

1 ENGROSSED HOUSE
2 BILL NO. 2793

By: Bengé of the House

and

Johnson (Mike) of the
Senate

(tax-sheltered annuity accounts - amending 70 O.S.,
Section 6-101.1 - elective deferrals - effective
date -
emergency)

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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 the ~~request~~ election of the teacher or such ~~full-time~~ employee, be ~~paid by the purchase of~~ deferred for the investment in an annuity contract from any insurance company authorized to do business in Oklahoma or by the ~~purchase of~~ investment in shares of regulated investment companies to be held in a custodial account as authorized

1 by Section 403(b)(7) of the Internal Revenue Code of ~~1954~~ 1986, as
2 amended, or by the ~~purchase of~~ investment in a face amount
3 investment annuity certificate issued by a company authorized to do
4 business in Oklahoma by the district for the teacher or ~~full-time~~
5 employee⁷; and the teacher or ~~full-time~~ employee shall be entitled
6 to have such annuity contract, custodial account or face amount
7 investment annuity certificate continued in force in succeeding
8 years by such school district or any other school district
9 subsequently employing the teacher. Provided, that such amounts
10 contributed or paid by a school district must be made to a vendor
11 approved by such school district on or after July 1, 2008, as
12 eligible to receive the elective deferrals. Provided further, that
13 a school district may revoke a previously approved vendor's
14 eligibility to receive elective deferrals, thereby prohibiting
15 future contributions or payments to such vendor until it regains its
16 eligibility through subsequent approval from such school district.
17 The amounts so contributed or paid by the school district for the
18 annuity contract, custodial account or face amount investment
19 annuity certificate, or to continue it in force, shall be considered
20 as payment of salary, for the same amounts, to the teacher or
21 ~~full-time~~ employee for State Aid purposes, Teachers' Retirement
22 System purposes, or Social Security purposes, but not for State
23 Income Tax purposes. Provided that the amount received under such
24 annuity contracts, custodial accounts or face amount investment

1 annuity certificates shall be income subject to state income tax
2 when actually received, unless otherwise exempt from income tax.
3 Provided, further, that any teacher desiring to be covered by the
4 provisions of this act shall express his or her wishes in writing to
5 the local board of education of the district, not later than ten
6 (10) days prior to the end of any pay period of the school year.

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

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

17 2. ~~Any~~ A life insurance or annuity company organized and
18 operated, without profit to any private shareholder or individual,
19 exclusively for the purpose of aiding and strengthening educational
20 institutions by issuing insurance and annuity contracts only to or
21 for the benefit of such institutions and individuals engaged in the
22 services of such institutions, ~~or~~;

23 3. ~~Any~~ A broker dealer licensed to sell shares of regulated
24 investment companies to be held in custodial accounts as authorized

1 by Section 403(b)(7) of the Internal Revenue Code of ~~1954~~ 1986, as
2 amended.

3 Provided further, that an institution, agency or board may
4 revoke a previously approved vendor's eligibility to receive
5 elective deferrals, thereby prohibiting future contributions or
6 payments to such vendor until it regains its eligibility through
7 subsequent approval from such institution, agency or board.

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

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

13 Passed the House of Representatives the 13th day of March, 2008.

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17 Presiding Officer of the House of
Representatives

18 Passed the Senate the ____ day of _____, 2008.

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22 Presiding Officer of the Senate

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