

1 ENGROSSED HOUSE
2 BILL NO. 3111

By: Hickman and Enns of the
House

3 and

4 Brown of the Senate
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8 An Act relating to public finance; amending 62 O.S.
9 2011, Section 34.70, which relates to payroll
10 deductions; modifying certain payroll deductions;
11 modifying administrative costs of processing payroll
12 deductions; providing exemption; modifying collection
13 of charges; amending 70 O.S. 2011, Section 5-139,
14 which relates to certain payroll deductions for
15 school employees; prohibiting application of
16 administrative costs for processing certain payroll
17 deductions; modifying procedure for collection of
18 charges; and providing an effective date.

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

20 SECTION 1. AMENDATORY 62 O.S. 2011, Section 34.70, is
21 amended to read as follows:

22 Section 34.70 A. 1. Upon the request of a state employee, a
23 state agency shall make voluntary payroll deductions for the
24 employee to any credit union, bank, or savings association having an
office in this state.

2. If the governing body of any county, municipality, or school
district provides for voluntary payroll deductions to a credit union

1 serving the employees of the county, municipality, or school
2 district, it shall provide voluntary payroll deductions to any
3 credit union, bank, or savings association having an office in this
4 state which has a minimum participation of twenty percent (20%) of
5 the employees of the county, municipality, or school district.

6 B. Upon the request of a state employee or a school district
7 employee and pursuant to procedures established by the Administrator
8 of the Office of Personnel Management, a state agency or school
9 district shall make payroll deductions for:

10 1. The payment of any insurance premiums due a private
11 insurance organization with a minimum participation of five hundred
12 (500) state employees for life, accident, and health insurance which
13 is supplemental to that provided for by the state;

14 2. The payment of any insurance premiums due a private
15 insurance organization or service company which is regulated by the
16 State Insurance Commissioner and with a minimum participation of
17 five hundred (500) state employees for legal services;

18 3. Premiums or payments for retirement plans with a minimum
19 participation of five hundred (500) state employees for retirement
20 plans which are supplemental to that provided for by the state;

21 4. Salary adjustment agreements included in a flexible benefits
22 plan as authorized by the State Employees Flexible Benefits Act;

23 5. Membership dues utilized for benefits, goods or services
24 provided by the Oklahoma Public Employees Association to the

1 organization's membership or any other statewide association limited
2 to state employee membership with a minimum membership of ~~two~~
3 ~~thousand (2,000)~~ one thousand five hundred (1,500) dues-paying
4 members. For purposes of this paragraph, state agencies shall
5 accept online or electronically submitted forms from the Oklahoma
6 Public Employees Association and other state employee associations.
7 The Office of Personnel Management shall develop and implement a
8 verification process for online or electronically submitted forms
9 which may include the use of electronic signature technology or
10 other process as determined appropriate;

11 6. Contributions to any foundation organized pursuant to 26
12 U.S.C., Section 501(c)(3) of the Oklahoma Public Employees
13 Association or any other statewide association limited to state
14 employee membership with a minimum membership of ~~two thousand~~
15 ~~(2,000)~~ one thousand five hundred (1,500) dues-paying members;

16 7. Payments to a college savings account administered under the
17 Oklahoma College Savings Plan Act pursuant to Section 3970.1 et seq.
18 of Title 70 of the Oklahoma Statutes;

19 8. Subscriptions to the Oklahoma Today magazine published by
20 the State of Oklahoma through the Oklahoma Tourism and Recreation
21 Department; and

22 9. The payment of any insurance premiums due a private
23 insurance organization, which is regulated by the State Insurance
24 Commission, for an Oklahoma Long-Term Care Partnership Program

1 approved policy pursuant to the Oklahoma Long-Term Care Partnership
2 Act.

3 C. ~~The~~ 1. Except as otherwise provided by paragraph 2 of this
4 subsection, the administrative costs of processing payroll
5 deductions or administering any salary adjustment agreements for
6 insurance premiums as provided for in subsection B of this section
7 in any state agency or school district shall be a charge of two
8 percent (2%) of the gross annual premiums for insurance plans
9 revenue of the payroll deduction. The administrative costs of
10 processing payroll deductions or administering salary adjustment
11 agreements for payments for retirement plans as provided for in
12 subsection B of this section shall be one percent (1%) of the gross
13 annual payments for retirement plans

14 2. None of the administrative costs otherwise authorized by
15 paragraph 1 of this subsection shall apply to the following:

- 16 a. contributions to charitable organizations established
17 under Section 501(c)(3) of the Internal Revenue Code,
18 b. salary adjustment agreements included as part of the
19 employer-sponsored Section 125 premium-only plan,
20 health flexible spending account, or dependent day
21 care account pursuant to the Internal Revenue Code of
22 1986, as amended,
23 c. payroll deductions for employer-sponsored group
24 supplemental disability, life, accident and health

1 plans which are otherwise not eligible for payment
2 outside payroll deduction, or

3 d. salary reduction agreements for employer-sponsored
4 retirement plans as defined in Section 403(b) of the
5 Internal Revenue Code of 1986, as amended.

6 3. These charges shall be collected monthly ~~from the private~~
7 ~~insurance or retirement plan organization~~ by the Office of Personnel
8 ~~Management~~ State Finance or local school district and shall be
9 deposited to the credit of the General Revenue Fund or the general
10 fund of the local school district. Provided, that these costs shall
11 not be collected from state employees, school district employees,
12 local school districts, or state agencies unless otherwise directed
13 in the Oklahoma State Finance Act.

14 D. Any statewide association granted a payroll deduction prior
15 to January 1, 2008, shall be exempt from the minimum state employee
16 membership requirement.

17 E. Approval of a payroll deduction or salary adjustment
18 agreement for any insurance organization, line of coverage or policy
19 shall not be construed as an assumption of liability, for the term
20 of policy or the performance of the insurance organization, by this
21 state, or any of its agencies or any officer or employee thereof.
22 Contracts for such insurance shall be in all respects subject to the
23 insurance laws of this state, and shall be enforceable solely
24 pursuant to such laws.

1 F. The Oklahoma Employment Security Commission is authorized to
2 deduct from the wages or salary of its employees the employees'
3 contribution to the Oklahoma Employment Security Commission
4 Retirement Plan.

5 G. Payroll deductions shall be made for premium payments for
6 group insurance for retired members or beneficiaries of any state-
7 supported retirement system upon proper authorization given by the
8 member or beneficiary to the board from which the member or
9 beneficiary is currently receiving retirement benefits.

10 H. Upon request of instructional personnel employed at either
11 the Oklahoma School for the Blind or the Oklahoma School for the
12 Deaf and pursuant to procedures established by the Administrator of
13 the Office of Personnel Management, the Commission for
14 Rehabilitation Services shall make payroll deductions for membership
15 dues in any statewide educational employee organization or
16 association.

17 I. Upon the request of a state employee of the Department of
18 Corrections, the Department shall make voluntary payroll deductions
19 for the employee to the Correctional Peace Officer Foundation.

20 SECTION 2. AMENDATORY 70 O.S. 2011, Section 5-139, is
21 amended to read as follows:

22 Section 5-139. A. School districts shall make payroll
23 deductions for either or both professional organization dues and
24 political contributions upon the request of any school employee and

1 shall transmit deducted funds to the organization designated by the
2 school district employee. Such deductions shall be on a ten-month
3 basis unless otherwise designated by the employee organization.
4 However, a school employee may request in writing at any time for
5 the school district to immediately terminate or initiate payroll
6 deductions to a professional organization. Upon receipt of a
7 request the school district shall within five (5) business days or
8 by the next pay period, whichever is earlier, terminate or initiate
9 any future payroll deductions of the requesting school employee to a
10 professional organization. Upon receipt of a request the school
11 district shall notify the professional organization of the
12 initiation or termination of payroll deductions within fifteen (15)
13 business days. If the request is to terminate a deduction, the
14 school district shall not make any advance payments to any
15 professional organization of any future dues on behalf of the school
16 employee.

17 B. The administrative costs of processing payroll deductions
18 agreements as provided for in subsection A of this section shall be
19 a charge of two percent (2%) of the gross revenue of the payroll
20 deduction. Contributions to charitable organizations established
21 under Section 501(c)(3) of the Internal Revenue Code shall be exempt
22 from paying administrative costs. These charges shall be collected
23 monthly by the local school district and shall be deposited to the
24 credit of the district's general fund.

