

1 STATE OF OKLAHOMA

2 2nd Session of the 51st Legislature (2008)

3 CONFERENCE COMMITTEE  
4 SUBSTITUTE  
5 FOR ENGROSSED  
6 HOUSE BILL NO. 2793

By: Benge and Jones of the  
House

7 and

8 Johnson (Mike), Burrage and  
9 Crain of the Senate

10  
11 CONFERENCE COMMITTEE SUBSTITUTE

12 An Act relating to tax-sheltered annuity accounts;  
13 amending 70 O.S. 2001, Section 6-101.1, which relates  
14 to certain annuity contracts; modifying references to  
15 federal Internal Revenue Code; modifying terminology;  
16 providing for continuation of certain elective  
17 deferrals; requiring elective deferral amounts to be  
18 made to certain entities; authorizing revocation of  
19 approval; providing for cessation of contributions or  
20 payments; providing for renewed eligibility;  
21 requiring approval of certain entities by entities  
22 within The Oklahoma State System of Higher Education;  
23 authorizing revocation of approval; providing for  
24 cessation of contributions or payments; providing for  
renewed eligibility; providing an effective date; and  
declaring an emergency.

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

1 SECTION 1. AMENDATORY 70 O.S. 2001, Section 6-101.1, is  
2 amended to read as follows:

3 Section 6-101.1 A. A part of the salary, not to exceed the  
4 ~~exclusion allowance~~ limitations on deferrals provided in Section  
5 403(b)(2) of the Internal Revenue Code of 1986, as amended, payable  
6 to a teacher or ~~any full-time~~ employee by a school district may, at  
7 the ~~request~~ election of the such teacher or ~~such full-time~~ employee,  
8 be ~~paid by the purchase of~~ deferred for the investment in an annuity  
9 contract from any insurance company authorized to do business in  
10 Oklahoma or by the ~~purchase of~~ investment in shares of regulated  
11 investment companies to be held in a custodial account as authorized  
12 by Section 403(b)(7) of the Internal Revenue Code of ~~1954~~ 1986, as  
13 amended, or by the ~~purchase of~~ investment in a face amount  
14 investment annuity certificate issued by a company authorized to do  
15 business in Oklahoma by the district for the teacher or ~~full-time~~  
16 employee, provided that such teacher or employee is eligible to  
17 defer a portion of their salary under the terms of the school  
18 district's 403(b) plan; and the teacher or ~~full-time~~ employee shall  
19 be entitled to have such annuity contract, custodial account or face  
20 amount investment annuity certificate continued in force in  
21 succeeding years by such school district or any other school  
22 district subsequently employing the teacher. Provided, that such  
23 amounts contributed or paid by a school district must be made to  
24 vendors approved by such school district as eligible to receive the

1 elective deferrals. Provided further, that a school district may  
2 revoke a previously approved vendor's eligibility to receive  
3 elective deferrals, thereby prohibiting future contributions or  
4 payments to such vendor until it regains its eligibility through  
5 subsequent approval from such school district. The amounts so  
6 contributed or paid by the school district for the annuity contract,  
7 custodial account or face amount investment annuity certificate, or  
8 to continue it in force, shall be considered as payment of salary,  
9 for the same amounts, to the teacher or ~~full-time~~ employee for State  
10 Aid purposes, Teachers' Retirement System purposes, or Social  
11 Security purposes, but not for ~~State Income Tax~~ state income tax  
12 purposes. Provided that the amount received under such annuity  
13 contracts, custodial accounts or face amount investment annuity  
14 certificates shall be income subject to state income tax when  
15 actually received, unless otherwise exempt from income tax.

16 ~~Provided, further, that any teacher desiring to be covered by the~~  
17 ~~provisions of this act shall express his or her wishes in writing to~~  
18 ~~the local board of education of the district, not later than ten~~  
19 ~~(10) days prior to the end of any pay period of the school year.~~

20 B. The provisions of subsection A of this section shall also  
21 apply to all employees of institutions, agencies and boards  
22 comprising The Oklahoma State System of Higher Education who are  
23 eligible to defer a portion of their salary under the terms of such  
24 institution, agency or board's 403(b) plan. Such institutions,

1 agencies and boards may purchase annuity contracts, custodial  
2 accounts or face amount investment annuity certificates from vendors  
3 approved by such institution, agency or board as eligible to receive  
4 such contributions or payments, provided that such vendor is:

5 1. ~~Any~~ An insurance company authorized to do business in  
6 Oklahoma, ~~or~~;

7 2. ~~Any~~ A life insurance or annuity company organized and  
8 operated, without profit to any private shareholder or individual,  
9 exclusively for the purpose of aiding and strengthening educational  
10 institutions by issuing insurance and annuity contracts only to or  
11 for the benefit of such institutions and individuals engaged in the  
12 services of such institutions, ~~or~~;

13 3. ~~Any~~ A broker dealer licensed to sell shares of regulated  
14 investment companies to be held in custodial accounts as authorized  
15 by Section 403(b)(7) of the Internal Revenue Code of ~~1954~~ 1986, as  
16 amended.

17 Provided further, that an institution, agency or board may  
18 revoke a previously approved vendor's eligibility to receive  
19 elective deferrals, thereby prohibiting future contributions or  
20 payments to such vendor until it regains its eligibility through  
21 subsequent approval from such institution, agency or board.

22 SECTION 2. This act shall become effective July 1, 2008.

23 SECTION 3. It being immediately necessary for the preservation  
24 of the public peace, health and safety, an emergency is hereby

1 declared to exist, by reason whereof this act shall take effect and  
2 be in full force from and after its passage and approval.

3

4 51-2-11332 MAH 05/13/08

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24