

1 ENGROSSED HOUSE
2 BILL NO. 2319

By: McDaniel (Randy) of the
House

3 and

4 Anderson of the Senate
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8 An Act relating to public retirement systems;
9 amending 11 O.S. 2011, Sections 50-109 and 50-110,
10 which relate to the Oklahoma Police Pension and
11 Retirement System; modifying employee contribution
12 rate; modifying employer contribution rate; amending
13 36 O.S. 2011, Section 312.1, which relates to the
14 apportionment of insurance premium tax revenue;
15 modifying apportionment of revenue to the Oklahoma
16 Police Pension and Retirement System; providing an
17 effective date; and declaring an emergency.

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

19 SECTION 1. AMENDATORY 11 O.S. 2011, Section 50-109, is
20 amended to read as follows:

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

24 1. Prior to July 1, 1991, a minimum of ten percent (10%) of the
actual paid base salary of each member of the System employed by the
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 2. 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 3. 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

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January 13, 2012

Representative R McDaniel
Room 302-B

Re: RBH No. 8394

RBH No. 8394 increases the contribution rate by 1% to the Police Pension and Retirement System for both the city and member.

The allocation from the premium tax is increased to 15%.

RBH No. 8394 is a nonfiscal retirement bill as defined by the Oklahoma Pension Legislation Actuarial Analysis Act.

Thomas E. Cummins

Thomas E. Cummins, MAAA