

STATE OF OKLAHOMA

2nd Session of the 51st Legislature (2008)

COMMITTEE SUBSTITUTE
FOR

HOUSE BILL NO. 3112

By: Peterson (Ron)

COMMITTEE SUBSTITUTE

(Public retirement systems - option of providing
direct access to report - effective date -
emergency)

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

SECTION 1. AMENDATORY 74 O.S. 2001, Section 909.1, as
last amended by Section 23, Chapter 536, O.S.L. 2004 (74 O.S. Supp.
2007, Section 909.1), is amended to read as follows:

Section 909.1 A. The Oklahoma Public Employees Retirement
System Board of Trustees shall discharge their 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

1 b. defraying reasonable expenses of administering the
2 System;

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

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

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

12 B. The Board of Trustees may procure insurance indemnifying the
13 members of the Board of Trustees from personal loss or
14 accountability from liability resulting from a member's action or
15 inaction as a member of the Board of Trustees.

16 C. The Board of Trustees may establish an investment committee.
17 The investment committee shall be composed of not more than five (5)
18 members of the Board of Trustees appointed by the chairman of the
19 Board of Trustees. The committee shall make recommendations to the
20 full Board of Trustees on all matters related to the choice of
21 custodians and managers of the assets of the System, on the
22 establishment of investment and fund management guidelines, and in
23 planning future investment policy. The committee shall have no
24 authority to act on behalf of the Board of Trustees in any

1 circumstances whatsoever. No recommendation of the committee shall
2 have effect as an action of the Board of Trustees nor take effect
3 without the approval of the Board of Trustees as provided by law.

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

20 E. Funds and revenues for investment by the investment managers
21 or the Board of Trustees shall be placed with a custodian selected
22 by the Board of Trustees. The custodian shall be a bank or trust
23 company offering pension fund master trustee and master custodial
24 services. The custodian shall be chosen by a solicitation of

1 proposals on a competitive basis pursuant to standards set by the
2 Board of Trustees. In compliance with the investment policy
3 guidelines of the Board of Trustees, the custodian bank or trust
4 company shall be contractually responsible for ensuring that all
5 monies of the System are invested in income-producing investment
6 vehicles at all times. If a custodian bank or trust company has not
7 received direction from the investment managers of the System as to
8 the investment of the monies of the System in specific investment
9 vehicles, the custodian bank or trust company shall be contractually
10 responsible to the Board of Trustees for investing the monies in
11 appropriately collateralized short-term interest-bearing investment
12 vehicles.

13 F. By November 1, 1988, and prior to August 1 of each year
14 thereafter, the Board of Trustees shall develop a written investment
15 plan for the System.

16 G. The Board of Trustees shall compile a quarterly financial
17 report of all the funds of the System on a fiscal year basis. The
18 report shall be compiled pursuant to uniform reporting standards
19 prescribed by the Oklahoma State Pension Commission for all state
20 retirement systems. The report shall include several relevant
21 measures of investment value, including acquisition cost and current
22 fair market value with appropriate summaries of total holdings and
23 returns. The report shall contain combined and individual rate of
24 returns of the investment managers by category of investment, over

1 periods of time. The Board of Trustees shall include in the
2 quarterly reports all commissions, fees or payments for investment
3 services performed on behalf of the Board. The report shall be
4 distributed to the Governor, the Oklahoma State Pension Commission,
5 the Legislative Service Bureau, the Speaker of the House of
6 Representatives and the President Pro Tempore of the Senate. In
7 lieu of compiling and distributing the quarterly report, the Board
8 may provide the Pension Commission with direct access to the same
9 data from the custodian bank for the System.

10 H. After July 1 and before December 1 of each year, the Board
11 of Trustees shall publish widely an annual report presented in
12 simple and easily understood language pursuant to uniform reporting
13 standards prescribed by the Oklahoma State Pension Commission for
14 all state retirement systems. The report shall be submitted to the
15 Governor, the Speaker of the House of Representatives, the President
16 Pro Tempore of the Senate, the Oklahoma State Pension Commission and
17 the members of the System. The annual report shall cover the
18 operation of the System during the past fiscal year, including
19 income, disbursements, and the financial condition of the System at
20 the end of the fiscal year. The annual report shall also contain
21 the information issued in the quarterly reports required pursuant to
22 subsection G of this section as well as a summary of the results of
23 the most recent actuarial valuation to include total assets, total
24 liabilities, unfunded liability or over funded status, contributions

1 and any other information deemed relevant by the Board of Trustees.
2 The annual report shall be written in such a manner as to permit a
3 readily understandable means for analyzing the financial condition
4 and performance of the System for the fiscal year. In order to
5 standardize the information and analysis of the financial condition
6 of the System, the Board shall provide information regarding the
7 financial and actuarial condition of the System using assumptions or
8 requirements as hereinafter required for the report stating the
9 condition of the System as of July 1, 2002, and for each subsequent
10 reporting date, which information shall be contained in an appendix
11 or addendum to the annual report. For purposes other than the
12 reporting requirements contained in the appendix or addendum, all
13 actuarial and economic assumptions shall be those assumptions
14 adopted by the System in its annual actuarial valuation. The
15 appendix or addendum shall contain a statement of the financial
16 condition of the System:

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

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

22 3. That relies upon the use of appropriate preretirement,
23 postretirement and disability retirement information using
24

1 generational projections taken from the RP-2000 Mortality Tables,
2 published by the Society of Actuaries;

3 4. Which accurately and completely summarizes all sources of
4 system assets, other than employee contributions, which shall
5 include, but not be limited to, the total of all employer
6 contributions, any dedicated tax or fee revenue of whatever kind or
7 however denominated, and the total amount of any other source of
8 revenue which accrues to the System, other than return on
9 investments, such as federal monies used for the purpose of making
10 employer contributions; and

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

15 I. The Board shall distribute the corpus and income of the
16 System to the members and their beneficiaries in accordance with the
17 System's laws and rules and regulations. At no time prior to the
18 satisfaction of all liabilities with respect to members and their
19 beneficiaries shall any part of the corpus and income be used for,
20 or diverted to, purposes other than the exclusive benefit of the
21 members and their beneficiaries.

22 J. The Board of Trustees shall adopt a cost of living
23 adjustment actuarial assumption in its annual actuarial valuation
24 report.

1 SECTION 2. AMENDATORY 74 O.S. 2001, Section 914, as last
2 amended by Section 1, Chapter 367, O.S.L. 2007 (74 O.S. Supp. 2007,
3 Section 914), is amended to read as follows:

4 Section 914. A. The normal retirement date for a member of the
5 Oklahoma Public Employees Retirement System shall be as defined in
6 Section 902 of this title, provided members employed on or after
7 January 1, 1983, shall have six (6) or more years of full-time-
8 equivalent employment with a participating employer before receiving
9 any retirement benefits or if the member is a legislative session
10 employee of the Legislature, shall have three (3) or more years of
11 full-time-equivalent employment with a participating employer before
12 receiving any retirement benefits. In no event shall a normal
13 retirement date for a member be before six (6) months after the
14 entry date of the participating employer by whom he or she is
15 employed.

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

24

1 C. Notice for retirement shall be filed through the retirement
2 coordinator for the participating employer in such form and manner
3 as the Board shall prescribe; provided, that such notice for
4 retirement shall be filed with the office of the retirement system
5 at least sixty (60) days prior to the date selected for the member's
6 retirement; provided further, that the Executive Director may waive
7 the sixty-day notice for good cause shown as defined by the Board.

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

15 E. If a retirant should be elected or appointed to any position
16 or office for which compensation for service is paid from levies or
17 taxes imposed by the state or any political subdivision thereof, the
18 retirant shall not receive any retirement benefit for any month for
19 which the retirant serves in such position or office after the
20 retirant has received compensation in a sum equal to the amount
21 allowable as wages or earnings by the Social Security Administration
22 in any calendar year; provided, this subsection shall not apply to
23 service rendered by a retirant as a juror, as a witness in any legal
24 proceeding or action, as an election board judge or clerk, or in any

1 other office or position of a similar nature, or to an employer that
2 is not a participating employer. Provided, further, that any
3 participating employer who is employing such a retirant shall make
4 proper written notification to the System informing it of the
5 beginning date of such retirant's employment and the date such
6 retirant reaches the maximum compensation allowed by this section in
7 the calendar year; and provided, also, that any retirant returning
8 to work for a participating employer shall make contributions to the
9 System and the employer shall do likewise. All retirants who have
10 returned to employment and participation in the System following
11 retirement shall have post-retirement benefits calculated on one of
12 the following methods:

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

1 2. Any retirant who returns to employment with a participating
2 employer may elect not to receive any retirement benefits while so
3 reemployed. If such an election is made and reemployment is for a
4 minimum period of thirty-six (36) consecutive months, all service
5 accumulated from date of reemployment shall be participating
6 service. For purposes of determining the retirement benefits of
7 such a member upon the termination of such reemployment all
8 creditable service of the member shall be computed based on the
9 benefit formula applicable at the time of termination of such
10 reemployment. Provided, a retirant who became reemployed prior to
11 July 1, 1982, and who is reemployed for a minimum of thirty-six (36)
12 consecutive months shall have all the creditable service of such
13 retirant computed based on the benefit formula applicable at the
14 time of termination of such reemployment if the retirant elects not
15 to receive retirement benefits prior to such termination of
16 reemployment. A retirant who has waived receipt of the monthly
17 benefit, but is not reemployed for the full thirty-six (36)
18 consecutive months, shall upon termination of such reemployment have
19 only the additional amount added to his or her benefit as if they
20 had not waived the benefit as provided in paragraph 1 of this
21 subsection.

22 3. All post-retirement additional benefits shall be calculated
23 using actual hours worked as well as the actual compensation
24 received and upon which contributions are paid. Post-retirement

1 service is not subject to the partial year round-up provisions of
 2 subsection C of Section 913 of this title.

3 4. A retired member who returns to work for a participating
 4 employer pursuant to this section shall be bound by the election
 5 made pursuant to paragraph (2) of subsection A of Section 915 of
 6 this title if the member had made such election prior to retirement.
 7 If the member had not made such election prior to retirement, the
 8 member may do so during the member's reemployment with a
 9 participating employer pursuant to this section. A retired member
 10 may not be rehired by their former employer, nor may the retired
 11 member be permitted to enter into an employment contract of any kind
 12 with a former employer, for a period of one (1) year after retiring
 13 unless the retired member waives his or her benefit under paragraph
 14 2 of this subsection and returns as a bona fide employee.

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

	Percentage of Normal
Age	Retirement Benefit

1	62	100.00%
2	61	93.33%
3	60	86.67%
4	59	80.00%
5	58	73.33%
6	57	66.67%
7	56	63.33%
8	55	60.00%

9 SECTION 3. AMENDATORY 74 O.S. 2001, Section 920, as last
 10 amended by Section 26, Chapter 536, O.S.L. 2004 (74 O.S. Supp. 2007,
 11 Section 920), is amended to read as follows:

12 Section 920. (1) Effective July 1, 1994, every state agency
 13 which is a participating employer shall contribute to the System an
 14 amount equal to eleven and one-half percent (11 1/2%) of the monthly
 15 compensation of each member, but not in excess of Forty Thousand
 16 Dollars (\$40,000.00).

17 (2) Effective July 1, 1995, every state agency which is a
 18 participating employer shall contribute to the System an amount
 19 equal to eleven and one-half percent (11 1/2%) of the monthly
 20 compensation of each member, not to exceed the allowable annual
 21 compensation as defined in paragraph (9) of Section 902 of this
 22 title.

23 (3) Effective July 1, 1996, every state agency which is a
 24 participating employer shall contribute to the System an amount

1 equal to twelve percent (12%) of the monthly compensation of each
 2 member, not to exceed the allowable annual compensation defined in
 3 paragraph (9) of Section 902 of this title.

4 (4) Effective July 1, 1999, and through the fiscal year ending
 5 June 30, 2005, every state agency which is a participating employer
 6 shall contribute to the System an amount equal to ten percent (10%)
 7 of the monthly compensation of each member, not to exceed the
 8 allowable annual compensation defined in paragraph (9) of Section
 9 902 of this title.

10 (5) Effective July 1, 2005, every state agency which is a
 11 participating employer shall contribute an amount to the System
 12 equal to a percentage of monthly compensation of each member, not to
 13 exceed the allowable annual compensation defined in paragraph (9) of
 14 Section 902 of this title as follows:

15	July 1, 2005 - June 30, 2006	11 1/2%
16	July 1, 2006 - June 30, 2007	12 1/2%
17	July 1, 2007 - June 30, 2008	13 1/2%
18	July 1, 2008 - June 30, 2009	14 1/2%
19	July 1, 2009 - June 30, 2010	15 1/2%
20	July 1, 2010 - June 30, 2011	
21	and each year thereafter	16 1/2%

22 (6) The Board shall certify, on or before ~~July 15~~ November 1 of
 23 each year, to the Office of State Finance ~~in the case of the state~~
 24 ~~and to the retirement coordinator for each participating employer an~~

1 actuarially determined estimate of the rate of contribution which
2 will be required, together with all accumulated contributions and
3 other assets of the System, to be paid by each ~~such~~ participating
4 employer to pay all liabilities which shall exist or accrue under
5 the System, including amortization of the past service cost over a
6 period of not to exceed forty (40) years from June 30, 1987, and the
7 cost of administration of the System, as determined by the Board,
8 upon recommendation of the actuary.

9 (7) The Office of State Finance and the Governor shall include
10 in the budget and in the budget request for appropriations the sum
11 required to satisfy the state's obligation under this section as
12 certified by the Board and shall present the same to the Legislature
13 for allowance and appropriation.

14 (8) Each other participating employer shall appropriate and pay
15 to the System a sum sufficient to satisfy the obligation under this
16 section as certified by the Board.

17 (9) Each participating employer is hereby authorized to pay the
18 employer's contribution from the same fund that the compensation for
19 which said contribution is paid from or from any other funds
20 available to it for such purpose.

21 (10) Forfeitures arising from severance of employment, death or
22 for any other reason may not be applied to increase the benefits any
23 member would otherwise receive under the System's law. However,
24 forfeitures may be used to reduce an employer's contribution.

1 SECTION 4. AMENDATORY 20 O.S. 2001, Section 1108, as
2 last amended by Section 12, Chapter 536, O.S.L. 2004 (20 O.S. Supp.
3 2007, Section 1108), is amended to read as follows:

4 Section 1108. A. The Board of Trustees of the Oklahoma Public
5 Employees Retirement System shall have the responsibility for
6 management of the Uniform Retirement System for Justices and Judges
7 and the State Judicial Retirement Fund. All benefits payable under
8 The Uniform Retirement System for Justices and Judges, refunds of
9 contributions and overpayments, purchases or investments under the
10 law, and all expenses in connection with the System shall be paid
11 from the Oklahoma Judicial Retirement Fund. The State Judicial
12 Retirement Fund shall be invested and managed in the same manner as
13 now or hereinafter provided by law for the investment and management
14 of funds belonging to the Oklahoma Public Employees Retirement
15 System. The Uniform Retirement System for Justices and Judges shall
16 be an instrumentality of the State of Oklahoma. The System shall be
17 vested with the powers and duties specified in this act and such
18 other powers as may be necessary to enable it, its officers,
19 employees, and agents to carry out fully and effectively the
20 purposes and intent of this act.

21 1. The Board shall distribute the corpus and income of the
22 System to the members and their beneficiaries in accordance with the
23 System's law. At no time prior to the satisfaction of all
24 liabilities with respect to members and their beneficiaries shall

1 any part of the corpus and income be used for, or diverted to,
2 purposes other than the exclusive benefit of the members and their
3 beneficiaries.

4 2. The Board may not engage in a transaction prohibited by
5 Section 503(b) of the federal Internal Revenue Code.

6 3. The Board shall be responsible for the policies and rules
7 for the general administration of the System, subject to the
8 provisions of this act. Except as specifically provided in this
9 act, the Uniform Retirement System for Justices and Judges shall
10 generally be managed in the same manner as now or hereinafter
11 provided by law or by rule for the management of the Oklahoma Public
12 Employees Retirement System.

13 4. The Board shall establish rules for the administration of
14 the System and for the transaction of its business consistent with
15 law, which rules shall be promulgated in compliance with the
16 Administrative Procedures Act.

17 5. The Board may adopt all necessary actuarial tables to be
18 used in the operation of the System as recommended by the actuary
19 and may compile such additional data as may be necessary for
20 required actuarial valuation calculations.

21 6. All decisions of the Board as to questions of fact shall be
22 final and conclusive on all persons except for the right of review
23 as provided by law and except for fraud or such gross mistake of
24 fact as to have effect equivalent to fraud.

1 7. Any person who shall knowingly make any false statement, or
2 who shall falsify or permit to be falsified any record necessary for
3 carrying out the intent of this act for the purpose of committing
4 fraud, shall be guilty of a misdemeanor, and upon conviction shall
5 be punished by a fine not exceeding Five Hundred Dollars (\$500.00)
6 or by imprisonment for not exceeding one (1) year. Should any error
7 in any records of the Uniform Retirement System for Justices and
8 Judges result in any member or beneficiary receiving more or less
9 than he or she would have been entitled to receive had the records
10 been correct, the Board shall correct such error, and, as far as
11 practicable, make future payments in such manner that the actuarial
12 equivalent of the benefit to which such member or beneficiary was
13 entitled shall be paid, and to this end, may recover any
14 overpayments.

15 B. The Board of Trustees of the Oklahoma Public Employees
16 Retirement System shall compile a quarterly financial report of all
17 the funds of the State Judicial Retirement Fund on a fiscal year
18 basis. The report shall be compiled pursuant to uniform reporting
19 standards prescribed by the Oklahoma State Pension Commission for
20 all state retirement systems. The report shall include several
21 relevant measures of investment value, including acquisition cost
22 and current fair market value with appropriate summaries of total
23 holdings and returns. The report shall contain combined and
24 individual rate of returns of the investment managers by category of

1 investment, over periods of time. The Board of Trustees shall
2 include in the quarterly reports all commissions, fees or payments
3 for investment services performed on behalf of the Board of Trustees
4 with respect to the State Judicial Retirement Fund. The report
5 shall be distributed to the Governor, the Oklahoma State Pension
6 Commission, the Legislative Service Bureau, the Speaker of the House
7 of Representatives and the President Pro Tempore of the Senate. In
8 lieu of compiling and distributing the quarterly report, the Board
9 may provide the Pension Commission with direct access to the same
10 data from the custodian bank for the System.

11 C. There is hereby created the Retirement Medical Benefit Fund.
12 The fund shall be maintained as a subaccount of the State Judicial
13 Retirement Fund. The Retirement Medical Benefit Fund is composed of
14 all assets which may be contributed to this subaccount to pay the
15 retirement system's portion of the monthly retiree health insurance
16 premium benefit described by Section 1316.2 of Title 74 of the
17 Oklahoma Statutes. All such allocated assets and any earnings
18 thereon in the Retirement Medical Benefit Fund shall be held for the
19 exclusive purpose of providing retiree medical benefits. The
20 Retirement Medical Benefit Fund is to be administered in accordance
21 with the requirements of Section 401(h) of the Internal Revenue Code
22 of 1986, as amended from time to time. The Board of Trustees may
23 promulgate such rules as are necessary to implement the funding and
24

1 administration of the fund pursuant to the provisions of this
2 subsection.

3 D. After July 1 and before December 1 of each year, the Board
4 of Trustees of the Oklahoma Public Employees Retirement System shall
5 publish widely an annual report presented in simple and easily
6 understood language pursuant to uniform reporting standards
7 prescribed by the Oklahoma State Pension Commission for all state
8 retirement systems. The report shall be submitted to the Governor,
9 the Speaker of the House of Representatives, the President Pro
10 Tempore of the Senate, the Oklahoma State Pension Commission and the
11 members of the System. The annual report shall cover the operation
12 of the System during the past fiscal year, including income,
13 disbursements, and the financial condition of the System at the end
14 of the fiscal year. The annual report shall also contain the
15 information issued in the quarterly reports required pursuant to
16 subsection B of this section as well as a summary of the results of
17 the most recent actuarial valuation to include total assets, total
18 liabilities, unfunded liability or overfunded status, contributions
19 and any other information deemed relevant by the Board of Trustees.
20 The annual report shall be written in such a manner as to permit a
21 readily understandable means for analyzing the financial condition
22 and performance of the System for the fiscal year. In order to
23 standardize the information and analysis of the financial condition
24 of the System, the Board shall provide information regarding the

1 financial and actuarial condition of the System using assumptions or
2 requirements as hereinafter required for the report stating the
3 condition of the System as of July 1, 2002, and for each subsequent
4 reporting date, which information shall be contained in an appendix
5 or addendum to the annual report. For purposes other than the
6 reporting requirements contained in the appendix or addendum, all
7 actuarial and economic assumptions shall be those assumptions
8 adopted by the System in its annual actuarial valuation. The
9 appendix or addendum shall contain a statement of the financial
10 condition of the System:

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

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

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

20 4. Which accurately and completely summarizes all sources of
21 system assets, other than employee contributions, which shall
22 include, but not be limited to, the total of all employer
23 contributions, any dedicated tax or fee revenue of whatever kind or
24 however denominated, and the total amount of any other source of

1 revenue which accrues to the System, other than return on
 2 investments, such as federal monies used for the purpose of making
 3 employer contributions; and

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

8 E. The Board shall adopt a cost of living adjustment actuarial
 9 assumption in its annual actuarial valuation report.

10 SECTION 5. AMENDATORY 20 O.S. 2001, Section 1103.1, as
 11 last amended by Section 7, Chapter 536, O.S.L. 2004 (20 O.S. Supp.
 12 2007, Section 1103.1), is amended to read as follows:

13 Section 1103.1 A. ~~On and after January 1, 2001, the~~
 14 ~~Administrative Director of the Courts, in addition to the members'~~
 15 ~~contributions, shall transfer monthly amounts for deposit in the~~
 16 ~~State Judicial Retirement Fund as set out in Section 1309 of this~~
 17 ~~title equal to two percent (2.0%) of the monthly total actual paid~~
 18 ~~gross salaries of the members of the Uniform Retirement System for~~
 19 ~~Justices and Judges. Effective July 1, 2005 2008, such amounts~~
 20 ~~transferred by the Administrative Director of the Courts shall be as~~
 21 ~~follows:~~

Fiscal Year Ending	Percentage of Contribution
June 30, 2006	3.0%
June 30, 2007	4.0%

1	June 30, 2008	5.5%
2	June 30, 2009	7.0%
3	June 30, 2010	8.5%
4	June 30, 2011	10.0%
5	June 30, 2012	11.5%
6	June 30, 2013	13.0%
7	June 30, 2014	14.5%
8	June 30, 2015	16.0%
9	June 30, 2016	17.5%
10	June 30, 2017	19.0%
11	June 30, 2018	20.5%
12	June 30, 2019 and thereafter	22.0%

13 ~~B. Regardless of the contribution rate as set out in subsection~~
14 ~~A of this section,~~ transfer monthly amounts for deposit in the State
15 Judicial Retirement Fund to pay the employer contributions for all
16 active members of the Uniform Retirement System for Justices and
17 Judges, except the judges of the Court of Criminal Appeals and
18 judges of the Workers' Compensation Court. The appropriate
19 administrative staff of the Court of Criminal Appeals and the
20 Workers' Compensation Court shall be responsible to remit the
21 employer contributions for the judges of those courts. It is the
22 intent of the Oklahoma Legislature that the State Judicial
23 Retirement Fund ~~shall not be allowed to~~ should have a funded ratio
24 ~~below~~ of one hundred percent (100%). The Board of Trustees of the

1 Oklahoma Public Employees Retirement System is authorized to
2 establish and adjust such the employer contribution rate annually,
3 upon the consideration of an actuarial recommendation, ~~to prevent a~~
4 ~~funded ratio below one hundred percent (100%)~~ at the actuarially
5 required employer contribution rate. If a possible increase in any
6 given year to the full actuarially required rate is in excess of
7 three percent (3%) of compensation, the Board may adopt a plan to
8 raise the contribution rates over a period of up to five (5) years
9 until reaching the full actuarially required rate. The Board may
10 consider the availability of funds to the Administrative Director of
11 the Courts, the Court of Criminal Appeals and the Workers'
12 Compensation Court, in establishing the annual contribution rate.
13 The Board of Trustees shall make an annual report concerning its
14 decision ~~to increase~~ establishing the contribution rate. The report
15 shall be distributed to the Governor, the Chief Justice of the
16 Supreme Court, the Legislative Service Bureau, the Speaker of the
17 House of Representatives and the President Pro Tempore of the
18 Senate.

19 C. B. The Administrative Director of the Courts and the
20 appropriate administrative staff of the Court of Criminal Appeals
21 and the Workers' Compensation Court shall remit to the System all
22 required retirement contributions due on a monthly basis. All
23 required court and employee contributions and supporting
24 documentation are due and must be received by the System on or

1 before the fifteenth day of the month following the month for which
2 the contributions are due. Court and employee contributions
3 remitted to the System after thirty (30) days from the above due
4 date shall be subject to a monthly late charge of one and one-half
5 percent (1.5%) of the unpaid balance to be paid by the
6 Administrative Director of the Courts or the appropriate
7 administrative staff of the Court of Criminal Appeals and the
8 Workers' Compensation Court to the System.

9 SECTION 6. AMENDATORY 20 O.S. 2001, Section 1307, as
10 last amended by Section 5, Chapter 443, O.S.L. 2004 (20 O.S. Supp.
11 2007, Section 1307), is amended to read as follows:

12 Section 1307. A. Within thirty (30) days after the end of each
13 quarter of every fiscal year, the court clerk of each county shall
14 report to the Administrative Director of the Courts, in the manner
15 prescribed by law for the reporting of information by agencies to
16 the Office of State Finance pursuant to Section 41.1 et seq. of
17 Title 62 of the Oklahoma Statutes, the:

18 1. Gross receipts to the court fund during the preceding
19 quarter;

20 2. Total amount of expenses paid during the preceding quarter,
21 including, but not limited to, bond and interest expense and
22 payments to the county general fund; and

23 3. Total amount of money transferred or to be transferred to
24 the State Judicial Revolving Fund and State Judicial Retirement Fund

1 for the entire past fiscal year as set forth in Section 1308 of this
2 title.

3 B. The Administrative Director of the Courts shall subsequently
4 report the information required by subparagraphs 1 and 2 of
5 subsection A of this section within ten (10) days after receipt of
6 the information to the Office of State Finance in a manner
7 consistent with the policies and procedures of the Office of State
8 Finance for reporting by state agencies pursuant to the provisions
9 of Section 41.1 et seq. of Title 62 of the Oklahoma Statutes.

10 C. The information required by this section for reporting by
11 court clerks pursuant to subsection A of this section and for
12 reporting by the Administrative Director of the Courts pursuant to
13 subsection B of this section shall be in a form that separates
14 fines, fees, forfeitures and other sources of revenue. The
15 information shall also indicate the amount of receipts used for
16 local court expenses and the amount deposited into the State
17 Judicial Revolving Fund.

18 D. A ceiling on the amount of local court funds to be allocated
19 by the Chief Justice of the Supreme Court for the local court
20 budgets shall be established in the annual appropriation to the
21 courts.

22 E. Not later than December 1 and February 1 of each year, the
23 Administrative Director of the Courts shall provide an estimate of
24

1 the amount of funds to accrue to the State Judicial Revolving Fund
2 in the subsequent fiscal year.

3 SECTION 7. AMENDATORY 20 O.S. 2001, Section 1308, as
4 amended by Section 6, Chapter 443, O.S.L. 2004 (20 O.S. Supp. 2007,
5 Section 1308), is amended to read as follows:

6 Section 1308. A. Clerks in counties having a population of
7 less than seventy thousand (70,000) must transmit each quarter for
8 deposit in the State Judicial Revolving Fund the amount by which the
9 receipts deposited in the court fund for the quarter, including the
10 interest earned on the court fund, exceeds the expenses for the
11 quarter, provided the court clerk shall retain from the excess
12 amount a sum equal to twenty percent (20%) of the expenses for the
13 quarter. Clerks in counties having a population of seventy thousand
14 (70,000) or more shall transmit each month for deposit in the State
15 Judicial Revolving Fund the amount by which the receipts deposited
16 in the court fund for the reporting period for the report required
17 by Section 1307 of this title, including interest earned on the
18 court fund, exceeds the expenses for the reporting period, provided
19 the clerk shall retain from the excess amount a sum equal to twenty
20 percent (20%) of the expenses for the reporting period.

21 B. The court clerk must transmit to the Administrative Director
22 of the Courts ten percent (10%) of the amount collected in the court
23 fund for the applicable reporting period in subsection A of this
24 section, to be used to pay the employer contributions into the State

1 Judicial Retirement Fund. Each month the Administrative Director of
2 the Courts shall remit a portion of these funds to the Court of
3 Criminal Appeals and the Workers' Compensation Court to be used by
4 those courts to pay employer contributions into the State Judicial
5 Retirement Fund. The amount paid shall be an amount sufficient to
6 pay each court's liability for employer contributions less the
7 amount those courts have been appropriated by the Legislature for
8 that purpose. If the funds received under this subsection from the
9 court funds after making these distributions to the Court of
10 Criminal Appeals and the Workers' Compensation Court are
11 insufficient to pay employer contributions, the Administrative
12 Director shall use other available funds to pay the remaining
13 employer contributions owed to the State Judicial Retirement Fund.
14 If at the end of any fiscal year, the funds received under this
15 subsection from court funds is in excess of the amount needed to pay
16 the employer contributions, the Administrative Director shall report
17 the excess amount to the Office of State Finance on or before the
18 deadline to file budget requests, and shall also report the excess
19 amount to the chairs of the Senate and House appropriations
20 committees.

21 C. Within thirty (30) days after the end of each fiscal year,
22 the court clerk, in addition to the other amounts due hereunder,
23 shall transmit to the Supreme Court for deposit in the State
24 Judicial Revolving Fund an amount equal to the gross receipts for

1 the entire past fiscal year less the total amount of expenses, as
2 defined in subsection A of Section 1307 of this title, and less the
3 transfers made for the past fiscal year.

4 SECTION 8. This act shall become effective July 1, 2008.

5 SECTION 9. It being immediately necessary for the preservation
6 of the public peace, health and safety, an emergency is hereby
7 declared to exist, by reason whereof this act shall take effect and
8 be in full force from and after its passage and approval.

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