

THE HOUSE OF REPRESENTATIVES
Wednesday, March 5, 2008

Committee Substitute for
House Bill No. 2793

COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 2793 - By: BENGE of the House.

An Act relating to tax-sheltered annuity accounts; amending 70 O.S. 2001, Section 6-101.1, which relates to certain annuity contracts; modifying references to federal Internal Revenue Code; modifying terminology; providing for continuation of certain elective deferrals; requiring elective deferral amounts to be made to certain business entities; requiring approval process; authorizing revocation of approval; providing for cessation of contributions or payments; providing for renewed eligibility; requiring approval of certain business entities by entities within The Oklahoma State System of Higher Education; authorizing revocation of approval; providing for 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 amended to
2 read as follows:

3 Section 6-101.1 A. A part of the salary, not to exceed the ~~exclusion allowance~~
4 limitations on deferrals provided in Section 403(b)(~~2~~) of the Internal Revenue Code of
5 1986, as amended, payable to a teacher or any ~~full-time~~ employee by a school district
6 may, at the ~~request~~ election of the teacher or such ~~full-time~~ employee, be ~~paid by the~~
7 ~~purchase of~~ deferred for the investment in an annuity contract from any insurance
8 company authorized to do business in Oklahoma or by the ~~purchase of~~ investment in

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

1 education of the district, not later then ten (10) days prior to the end of any pay period of
2 the school year.

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

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

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

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

18 Provided further, that an institution, agency or board may revoke a previously
19 approved vendor's eligibility to receive elective deferrals, thereby prohibiting future
20 contributions or 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.

1 SECTION 3. It being immediately necessary for the preservation of the public
2 peace, health and safety, an emergency is hereby
3 declared to exist, by reason whereof this act shall take effect and be in full force from and
4 after its passage and approval.
5 COMMITTEE REPORT BY: COMMITTEE ON ECONOMIC DEVELOPMENT AND
6 FINANCIAL SERVICES, dated 03-04-08 - DO PASS, As Amended.