

1 STATE OF OKLAHOMA

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

3 COMMITTEE SUBSTITUTE

4 FOR

5 HOUSE BILL NO. 2793

6 By: Bengé

7 COMMITTEE SUBSTITUTE

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

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

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

Section 6-101.1 A. A part of the salary, not to exceed the
~~exclusion allowance~~ limitations on deferrals provided in Section
403(b)-(2) of the Internal Revenue Code of 1986, as amended, payable
to a teacher or any ~~full-time~~ employee by a school district may, at

1 the ~~request~~ election of the teacher or such ~~full-time~~ employee, be
2 ~~paid by the purchase of~~ deferred for the investment in an annuity
3 contract from any insurance company authorized to do business in
4 Oklahoma or by the ~~purchase of~~ investment in shares of regulated
5 investment companies to be held in a custodial account as authorized
6 by Section 403(b)(7) of the Internal Revenue Code of ~~1954~~ 1986, as
7 amended, or by the ~~purchase of~~ investment in a face amount
8 investment annuity certificate issued by a company authorized to do
9 business in Oklahoma by the district for the teacher or ~~full-time~~
10 employee⁷ⁱ; and the teacher or ~~full-time~~ employee shall be entitled
11 to have such annuity contract, custodial account or face amount
12 investment annuity certificate continued in force in succeeding
13 years by such school district or any other school district
14 subsequently employing the teacher. Provided, that such amounts
15 contributed or paid by a school district must be made to a vendor
16 approved by such school district on or after July 1, 2008, as
17 eligible to receive the elective deferrals. Provided further, that
18 a school district may revoke a previously approved vendor's
19 eligibility to receive elective deferrals, thereby prohibiting
20 future contributions or payments to such vendor until it regains its
21 eligibility through subsequent approval from such school district.
22 The amounts so contributed or paid by the school district for the
23 annuity contract, custodial account or face amount investment
24 annuity certificate, or to continue it in force, shall be considered

1 as payment of salary, for the same amounts, to the teacher or
2 ~~full-time~~ employee for State Aid purposes, Teachers' Retirement
3 System purposes, or Social Security purposes, but not for State
4 Income Tax purposes. Provided that the amount received under such
5 annuity contracts, custodial accounts or face amount investment
6 annuity certificates shall be income subject to state income tax
7 when actually received, unless otherwise exempt from income tax.
8 Provided, further, that any teacher desiring to be covered by the
9 provisions of this act shall express his or her wishes in writing to
10 the local board of education of the district, not later than ten
11 (10) days prior to the end of any pay period of the school year.

12 B. The provisions of subsection A of this section shall also
13 apply to all employees of institutions, agencies and boards
14 comprising The Oklahoma State System of Higher Education. Such
15 institutions, agencies and boards may purchase annuity contracts,
16 custodial accounts or face amount investment annuity certificates
17 from vendors approved by such institution, agency or board on or
18 after July 1, 2008, as eligible to receive such contributions or
19 payments, provided that such vendor is:

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

22 2. ~~Any~~ A life insurance or annuity company organized and
23 operated, without profit to any private shareholder or individual,
24 exclusively for the purpose of aiding and strengthening educational

1 institutions by issuing insurance and annuity contracts only to or
2 for the benefit of such institutions and individuals engaged in the
3 services of such institutions⁷ⁱ or

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

8 Provided further, that an institution, agency or board may
9 revoke a previously approved vendor's eligibility to receive
10 elective deferrals, thereby prohibiting future contributions or
11 payments to such vendor until it regains its eligibility through
12 subsequent approval from such institution, agency or board.

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

14 SECTION 3. It being immediately necessary for the preservation
15 of the public peace, health and safety, an emergency is hereby
16 declared to exist, by reason whereof this act shall take effect and
17 be in full force from and after its passage and approval.

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19 51-2-10475 SDR 03/03/08

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