

STATE OF OKLAHOMA

2nd Session of the 53rd Legislature (2012)

COMMITTEE SUBSTITUTE  
FOR ENGROSSED  
HOUSE BILL 2319

By: McDaniel (Randy) of the  
House

and

Anderson of the Senate

COMMITTEE SUBSTITUTE

[ public retirement systems - Oklahoma Police Pension  
and Retirement System - modifying contribution rates  
- apportionment of insurance premium tax revenue -  
effective date -  
emergency ]

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

SECTION 1. AMENDATORY 11 O.S. 2011, Section 50-104.2, is  
amended to read as follows:

Section 50-104.2 A. The principal office of the System shall  
be in Oklahoma City, Oklahoma. ~~The~~ Notwithstanding any statute or  
rule to the contrary, the State Board, in accordance with its  
fiduciary duty, is hereby authorized to contract for own and occupy  
necessary office space in suitable quarters as the State Board deems  
appropriate.

1       B. The State Board shall keep a record of all of its  
2 proceedings, which shall be open for inspection at all reasonable  
3 hours. A report including such information as the operation of the  
4 System for the past fiscal year, including income, disbursements,  
5 and the financial condition of the fund at the end of each fiscal  
6 year and showing the valuation of its assets, investments, and  
7 liabilities, shall be delivered to the Governor after the end of  
8 each fiscal year but prior to October 1 of the next fiscal year and  
9 made available to the members and participating municipalities.

10       C. The State Auditor and Inspector shall make an annual audit  
11 of the accounts of the System. The audit shall be filed as soon  
12 after the close of the fiscal year as practicable, in accordance  
13 with the requirements for financial statement audits in Section 212A  
14 of Title 74 of the Oklahoma Statutes.

15       SECTION 2.       AMENDATORY       11 O.S. 2011, Section 50-109, is  
16 amended to read as follows:

17       Section 50-109. Any municipality participating in the System  
18 shall appropriate funds, for the use and benefit of the System, as  
19 provided in the following schedule:

20       1. Prior to July 1, 1991, a minimum of ten percent (10%) of the  
21 actual paid base salary of each member of the System employed by the  
22 municipality;

1        2. Beginning July 1, 1991, a minimum of ten and one-half  
2 percent (10 1/2%) of the actual paid base salary of each member of  
3 the System employed by the municipality;

4        3. Beginning July 1, 1992, a minimum of eleven percent (11%) of  
5 the actual paid base salary of each member of the System employed by  
6 the municipality;

7        4. Beginning July 1, 1993, a minimum of eleven and one-half  
8 percent (11 1/2%) of the actual paid base salary of each member of  
9 the System employed by the municipality;

10       5. Beginning July 1, 1994, a minimum of twelve percent (12%) of  
11 the actual paid base salary of each member of the System employed by  
12 the municipality;

13       6. Beginning July 1, 1995, a minimum of twelve and one-half  
14 percent (12 1/2%) of the actual paid base salary of each member of  
15 the System employed by the municipality; ~~and~~

16       7. Beginning July 1, 1996, through June 30, 2012, a minimum of  
17 thirteen percent (13%) of the actual paid base salary of each member  
18 of the System employed by the municipality; and

19       8. Beginning July 1, 2012, and for each fiscal year thereafter,  
20 a minimum of fourteen percent (14%) of the actual paid base salary  
21 of each member of the System employed by the municipality.

22       The sum appropriated shall be paid to the System within ten (10)  
23 days following the payroll period on which the contribution is  
24 based.

1 The state shall make such appropriation as is necessary to  
2 assure the retirement benefits provided by the article.

3 SECTION 3. AMENDATORY 11 O.S. 2011, Section 50-110, is  
4 amended to read as follows:

5 Section 50-110. A. Each member in the System shall contribute  
6 to the System a minimum of ~~eight percent (8%)~~ nine percent (9%) of  
7 the member's actual paid base salary.

8 At the option of the participating municipality, the  
9 participating municipality may pay all or any part of the member's  
10 required contribution. The sums contributed shall be paid to the  
11 System as provided in this article within ten (10) days following  
12 the payroll period on which the contributions are based. Amounts  
13 deducted from the salary of a member and not paid to the System  
14 after thirty (30) days from each ending payroll date shall be  
15 subject to a monthly late charge of one and one-half percent (1  
16 1/2%) of the unpaid balance to be paid by the municipality to the  
17 System. All funds received by a participating municipality for  
18 police retirement purposes shall be forwarded to the State Board for  
19 credit to the Fund.

20 B. Each municipality shall pick up under the provisions of  
21 Section 414(h)(2) of the Internal Revenue Code of 1986 and pay the  
22 contribution which the member is required by law to make to the  
23 System for all compensation earned after December 31, 1988.  
24 Although the contributions so picked up are designated as member

1 contributions, such contributions shall be treated as contributions  
2 being paid by the municipality in lieu of contributions by the  
3 member in determining tax treatment under the Internal Revenue Code  
4 of 1986 and such picked up contributions shall not be includable in  
5 the gross income of the member until such amounts are distributed or  
6 made available to the member or the beneficiary of the member. The  
7 member, by the terms of this System, shall not have any option to  
8 choose to receive the contributions so picked up directly and the  
9 picked up contributions must be paid by the municipality to the  
10 System.

11 Member contributions which are picked up shall be treated in the  
12 same manner and to the same extent as member contributions made  
13 prior to the date on which member contributions were picked up by  
14 the municipality. Member contributions so picked up shall be  
15 included in gross salary for purposes of determining benefits and  
16 contributions under the System.

17 The municipality shall pay the member contributions from the  
18 same source of funds used in paying salary to the member, by  
19 effecting an equal cash reduction in gross salary of the member.

20 SECTION 4. AMENDATORY 36 O.S. 2011, Section 312.1, is  
21 amended to read as follows:

22 Section 312.1 A. For the fiscal year ending June 30, 2004, the  
23 Insurance Commissioner shall report and disburse one hundred percent  
24 (100%) of the fees and taxes collected under Section 624 of this

1 title to the State Treasurer to be deposited to the credit of the  
2 Education Reform Revolving Fund created pursuant to Section 41.29b  
3 of Title 62 of the Oklahoma Statutes. The Insurance Commissioner  
4 shall keep an accurate record of all such funds and make an itemized  
5 statement and furnish same to the State Auditor and Inspector, as to  
6 all other departments of this state. The report shall be  
7 accompanied by an affidavit of the Insurance Commissioner or the  
8 Chief Clerk of such office certifying to the correctness thereof.

9 B. For the fiscal year beginning July 1, 2006, and for each  
10 fiscal year thereafter, the Insurance Commissioner shall apportion  
11 an amount of the taxes and fees received from Section 624 of this  
12 title, which shall be at least One Million Two Hundred Fifty  
13 Thousand Dollars (\$1,250,000.00) each year, but which shall also be  
14 computed on an annual basis by the Commissioner as the amount of  
15 insurance premium tax revenue loss attributable to the provisions of  
16 subsection H of Section 625.1 of this title and increased if  
17 necessary to reflect the annual computation, and which shall be  
18 apportioned before any other amounts, to the following pension  
19 systems and in the following amounts:

20 1. Sixty-five percent (65%) to the Oklahoma Firefighters  
21 Pension and Retirement Fund in the manner provided for in Sections  
22 49-119, 49-120 and 49-123 of Title 11 of the Oklahoma Statutes;  
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1       2. Twenty-six percent (26%) to the Oklahoma Police Pension and  
2 Retirement System pursuant to the provisions of Sections 50-101  
3 through 50-136 of Title 11 of the Oklahoma Statutes; and

4       3. Nine percent (9%) to the Law Enforcement Retirement Fund.

5       C. After the apportionment required by subsection B of this  
6 section, for the fiscal years beginning July 1, 2004, and ending  
7 June 30, 2009, the Insurance Commissioner shall report and disburse  
8 all of the fees and taxes collected under Section 624 of this title  
9 and Section 2204 of this title, and the same are hereby apportioned  
10 as follows:

11       1. Thirty-four percent (34%) of the taxes collected on premiums  
12 shall be allocated and disbursed for the Oklahoma Firefighters  
13 Pension and Retirement Fund, in the manner provided for in Sections  
14 49-119, 49-120 and 49-123 of Title 11 of the Oklahoma Statutes;

15       2. Seventeen percent (17%) of the taxes collected on premiums  
16 shall be allocated and disbursed to the Oklahoma Police Pension and  
17 Retirement System pursuant to the provisions of Sections 50-101  
18 through 50-136 of Title 11 of the Oklahoma Statutes;

19       3. Six and one-tenth percent (6.1%) of the taxes collected on  
20 premiums shall be allocated and disbursed to the Law Enforcement  
21 Retirement Fund; and

22       4. All the balance and remainder of the taxes and fees provided  
23 in Section 624 of this title shall be paid to the State Treasurer to  
24 the credit of the General Revenue Fund of the state to provide

1 revenue for general functions of state government. The Insurance  
2 Commissioner shall keep an accurate record of all such funds and  
3 make an itemized statement and furnish same to the State Auditor and  
4 Inspector, as to all other departments of this state. The report  
5 shall be accompanied by an affidavit of the Insurance Commissioner  
6 or the Chief Clerk of such office certifying to the correctness  
7 thereof.

8 D. After the apportionment required by subsection B of this  
9 section, for the fiscal year ending June 30, ~~2010~~ 2013, and for each  
10 fiscal year thereafter the Insurance Commissioner shall report and  
11 disburse all of the fees and taxes collected under Section 624 of  
12 this title and Section 2204 of this title, and the same are hereby  
13 apportioned as follows:

14 1. Thirty-four percent (34%) of the taxes collected on premiums  
15 shall be allocated and disbursed for the Oklahoma Firefighters  
16 Pension and Retirement Fund, in the manner provided for in Sections  
17 49-119, 49-120 and 49-123 of Title 11 of the Oklahoma Statutes;

18 2. ~~Fourteen percent (14%)~~ Fifteen percent (15%) of the taxes  
19 collected on premiums shall be allocated and disbursed to the  
20 Oklahoma Police Pension and Retirement System pursuant to the  
21 provisions of Sections 50-101 through 50-136 of Title 11 of the  
22 Oklahoma Statutes;

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1       3. Five percent (5%) of the taxes collected on premiums shall  
2 be allocated and disbursed to the Law Enforcement Retirement Fund;  
3 and

4       4. All the balance and remainder of the taxes and fees provided  
5 in Section 624 of this title shall be paid to the State Treasurer to  
6 the credit of the General Revenue Fund of the state to provide  
7 revenue for general functions of state government. The Insurance  
8 Commissioner shall keep an accurate record of all such funds and  
9 make an itemized statement and furnish same to the State Auditor and  
10 Inspector, as to all other departments of this state. The report  
11 shall be accompanied by an affidavit of the Insurance Commissioner  
12 or the Chief Clerk of such office certifying to the correctness  
13 thereof.

14       E. The disbursements provided for in subsections A, B, C and D  
15 of this section shall be made monthly. The Insurance Commissioner  
16 shall report annually to the Governor, the Speaker of the House of  
17 Representatives, the President Pro Tempore of the Senate and the  
18 State Auditor and Inspector, the amounts collected and disbursed  
19 pursuant to this section.

20       F. Notwithstanding any other provision of law to the contrary,  
21 no tax credit authorized by law enacted on or after July 1, 2008,  
22 which may be used to reduce any insurance premium tax liability  
23 shall be used to reduce the amount of insurance premium tax revenue  
24 apportioned to the Oklahoma Firefighters Pension and Retirement

1 System, the Oklahoma Police Pension and Retirement System or the  
2 Oklahoma Law Enforcement Retirement System.

3 SECTION 5. This act shall become effective July 1, 2012.

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

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