

STATE OF OKLAHOMA

1st Session of the 51st Legislature (2007)

HOUSE BILL 2075

By: Jackson

AS INTRODUCED

An Act relating to the Teachers' Retirement System of Oklahoma; amending Section 2, Chapter 46, 2nd Extraordinary Session, O.S.L. 2006 (70 O.S. Supp. 2006, Section 17-116.2C), which relates to certain benefit computations; modifying certain provisions related to contribution deficit payments and maximum compensation levels; amending 68 O.S. 2001, Section 1004, as last amended by Section 5, Chapter 45, 2nd Extraordinary Session, O.S.L. 2006 (68 O.S. Supp. 2006, Section 1004), which relates to gross production tax apportionment; providing for apportionment of certain revenues to the Teachers' Retirement System Dedicated Revenue Revolving Fund; authorizing retirement benefit increase for certain retired members of the Teachers' Retirement System of Oklahoma; prescribing method for computation of benefit amount; providing for codification; providing an effective date; and declaring an emergency.

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

SECTION 1. AMENDATORY Section 2, Chapter 46, 2nd Extraordinary Session, O.S.L. 2006 (70 O.S. Supp. 2006, Section 17-116.2C), is amended to read as follows:

Section 17-116.2C A. As used in this section:

1 performed service at any time prior to June 30, 1995, and who
2 fulfills the requirements of this act with respect to inclusion of
3 pre-cap removal years of service in a retirement benefit computation
4 and:

5 a. who has already reached a normal retirement age prior
6 to the effective date of this act and has not retired
7 prior to the effective date of this act,

8 b. who reaches a normal retirement age on or after the
9 effective date of this act, and

10 c. who is employed by an institution within The Oklahoma
11 State System of Higher Education that is not a
12 comprehensive university or a regional institution
13 offering a four-year degree program as designated or
14 authorized by the Oklahoma State Regents for Higher
15 Education;

16 3. "Maximum average salary amount" means:

17 a. Sixty Thousand Dollars (\$60,000.00) regardless of any
18 otherwise applicable maximum compensation level for
19 the fiscal ~~year~~ years ending June 30, 2007, through
20 June 30, 2012,

21 b. Eighty Thousand Dollars (\$80,000.00) regardless of any
22 otherwise applicable maximum compensation level for
23 the fiscal ~~year~~ years ending June 30, ~~2008~~ 2013,
24 through June 30, 2018, and

1 c. the full amount of the average salary without any
2 limitation for the fiscal year ending June 30, ~~2009~~
3 2019, and for each fiscal year thereafter;

4 4. "Maximum compensation level" means either:

5 a. Twenty-five Thousand Dollars (\$25,000.00) if a member
6 did not elect to make employee contributions on a
7 higher salary amount for any pre-cap removal years of
8 service, or

9 b. Forty Thousand Dollars (\$40,000.00) if a member did
10 elect to make employee contributions upon actual
11 salary not in excess of such amount for any pre-cap
12 removal years of service;

13 5. "Pre-cap removal service" means any service performed by an
14 active member prior to June 30, 1995; and

15 6. "System" means the Teachers' Retirement System of Oklahoma;

16 B. Unless otherwise expressly provided by this section, any
17 definition contained in Section 17-101 of ~~Title 70 of the Oklahoma~~
18 ~~Statutes~~ this title otherwise applicable to computation of benefits
19 for retired members of the Teachers' Retirement System of Oklahoma
20 shall have the same meaning for purposes of this section.

21 C. Effective July 1, 2006, any eligible member of the Teachers'
22 Retirement System of Oklahoma, who, as of July 1, 2006, has already
23 reached a normal retirement age or who on or after July 1, 2006,
24 reaches a normal retirement age as defined by paragraph 24 of

1 Section 17-101 of ~~Title 70 of the Oklahoma Statutes~~ this title,
2 shall be eligible to have a retirement benefit computed as provided
3 by this section. If a member is eligible for the benefit
4 computation authorized by this section, the average salary used to
5 compute the retirement benefit of the member shall be governed by
6 the provisions of this section and such provisions shall govern in
7 the event of conflict between this section and the provisions of
8 Section 17-116.2 of ~~Title 70 of the Oklahoma Statutes~~ this title.

9 D. An eligible employee who performs service in the manner
10 prescribed by subsection E of this section and who makes payment of
11 the applicable contribution deficit amount may have a retirement
12 benefit computed as otherwise authorized by Section 17-105 of ~~Title~~
13 ~~70 of the Oklahoma Statutes~~ this title, but shall have such benefit
14 computed without regard to any maximum compensation level that would
15 otherwise be applicable to the compensation of the member for any
16 period of pre-cap removal service.

17 E. In order to have retirement benefits computed as authorized
18 by subsection C of this section, and in addition to the payment of
19 the contribution deficit amount required by this section, in order
20 to have any pre-cap removal service included in the retirement
21 benefit computation of the member using the average salary earned
22 during such period of participating service subject to the maximum
23 average salary amount, the member shall be required to perform one
24 (1) year of participating service on or after the date as of which

1 the member reaches a normal retirement age, for each two (2) years
2 of service performed prior to July 1, 1995. For purposes of this
3 section, any year of service performed prior to the effective date
4 of this act after a member reached a normal retirement age shall
5 qualify for purposes of the retirement benefit computation
6 authorized by this section.

7 F. One (1) year of participating service performed by an
8 eligible member who, prior to the effective date of this act has
9 reached a normal retirement age or, who on or after July 1, 2006,
10 reaches a normal retirement age, shall result in the inclusion of
11 the two (2) years of participating service immediately preceding
12 July 1, 1995, in a retirement benefit computation using the average
13 salary of the member, subject to the maximum average salary amount.
14 For each additional year of participating service performed by the
15 eligible member thereafter, whether such service has been performed
16 prior to the effective date of this act or whether such service is
17 performed on or after the effective date of this act, the two (2)
18 next succeeding years of pre-cap removal service performed prior to
19 the end of the preceding two-year period may be included in the
20 benefit computation without regard to the maximum compensation level
21 of the member that would otherwise be applicable to such pre-cap
22 removal service.

23 G. The eligible member shall be required to make payment to the
24 Teachers' Retirement System of Oklahoma of the contribution deficit

1 amount for any year of service performed on or after July 1, 1987,
2 but not later than June 30, 1995, as prescribed by subsections H
3 through K of this section in order to have any years of pre-cap
4 removal service included in the retirement benefit computation using
5 the average salary of the member subject to the maximum average
6 salary amount.

7 H. In order to have years of service included in the benefit
8 computation using average salary subject to the maximum average
9 salary amount, the member shall be required to make payment of the
10 contribution deficit for the following years of service and in the
11 sequence prescribed by subsection I of this section according to the
12 adjustments required by subparagraphs a and b of paragraph 1 of
13 subsection A of this section:

- 14 1. July 1, 1987, through June 30, 1988;
- 15 2. July 1, 1988, through June 30, 1989;
- 16 3. July 1, 1989, through June 30, 1990;
- 17 4. July 1, 1990, through June 30, 1991;
- 18 5. July 1, 1991, through June 30, 1992;
- 19 6. July 1, 1992, through June 30, 1993;
- 20 7. July 1, 1993, through June 30, 1994; and
- 21 8. July 1, 1994, through June 30, 1995.

22 I. For each year of service performed by the eligible member
23 prior to the effective date of this act and after having reached a
24 normal retirement age, or for each year of service performed by the

1 member after reaching a normal retirement age on or after the
2 effective date of this act, the member shall be required to make
3 payment of the contribution deficit amount for each year of service
4 beginning with the years described in paragraphs 7 and 8 of
5 subsection H of this section. For each additional year of service
6 performed by the eligible member after the normal retirement age of
7 the member, the member shall make payment of the contribution
8 deficit amount for each of the next two (2) years of service as
9 described in:

- 10 1. Paragraphs 5 and 6 of subsection H of this section;
- 11 2. Paragraphs 3 and 4 of subsection H of this section; and
- 12 3. Paragraphs 1 and 2 of subsection H of this section.

13 J. After making payment of all required contribution deficit
14 amounts for all periods of service described in paragraphs 1 through
15 8 of subsection H of this section, an eligible member who has
16 performed any additional years of service after having reached a
17 normal retirement age, or for each year of service performed by the
18 member after reaching a normal retirement age on or after the
19 effective date of this act, the member may then include any
20 additional two-year period of service performed prior to July 1,
21 1987, using the average salary of the member, subject to the maximum
22 average salary amount, in the retirement benefit computation for
23 such years of service by performing one (1) additional year of
24 service.

1 K. No contribution deficit payments shall be required of the
2 eligible member with respect to years of service performed prior to
3 July 1, 1987, if such years of service are included in the
4 retirement benefit computation of the member using average salary as
5 otherwise authorized by this section, subject to the maximum average
6 salary amount.

7 L. An eligible member may make the payment of the contribution
8 deficit amount required by this section at any time prior to the
9 retirement of the member from the System; however, no years of pre-
10 cap removal service for which full payment of the required
11 contribution deficit has not been made pursuant to the requirements
12 of this section may be included in the retirement benefit
13 computation of the otherwise eligible member using the average
14 salary of the member for such period, subject to the maximum average
15 salary amount.

16 M. Any pre-cap removal years of service for which the required
17 contribution deficit payment has not been made to the System shall
18 only be included in a retirement benefit computation using the
19 maximum compensation level in effect for the member at the time such
20 years of service were performed.

21 N. All payments to the System for pre-cap removal service shall
22 be made prior to the date as of which a member retires. No payments
23 to the System for pre-cap removal service otherwise authorized by
24

1 this section shall be made after a member retires from the System
2 and begins to receive benefits.

3 O. Any eligible member who, prior to the effective date of
4 this act, has not previously made an election for payment of
5 employee contributions on a maximum compensation level of Twenty-
6 five Thousand Dollars (\$25,000.00) for pre-cap removal service may
7 file an election with the System to make payment of the required
8 contribution deficit amount pursuant to this section. Such an
9 election shall be irrevocable.

10 P. No participating employer of the System shall make payment
11 of any required contribution deficit amount on behalf of any
12 otherwise eligible member, whether directly or indirectly, in order
13 for the member to have retirement benefits computed according to the
14 provisions of this section.

15 Q. No member of the System who has retired prior to July 1,
16 2006, shall be eligible to make any payments of the contribution
17 deficit amount and no such member shall have the ability to have a
18 retirement benefit recomputed as a result of the provisions of this
19 section.

20 R. The additional retirement benefit attributable to the
21 provisions of this section may be computed for members who retire on
22 or after July 1, 2006, but prior to January 1, 2007, but the
23 additional retirement benefit attributable to the provisions of this
24 section shall not be payable until January 1, 2007. On and after

1 January 1, 2007, the additional retirement benefit attributable to
2 the provisions of this section shall be added to the retirement
3 benefit amount of any member who retires on or after July 1, 2006,
4 and prior to January 1, 2007, and such increased benefit amount
5 shall be payable to the member or any beneficiary of the member as
6 otherwise provided pursuant to the provisions of Section 17-101 of
7 ~~Title 70 of the Oklahoma Statutes~~ this title in the same manner as
8 other retirement benefits are payable.

9 SECTION 2. AMENDATORY 68 O.S. 2001, Section 1004, as
10 last amended by Section 5, Chapter 45, 2nd Extraordinary Session,
11 O.S.L. 2006 (68 O.S. Supp. 2006, Section 1004), is amended to read
12 as follows:

13 Section 1004. ~~Beginning~~ Except as otherwise provided by this
14 section, beginning, July 1, 2002, the gross production tax provided
15 for in Section 1001 of this title is hereby levied and shall be
16 collected and apportioned as follows:

17 1. ~~For~~ Except as otherwise provided by this section, for all
18 monies collected from the tax levied on asphalt or ores bearing
19 uranium, lead, zinc, jack, gold, silver or copper:

20 a. eighty-five and seventy-two one-hundredths percent
21 (85.72%) shall be paid to the State Treasurer of the
22 state to be placed in the General Revenue Fund of the
23 state and used for the general expense of state
24

1 government, to be paid out pursuant to direct
2 appropriation by the Legislature,

3 b. seven and fourteen one-hundredths percent (7.14%) of
4 the sum collected from natural gas and/or casinghead
5 gas or asphalt or ores bearing uranium, lead, zinc,
6 jack, gold, silver or copper shall be paid to the
7 various county treasurers to be credited to the County
8 Highway Fund as follows: Each county shall receive a
9 proportionate share of the funds available based upon
10 the proportion of the total value of production from
11 such county in the corresponding month of the
12 preceding year, and

13 c. seven and fourteen one-hundredths percent (7.14%)
14 shall be allocated to each county as provided for in
15 subparagraph b of this paragraph and shall be
16 apportioned, on an average daily attendance per capita
17 distribution basis, as certified by the State
18 Superintendent of Public Instruction to the school
19 districts of the county where such pupils attend
20 school regardless of residence of such pupil, provided
21 the school district makes an ad valorem tax levy of
22 fifteen (15) mills for the current year and maintains
23 twelve (12) years of instruction;

1 2. ~~For~~ Except as otherwise provided by this section, for all
2 monies collected from the tax levied on natural gas and/or
3 casinghead gas at a tax rate of seven percent (7%) pursuant to the
4 provisions of subsection B of Section 1001 of this title:

5 a. eighty-five and seventy-two one-hundredths percent
6 (85.72%) shall be paid to the State Treasurer of the
7 state to be placed in the General Revenue Fund of the
8 state and used for the general expense of state
9 government, to be paid out pursuant to direct
10 appropriation by the Legislature,

11 b. seven and fourteen one-hundredths percent (7.14%) of
12 the sum collected from natural gas and/or casinghead
13 gas shall be paid to the various county treasurers to
14 be credited to the County Highway Fund as follows:
15 Each county shall receive a proportionate share of the
16 funds available based upon the proportion of the total
17 value of production from such county in the
18 corresponding month of the preceding year, and

19 c. seven and fourteen one-hundredths percent (7.14%)
20 shall be allocated to each county as provided for in
21 subparagraph b of this paragraph and shall be
22 apportioned, on an average daily attendance per capita
23 distribution basis, as certified by the State
24 Superintendent of Public Instruction to the school

1 districts of the county where such pupils attend
2 school regardless of residence of such pupil, provided
3 the school district makes an ad valorem tax levy of
4 fifteen (15) mills for the current year and maintains
5 twelve (12) years of instruction;

6 3. ~~For~~ Except as otherwise provided by this section, for all
7 monies collected from the tax levied on natural gas and/or
8 casinghead gas at a tax rate of four percent (4%) pursuant to the
9 provisions of subsection B of Section 1001 of this title:

- 10 a. seventy-five percent (75%) shall be paid to the State
11 Treasurer of the state to be placed in the General
12 Revenue Fund of the state and used for the general
13 expense of state government, to be paid out pursuant
14 to direct appropriation by the Legislature,
- 15 b. twelve and one-half percent (12.5%) of the sum
16 collected from natural gas and/or casinghead gas shall
17 be paid to the various county treasurers to be
18 credited to the County Highway Fund as follows: Each
19 county shall receive a proportionate share of the
20 funds available based upon the proportion of the total
21 value of production from such county in the
22 corresponding month of the preceding year, and
- 23 c. twelve and one-half percent (12.5%) shall be allocated
24 to each county as provided for in subparagraph b of

1 this paragraph and shall be apportioned, on an average
2 daily attendance per capita distribution basis, as
3 certified by the State Superintendent of Public
4 Instruction to the school districts of the county
5 where such pupils attend school regardless of
6 residence of such pupil, provided the school district
7 makes an ad valorem tax levy of fifteen (15) mills for
8 the current year and maintains twelve (12) years of
9 instruction;

10 4. ~~For~~ Except as otherwise provided by this section, for all
11 monies collected from the tax levied on natural gas and/or
12 casinghead gas at a tax rate of one percent (1%) pursuant to the
13 provisions of subsection B of Section 1001 of this title:

14 a. fifty percent (50%) of the sum collected from natural
15 gas and/or casinghead gas shall be paid to the various
16 county treasurers to be credited to the County Highway
17 Fund as follows: Each county shall receive a
18 proportionate share of the funds available based upon
19 the proportion of the total value of production from
20 such county in the corresponding month of the
21 preceding year, and

22 b. fifty percent (50%) shall be allocated to each county
23 as provided for in subparagraph a of this paragraph
24 and shall be apportioned, on an average daily

1 attendance per capita distribution basis, as certified
2 by the State Superintendent of Public Instruction to
3 the school districts of the county where such pupils
4 attend school regardless of residence of such pupil,
5 provided the school district makes an ad valorem tax
6 levy of fifteen (15) mills for the current year and
7 maintains twelve (12) years of instruction;

8 5. ~~For~~ Except as otherwise provided by this section, for all
9 monies collected from the tax levied on oil at a tax rate of seven
10 percent (7%) pursuant to the provisions of subsection B of Section
11 1001 of this title:

12 a. twenty-five and seventy-two one-hundredths percent
13 (25.72%) shall be paid to the State Treasurer to be
14 placed in the Common Education Technology Revolving
15 Fund created in Section 41.29c of Title 62 of the
16 Oklahoma Statutes,

17 b. twenty-five and seventy-two one-hundredths percent
18 (25.72%) shall be paid to the State Treasurer to be
19 placed in the Higher Education Capital Revolving Fund
20 created in Section 41.29d of Title 62 of the Oklahoma
21 Statutes,

22 c. twenty-five and seventy-two one-hundredths percent
23 (25.72%) shall be paid to the State Treasurer to be
24 placed in the Oklahoma Tuition Scholarship Revolving

1 Fund created in Section 41.29e of Title 62 of the
2 Oklahoma Statutes,

3 d. four and twenty-eight one-hundredths percent (4.28%)
4 shall be paid to the State Treasurer to be apportioned
5 to the County Bridge and Road Improvement Fund of the
6 State Treasury,

7 e. four and twenty-eight one-hundredths percent (4.28%)
8 shall be paid to the State Treasurer to be apportioned
9 to the Oklahoma Water Resources Board Rural Economic
10 Action Plan Water Projects Fund,

11 f. seven and fourteen one-hundredths percent (7.14%) of
12 the sum collected from oil shall be paid to the
13 various county treasurers, to be credited to the
14 County Highway Fund as follows: Each county shall
15 receive a proportionate share of the funds available
16 based upon the proportion of the total value of
17 production from such county in the corresponding month
18 of the preceding year, and

19 g. seven and fourteen one-hundredths percent (7.14%)
20 shall be allocated to each county as provided in
21 subparagraph f of this paragraph and shall be
22 apportioned, on an average daily attendance per capita
23 distribution basis, as certified by the State
24 Superintendent of Public Instruction, to the school

1 districts of the county where such pupils attend
2 school regardless of residence of such pupil, provided
3 the school district makes an ad valorem tax levy of
4 fifteen (15) mills for the current year and maintains
5 twelve (12) years of instruction;

6 6. ~~For~~ Except as otherwise provided by this section, for all
7 monies collected from the tax levied on oil at a tax rate of four
8 percent (4%) pursuant to the provisions of subsection B of Section
9 1001 of this title:

- 10 a. twenty-two and one-half percent (22.5%) shall be paid
11 to the State Treasurer to be placed in the Common
12 Education Technology Revolving Fund created in Section
13 41.29c of Title 62 of the Oklahoma Statutes,
- 14 b. twenty-two and one-half percent (22.5%) shall be paid
15 to the State Treasurer to be placed in the Higher
16 Education Capital Revolving Fund created in Section
17 41.29d of Title 62 of the Oklahoma Statutes,
- 18 c. twenty-two and one-half percent (22.5%) shall be paid
19 to the State Treasurer to be placed in the Oklahoma
20 Tuition Scholarship Revolving Fund created in Section
21 41.29e of Title 62 of the Oklahoma Statutes,
- 22 d. three and seventy-five one-hundredths percent (3.75%)
23 shall be paid to the State Treasurer to be apportioned
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1 to the County Bridge and Road Improvement Fund of the
2 State Treasury,

3 e. three and seventy-five one-hundredths percent (3.75%)
4 shall be paid to the State Treasurer to be apportioned
5 to the Oklahoma Water Resources Board Rural Economic
6 Action Plan Water Projects Fund,

7 f. twelve and one-half percent (12.5%) of the sum
8 collected from oil shall be paid to the various county
9 treasurers, to be credited to the County Highway Fund
10 as follows: Each county shall receive a proportionate
11 share of the funds available based upon the proportion
12 of the total value of production from such county in
13 the corresponding month of the preceding year, and

14 g. twelve and one-half percent (12.5%) shall be allocated
15 to each county as provided in subparagraph f of this
16 paragraph and shall be apportioned on an average daily
17 attendance per capita distribution basis, as certified
18 by the State Superintendent of Public Instruction, to
19 the school districts of the county where such pupils
20 attend school regardless of residence of such pupil,
21 provided the school district makes an ad valorem tax
22 levy of fifteen (15) mills for the current year and
23 maintains twelve (12) years of instruction; and

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1 7. ~~For~~ Except as otherwise provided by this section, for all
2 monies collected from the tax levied on oil at a tax rate of one
3 percent (1%) pursuant to the provisions of subsection B of Section
4 1001 of this title:

5 a. fifty percent (50%) of the sum collected shall be paid
6 to the various county treasurers, to be credited to
7 the County Highway Fund as follows: Each county shall
8 receive a proportionate share of the funds available
9 based upon the proportion of the total value of
10 production from such county in the corresponding month
11 of the preceding year, and

12 b. fifty percent (50%) shall be allocated to each county
13 as provided for in subparagraph a of this paragraph
14 and shall be apportioned on an average daily
15 attendance per capita distribution basis, as certified
16 by the State Superintendent of Public Instruction, to
17 the school districts of the county where such pupils
18 attend school regardless of residence of such pupil,
19 provided the school district makes an ad valorem tax
20 levy of fifteen (15) mills for the current year and
21 maintains twelve (12) years of instruction.

22 Provided, notwithstanding any other provision of this section,
23 the total amounts deposited to the Common Education Technology
24 Revolving Fund, the Higher Education Capital Revolving Fund, the

1 Oklahoma Tuition Scholarship Revolving Fund, and the Rural Economic
2 Action Plan Water Projects Fund pursuant to paragraphs 5 and 6 of
3 this section shall not exceed One Hundred Fifty Million Dollars
4 (\$150,000,000.00) in any fiscal year. All sums in excess of One
5 Hundred Fifty Million Dollars (\$150,000,000.00) in any fiscal year
6 which would otherwise be deposited in such funds shall be placed by
7 the State Treasurer in the General Revenue Fund of the state.

8 Notwithstanding any other provision of this section to the
9 contrary, for the fiscal year beginning July 1, 2007, and for each
10 fiscal year thereafter, there shall be apportioned the first One
11 Hundred Million Dollars (\$100,000,000.00) of all revenues otherwise
12 apportioned pursuant to the provisions of this section to the
13 Teachers' Retirement System Dedicated Revenue Revolving Fund.

14 SECTION 3. NEW LAW A new section of law to be codified
15 in the Oklahoma Statutes as Section 17-116.21 of Title 70, unless
16 there is created a duplication in numbering, reads as follows:

17 Effective July 1, 2007, any retired member of the Teachers'
18 Retirement System of Oklahoma who retired from the System prior to
19 July 1, 2006, shall receive a retirement benefit increase computed
20 as follows:

- 21 1. One (1) point shall be assigned for each year that the
22 member has been retired from the retirement system;
- 23 2. One (1) point shall be assigned for each year of service
24 included in the original retirement benefit computation for the

1 member based on years for which employee contributions were made for
2 years one (1) through ten (10) of such service;

3 3. Two (2) points shall be assigned for each year of service
4 included in the original retirement benefit computation for the
5 member based on years for which employee contributions were made for
6 years of service in excess of ten (10);

7 4. The sum of the point values specified in paragraphs 1, 2 and
8 3 of this subsection shall be multiplied by Ten Dollars and twenty-
9 five cents (\$10.25); and

10 5. The result of the computation specified in paragraph 4 of
11 this subsection shall be added to the annual retirement benefit of
12 the member.

13 SECTION 4. This act shall become effective July 1, 2007.

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

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