require.

3 SECTION 2. NEW LAW A new section of law to be codified  
4 in the Oklahoma Statutes as Section 2355.1B of Title 68, unless  
5 there is created a duplication in numbering, reads as follows:

6 In addition to any other duties prescribed by law, at the  
7 meeting required by paragraph 1 of Section 23 of Article X of the  
8 Oklahoma Constitution to be held in February of the first calendar  
9 year after an income tax rate reduction implemented pursuant to  
10 Section 2355.1A of Title 68 of the Oklahoma Statutes has been in  
11 place for twelve (12) months, the State Board of Equalization shall  
12 determine an initial baseline amount of revenue which was finally  
13 apportioned to the credit of the Teachers' Retirement System  
14 Dedicated Revenue Revolving Fund pursuant to Sections 1353, 1403 and  
15 2352 of Title 68 of the Oklahoma Statutes for the most recent twelve  
16 (12) months. Beginning during the sixth year after the year during  
17 which the Board determines an initial baseline amount, it shall  
18 annually review such amount to determine if it differs from the  
19 average annual amount of revenue which was finally apportioned to  
20 the credit of the Teachers' Retirement System Dedicated Revenue  
21 Revolving Fund pursuant to Sections 1353, 1403 and 2352 of Title 68  
22 of the Oklahoma Statutes over the most recent five (5) fiscal years.  
23 If the Board determines that the initial baseline amount is less  
24 than the five-year average annual amount, a new baseline equal to

1 the five-year average annual amount shall be determined and applied  
 2 as provided in paragraph 5 of Section 1353, paragraph 5 of Section  
 3 1403 and paragraph 3 of Section 2352 of Title 68 of the Oklahoma  
 4 Statutes.

5 SECTION 3. AMENDATORY 68 O.S. 2001, Section 1353, as  
 6 last amended by Section 17, Chapter 44, 2nd Extraordinary Session,  
 7 O.S.L. 2006 (68 O.S. Supp. 2006, Section 1353), is amended to read  
 8 as follows:

9 Section 1353. It is hereby declared to be the purpose of the  
 10 Oklahoma Sales Tax Code to provide funds for the financing of the  
 11 program provided for by the Oklahoma Social Security Act and to  
 12 provide revenues for the support of the functions of the state  
 13 government of Oklahoma, and for this purpose it is hereby expressly  
 14 provided that, revenues derived pursuant to the provisions of the  
 15 Oklahoma Sales Tax Code shall be apportioned as follows:

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

Fiscal Year	Amount
FY 2003 and FY 2004	86.04%
FY 2005	85.83%
FY 2006	85.54%
FY 2007	85.04%

FY 2008 and each fiscal  
 year thereafter 83.61%

b. in the event that additional monies are necessary pursuant to paragraph 5 of this section, such additional monies shall be deducted from the monies apportioned to the General Revenue Fund;

2. For FY 2003, FY 2004 and FY 2005, 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 for FY 2006 and each fiscal year thereafter, ten and forty-six one hundredths percent (10.46%) 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;

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%

1       4. For the fiscal year beginning July 1, 2007, and for each  
2 fiscal year thereafter, ninety-three one hundredths percent (0.93%)  
3 shall be paid to the State Treasurer to be further apportioned as  
4 follows:

- 5           a. thirty-six percent (36%) shall be placed to the credit  
6           of the Oklahoma Tourism Promotion Revolving Fund, and  
7           b. sixty-four percent (64%) shall be placed to the credit  
8           of the Oklahoma Tourism Capital Improvement Revolving  
9           Fund; and

10       5. During the first fiscal year after the State Board of  
11 Equalization has made a determination as provided in Section 2 of  
12 this act regarding a baseline amount of revenue apportioned pursuant  
13 to paragraph 3 of this section, and for each fiscal year thereafter,  
14 in no event shall monies apportioned pursuant to paragraph 3 of this  
15 section be less than such baseline amount.

16       SECTION 4.        AMENDATORY        68 O.S. 2001, Section 1403, as  
17 last amended by Section 18, Chapter 44, 2nd Extraordinary Session,  
18 O.S.L. 2006 (68 O.S. Supp. 2006, Section 1403), is amended to read  
19 as follows:

20       Section 1403. It is hereby declared to be the purpose of  
21 Section 1401 et seq. of this title to provide for the support of the  
22 functions of the state and local government of Oklahoma; and for  
23 this purpose and to this end, it is hereby expressly provided that  
24 the revenues derived hereunder are hereby apportioned as follows:

1. a. ~~The 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 2004	85.35%
FY 2005	85.14%
FY 2006	85.54%
FY 2007	85.04%
FY 2008 and each fiscal year thereafter	83.61%

b. in the event that additional monies are necessary pursuant to paragraph 5 of this section, such additional monies shall be deducted from the monies apportioned to the General Revenue Fund;

2. Ten and forty-six one hundredths percent (10.46%) 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;

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%

1	FY 2005	3.75%
2	FY 2006	4.0%
3	FY 2007	4.5%
4	FY 2008 and each fiscal	
5	year thereafter	5.0%

6 4. For the fiscal year beginning July 1, 2007, and for each  
7 fiscal year thereafter, ninety-three one hundredths percent (0.93%)  
8 shall be paid to the State Treasurer to be further apportioned as  
9 follows:

- 10 a. thirty-six percent (36%) shall be placed to the credit  
11 of the Oklahoma Tourism Promotion Revolving Fund, and  
12 b. sixty-four percent (64%) shall be placed to the credit  
13 of the Oklahoma Tourism Capital Improvement Revolving  
14 Fund; and

15 5. During the first fiscal year after the State Board of  
16 Equalization has made a determination as provided in Section 2 of  
17 this act regarding a baseline amount of revenue apportioned pursuant  
18 to paragraph 3 of this section, and for each fiscal year thereafter,  
19 in no event shall monies apportioned pursuant to paragraph 3 of this  
20 section be less than such baseline amount.

21 SECTION 5. AMENDATORY 68 O.S. 2001, Section 2352, as  
22 last amended by Section 2, Chapter 444, O.S.L. 2005 (68 O.S. Supp.  
23 2006, Section 2352), is amended to read as follows:

24

1 Section 2352. It is hereby declared to be the purpose of  
2 Section 2351 et seq. of this title to provide revenue for general  
3 governmental functions of state government; and, for that purpose  
4 and to that end, it is expressly declared that the revenue derived  
5 herefrom and penalties and interest thereon, subject to the  
6 apportionment requirements for the Rebuilding Oklahoma Access and  
7 Driver Safety Fund, the Oklahoma Tourism and Passenger Rail  
8 Revolving Fund and the Public Transit Revolving Fund to be derived  
9 from income tax revenue that would otherwise be apportioned to the  
10 General Revenue Fund as provided by Section ~~1 of this act~~ 1521 of  
11 Title 69 of the Oklahoma Statutes, shall be distributed as follows:

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

- 19 a. (1) the following amounts shall be paid to the State  
20 Treasurer to be placed to the credit of the  
21 General Revenue Fund of the state for such fiscal  
22 year for the support of the state government to  
23 be paid out only pursuant to appropriation by the  
24 Legislature:

1	Fiscal Year	Amount
2	FY 2003 and FY 2004	87.12%
3	FY 2005	86.91%
4	FY 2006	86.66%
5	FY 2007	86.16%
6	FY 2008 and each fiscal	
7	year thereafter	85.66%

8 (2) in the event that additional monies are necessary  
 9 pursuant to paragraph 3 of this section, such  
 10 additional monies shall be deducted from the  
 11 monies apportioned to the General Revenue Fund,

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

16 c. the following amounts shall be paid to the State  
 17 Treasurer to be placed to the credit of the Teachers'  
 18 Retirement System Dedicated Revenue Revolving Fund:

19	Fiscal Year	Amount
20	FY 2003 and FY 2004	3.54%
21	FY 2005	3.75%
22	FY 2006	4.0%
23	FY 2007	4.5%

24

1           FY 2008 and each fiscal

2                   year thereafter                                   5.0%

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

6           2.   Beginning July 1, 2003, for any period of time as certified  
7 by the Oklahoma Development Finance Authority and the Oklahoma  
8 Department of Commerce to be necessary for the repayment of  
9 obligations issued by the Oklahoma Development Finance Authority  
10 pursuant to Section 3654 of this title if the other sources of  
11 revenue paid to or apportioned to the Quality Jobs Program Incentive  
12 Leverage Fund are not adequate, including the proceeds from payment  
13 pursuant to the guaranty required by subsection M of Section 3654 of  
14 this title, an amount certified by the Oklahoma Development Finance  
15 Authority to the Oklahoma Tax Commission shall be apportioned to the  
16 Quality Jobs Program Incentive Leverage Fund before any other  
17 apportionments are made as otherwise authorized by this paragraph.  
18 The Oklahoma Development Finance Authority shall certify to the  
19 Oklahoma Tax Commission the time as of which the revenue authorized  
20 for apportionment pursuant to this paragraph is no longer required.  
21 After the certification, the revenue derived from the income tax  
22 shall be apportioned in the manner otherwise provided by this  
23 section. Except as otherwise provided by this paragraph, for the  
24 fiscal year beginning July 1, 2002, the first Forty-One Million One

1 Hundred Ninety Thousand Eight Hundred Dollars (\$41,190,800.00) of  
 2 revenue derived pursuant to the provisions of subsections C and D of  
 3 Section 2355 of this title shall be apportioned to the Education  
 4 Reform Revolving Fund. The remainder of such revenue for the fiscal  
 5 year beginning July 1, 2002, and all such revenue for each fiscal  
 6 year thereafter shall be apportioned monthly as follows:

- 7 a. the following amounts shall be paid to the State  
 8 Treasurer to be placed to the credit of the General  
 9 Revenue Fund of the state for such fiscal year for the  
 10 support of the state government to be paid out only  
 11 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%

- 12 b. for FY 2003 and each fiscal year thereafter, sixteen  
 13 and five-tenths percent (16.5%) shall be paid to the  
 14 State Treasurer to be placed to the credit of the  
 15 Education Reform Revolving Fund of the State  
 16 Department of Education,  
 17  
 18  
 19  
 20  
 21  
 22  
 23  
 24

c. 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%

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

3. During the first fiscal year after the State Board of  
Equalization has made a determination as provided in Section 2 of  
this act regarding a baseline amount of revenue apportioned pursuant  
to subparagraph c of paragraph 1 of this section, and for each  
fiscal year thereafter, in no event shall monies apportioned  
pursuant to subparagraph c of paragraph 1 of this section be less  
than such baseline amount.

SECTION 6. This act shall become effective November 1, 2007."

