

THE HOUSE OF REPRESENTATIVES
Tuesday, February 26, 2008

Committee Substitute for
House Bill No. 3112

COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 3112 - By: PETERSON (RON) of the House.

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

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

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

4 Section 909.1 A. The Oklahoma Public Employees Retirement System Board of
5 Trustees shall discharge their duties with respect to the System solely in the interest of
6 the participants and beneficiaries and:

- 7 1. For the exclusive purpose of:
 - 8 a. providing benefits to participants and their beneficiaries, and
 - 9 b. defraying reasonable expenses of administering the System;
- 10 2. With the care, skill, prudence, and diligence under the circumstances then
11 prevailing that a prudent person acting in a like capacity and familiar with such matters
12 would use in the conduct of an enterprise of a like character and with like aims;

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

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

4 B. The Board of Trustees may procure insurance indemnifying the members of the
5 Board of Trustees from personal loss or accountability from liability resulting from a
6 member's action or inaction as a member of the Board of Trustees.

7 C. The Board of Trustees may establish an investment committee. The investment
8 committee shall be composed of not more than five (5) members of the Board of Trustees
9 appointed by the chairman of the Board of Trustees. The committee shall make
10 recommendations to the full Board of Trustees on all matters related to the choice of
11 custodians and managers of the assets of the System, on the establishment of investment
12 and fund management guidelines, and in planning future investment policy. The
13 committee shall have no authority to act on behalf of the Board of Trustees in any
14 circumstances whatsoever. No recommendation of the committee shall have effect as an
15 action of the Board of Trustees nor take effect without the approval of the Board of
16 Trustees as provided by law.

17 D. The Board of Trustees shall retain qualified investment managers to provide for
18 the investment of the monies of the System. The investment managers shall be chosen
19 by a solicitation of proposals on a competitive bid basis pursuant to standards set by the
20 Board of Trustees. Subject to the overall investment guidelines set by the Board of
21 Trustees, the investment managers shall have full discretion in the management of those
22 monies of the System allocated to the investment managers. The Board of Trustees shall

1 manage those monies not specifically allocated to the investment managers. The monies
2 of the System allocated to the investment managers shall be actively managed by the
3 investment managers, which may include selling investments and realizing losses if such
4 action is considered advantageous to longer term return maximization. Because of the
5 total return objective, no distinction shall be made for management and performance
6 evaluation purposes between realized and unrealized capital gains and losses.

7 E. Funds and revenues for investment by the investment managers or the Board of
8 Trustees shall be placed with a custodian selected by the Board of Trustees. The
9 custodian shall be a bank or trust company offering pension fund master trustee and
10 master custodial services. The custodian shall be chosen by a solicitation of proposals on
11 a competitive basis pursuant to standards set by the Board of Trustees. In compliance
12 with the investment policy guidelines of the Board of Trustees, the custodian bank or
13 trust company shall be contractually responsible for ensuring that all monies of the
14 System are invested in income-producing investment vehicles at all times. If a custodian
15 bank or trust company has not received direction from the investment managers of the
16 System as to the investment of the monies of the System in specific investment vehicles,
17 the custodian bank or trust company shall be contractually responsible to the Board of
18 Trustees for investing the monies in appropriately collateralized short-term interest-
19 bearing investment vehicles.

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

1 G. The Board of Trustees shall compile a quarterly financial report of all the funds
2 of the System on a fiscal year basis. The report shall be compiled pursuant to uniform
3 reporting standards prescribed by the Oklahoma State Pension Commission for all state
4 retirement systems. The report shall include several relevant measures of investment
5 value, including acquisition cost and current fair market value with appropriate
6 summaries of total holdings and returns. The report shall contain combined and
7 individual rate of returns of the investment managers by category of investment, over
8 periods of time. The Board of Trustees shall include in the quarterly reports all
9 commissions, fees or payments for investment services performed on behalf of the Board.
10 The report shall be distributed to the Governor, the Oklahoma State Pension
11 Commission, the Legislative Service Bureau, the Speaker of the House of
12 Representatives and the President Pro Tempore of the Senate. In lieu of compiling and
13 distributing the quarterly report, the Board may provide the Pension Commission with
14 direct access to the same data from the custodian bank for the System.

15 H. After July 1 and before December 1 of each year, the Board of Trustees shall
16 publish widely an annual report presented in simple and easily understood language
17 pursuant to uniform reporting standards prescribed by the Oklahoma State Pension
18 Commission for all state retirement systems. The report shall be submitted to the
19 Governor, the Speaker of the House of Representatives, the President Pro Tempore of the
20 Senate, the Oklahoma State Pension Commission and the members of the System. The
21 annual report shall cover the operation of the System during the past fiscal year,
22 including income, disbursements, and the financial condition of the System at the end of

1 the fiscal year. The annual report shall also contain the information issued in the
2 quarterly reports required pursuant to subsection G of this section as well as a summary
3 of the results of the most recent actuarial valuation to include total assets, total
4 liabilities, unfunded liability or over funded status, contributions and any other
5 information deemed relevant by the Board of Trustees. The annual report shall be
6 written in such a manner as to permit a readily understandable means for analyzing the
7 financial condition and performance of the System for the fiscal year. In order to
8 standardize the information and analysis of the financial condition of the System, the
9 Board shall provide information regarding the financial and actuarial condition of the
10 System using assumptions or requirements as hereinafter required for the report stating
11 the condition of the System as of July 1, 2002, and for each subsequent reporting date,
12 which information shall be contained in an appendix or addendum to the annual report.
13 For purposes other than the reporting requirements contained in the appendix or
14 addendum, all actuarial and economic assumptions shall be those assumptions adopted
15 by the System in its annual actuarial valuation. The appendix or addendum shall
16 contain a statement of the financial condition of the System:

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

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

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

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

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

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

18 J. The Board of Trustees shall adopt a cost of living adjustment actuarial
19 assumption in its annual actuarial valuation report.

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

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

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

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

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

6 E. If a retirant should be elected or appointed to any position or office for which
7 compensation for service is paid from levies or taxes imposed by the state or any political
8 subdivision thereof, the retirant shall not receive any retirement benefit for any month
9 for which the retirant serves in such position or office after the retirant has received
10 compensation in a sum equal to the amount allowable as wages or earnings by the Social
11 Security Administration in any calendar year; provided, this subsection shall not apply to
12 service rendered by a retirant as a juror, as a witness in any legal proceeding or action,
13 as an election board judge or clerk, or in any other office or position of a similar nature,
14 or to an employer that is not a participating employer. Provided, further, that any
15 participating employer who is employing such a retirant shall make proper written
16 notification to the System informing it of the beginning date of such retirant's
17 employment and the date such retirant reaches the maximum compensation allowed by
18 this section in the calendar year; and provided, also, that any retirant returning to work
19 for a participating employer shall make contributions to the System and the employer
20 shall do likewise. All retirants who have returned to employment and participation in
21 the System following retirement shall have post-retirement benefits calculated on one of
22 the following methods:

1 1. All service accumulated from date of reemployment shall be computed based on
2 the benefit formula applicable at that time and the additional benefits shall be added to
3 the previous benefits. Such additional benefits shall be calculated each year based upon
4 additional service accrued from July 1 to June 30 of the previous year and the additional
5 benefit, if any, will be added to the retirant's monthly benefit beginning January 1, 2000,
6 and each January 1 thereafter; however, the post-retirement service credit shall be
7 cumulative, beginning with service credit accrued after the date of retirement, provided
8 that the retirant has not received a distribution of the post-retirement contributions.

9 2. Any retirant who returns to employment with a participating employer may elect
10 not to receive any retirement benefits while so reemployed. If such an election is made
11 and reemployment is for a minimum period of thirty-six (36) consecutive months, all
12 service accumulated from date of reemployment shall be participating service. For
13 purposes of determining the retirement benefits of such a member upon the termination
14 of such reemployment all creditable service of the member shall be computed based on
15 the benefit formula applicable at the time of termination of such reemployment.

16 Provided, a retirant who became reemployed prior to July 1, 1982, and who is
17 reemployed for a minimum of thirty-six (36) consecutive months shall have all the
18 creditable service of such retirant computed based on the benefit formula applicable at
19 the time of termination of such reemployment if the retirant elects not to receive
20 retirement benefits prior to such termination of reemployment. A retirant who has
21 waived receipt of the monthly benefit, but is not reemployed for the full thirty-six (36)
22 consecutive months, shall upon termination of such reemployment have only the

1 additional amount added to his or her benefit as if they had not waived the benefit as
2 provided in paragraph 1 of this subsection.

3 3. All post-retirement additional benefits shall be calculated using actual hours
4 worked as well as the actual compensation received and upon which contributions are
5 paid. Post-retirement service is not subject to the partial year round-up provisions of
6 subsection C of Section 913 of this title.

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

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

	Age	Percentage of Normal Retirement Benefit
1		
2		
3	62	100.00%
4	61	93.33%
5	60	86.67%
6	59	80.00%
7	58	73.33%
8	57	66.67%
9	56	63.33%
10	55	60.00%

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

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

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

1 (3) Effective July 1, 1996, every state agency which is a participating employer
2 shall contribute to the System an amount equal to twelve percent (12%) of the monthly
3 compensation of each member, not to exceed the allowable annual compensation defined
4 in paragraph (9) of Section 902 of this title.

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

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

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

20 (6) The Board shall certify, on or before ~~July 15~~ November 1 of each year, to the
21 Office of State Finance ~~in the case of the state and to the retirement coordinator for each~~
22 ~~participating employer~~ an actuarially determined estimate of the rate of contribution

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

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

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

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

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

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

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

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

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

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

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

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

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

15 7. Any person who shall knowingly make any false statement, or who shall falsify
16 or permit to be falsified any record necessary for carrying out the intent of this act for the
17 purpose of committing fraud, shall be guilty of a misdemeanor, and upon conviction shall
18 be punished by a fine not exceeding Five Hundred Dollars (\$500.00) or by imprisonment
19 for not exceeding one (1) year. Should any error in any records of the Uniform
20 Retirement System for Justices and Judges result in any member or beneficiary receiving
21 more or less than he or she would have been entitled to receive had the records been
22 correct, the Board shall correct such error, and, as far as practicable, make future

1 payments in such manner that the actuarial equivalent of the benefit to which such
2 member or beneficiary was entitled shall be paid, and to this end, may recover any
3 overpayments.

4 B. The Board of Trustees of the Oklahoma Public Employees Retirement System
5 shall compile a quarterly financial report of all the funds of the State Judicial Retirement
6 Fund on a fiscal year basis. The report shall be compiled pursuant to uniform reporting
7 standards prescribed by the Oklahoma State Pension Commission for all state
8 retirement systems. The report shall include several relevant measures of investment
9 value, including acquisition cost and current fair market value with appropriate
10 summaries of total holdings and returns. The report shall contain combined and
11 individual rate of returns of the investment managers by category of investment, over
12 periods of time. The Board of Trustees shall include in the quarterly reports all
13 commissions, fees or payments for investment services performed on behalf of the Board
14 of Trustees with respect to the State Judicial Retirement Fund. The report shall be
15 distributed to the Governor, the Oklahoma State Pension Commission, the Legislative
16 Service Bureau, the Speaker of the House of Representatives and the President Pro
17 Tempore of the Senate. In lieu of compiling and distributing the quarterly report, the
18 Board may provide the Pension Commission with direct access to the same data from the
19 custodian bank for the System.

20 C. There is hereby created the Retirement Medical Benefit Fund. The fund shall be
21 maintained as a subaccount of the State Judicial Retirement Fund. The Retirement
22 Medical Benefit Fund is composed of all assets which may be contributed to this

1 subaccount to pay the retirement system's portion of the monthly retiree health
2 insurance premium benefit described by Section 1316.2 of Title 74 of the Oklahoma
3 Statutes. All such allocated assets and any earnings thereon in the Retirement Medical
4 Benefit Fund shall be held for the exclusive purpose of providing retiree medical benefits.
5 The Retirement Medical Benefit Fund is to be administered in accordance with the
6 requirements of Section 401(h) of the Internal Revenue Code of 1986, as amended from
7 time to time. The Board of Trustees may promulgate such rules as are necessary to
8 implement the funding and administration of the fund pursuant to the provisions of this
9 subsection.

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

UNDERLINED language denotes Amendments to present Statutes.
BOLD FACE CAPITALIZED language denotes Committee Amendments.
~~Strike thru~~ language denotes deletion from present Statutes.

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

- 13 1. Using an assumed rate of return of seven and one-half percent (7.5%), net of
14 investment expenses, per annum, compounded annually;
- 15 2. Using an actuarial assumption regarding cost-of-living adjustments for the
16 System of two percent (2%) annually;
- 17 3. That relies upon the use of appropriate preretirement, postretirement and
18 disability retirement information using generational projections taken from the RP-2000
19 Mortality Tables, published by the Society of Actuaries;
- 20 4. Which accurately and completely summarizes all sources of system assets, other
21 than employee contributions, which shall include, but not be limited to, the total of all
22 employer contributions, any dedicated tax or fee revenue of whatever kind or however

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

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

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

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

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

19	Fiscal Year Ending	Percentage of Contribution
20	June 30, 2006	3.0%
21	June 30, 2007	4.0%
22	June 30, 2008	5.5%

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

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

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

12 ~~C. B.~~ The Administrative Director of the Courts and the appropriate administrative
13 staff of the Court of Criminal Appeals and the Workers' Compensation Court shall remit
14 to the System all required retirement contributions due on a monthly basis. All required
15 court and employee contributions and supporting documentation are due and must be
16 received by the System on or before the fifteenth day of the month following the month
17 for which the contributions are due. Court and employee contributions remitted to the
18 System after thirty (30) days from the above due date shall be subject to a monthly late
19 charge of one and one-half percent (1.5%) of the unpaid balance to be paid by the
20 Administrative Director of the Courts or the appropriate administrative staff of the
21 Court of Criminal Appeals and the Workers' Compensation Court to the System.

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

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

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

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

12 3. Total amount of money transferred or to be transferred to the State Judicial
13 Revolving Fund and State Judicial Retirement Fund for the entire past fiscal year as set
14 forth in Section 1308 of this title.

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

21 C. The information required by this section for reporting by court clerks pursuant
22 to subsection A of this section and for reporting by the Administrative Director of the

1 Courts pursuant to subsection B of this section shall be in a form that separates fines,
2 fees, forfeitures and other sources of revenue. The information shall also indicate the
3 amount of receipts used for local court expenses and the amount deposited into the State
4 Judicial Revolving Fund.

5 D. A ceiling on the amount of local court funds to be allocated by the Chief Justice
6 of the Supreme Court for the local court budgets shall be established in the annual
7 appropriation to the courts.

8 E. Not later than December 1 and February 1 of each year, the Administrative
9 Director of the Courts shall provide an estimate of the amount of funds to accrue to the
10 State Judicial Revolving Fund in the subsequent fiscal year.

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

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

1 interest earned on the court fund, exceeds the expenses for the reporting period, provided
2 the clerk shall retain from the excess amount a sum equal to twenty percent (20%) of the
3 expenses for the reporting period.

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

1 C. Within thirty (30) days after the end of each fiscal year, the court clerk, in
2 addition to the other amounts due hereunder, shall transmit to the Supreme Court for
3 deposit in the State Judicial Revolving Fund an amount equal to the gross receipts for
4 the entire past fiscal year less the total amount of expenses, as defined in subsection A of
5 Section 1307 of this title, and less the transfers made for the past fiscal year.

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

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

10 COMMITTEE REPORT BY: COMMITTEE ON ECONOMIC DEVELOPMENT AND
11 FINANCIAL SERVICES, dated 02-25-08 - DO PASS, As Amended.