

1 **HOUSE OF REPRESENTATIVES - FLOOR VERSION**

2 STATE OF OKLAHOMA

3 2nd Session of the 53rd Legislature (2012)

4 COMMITTEE SUBSTITUTE
5 FOR
6 HOUSE BILL NO. 3111

By: Hickman and Enns of the
House

and

Brown of the Senate

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11 COMMITTEE SUBSTITUTE

12 An Act relating to public finance; amending 62 O.S.
13 2011, Section 34.70, which relates to payroll
14 deductions; modifying certain payroll deductions;
15 modifying administrative costs of processing payroll
16 deductions; providing exemption; modifying collection
17 of charges; amending 70 O.S. 2011, Section 5-139,
18 which relates to certain payroll deductions for
19 school employees; providing for administrative costs
20 of processing payroll deductions; providing
21 exemption; providing for collection of charges; and
22 providing an effective date.

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

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

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

7 2. If the governing body of any county, municipality, or school
8 district provides for voluntary payroll deductions to a credit union
9 serving the employees of the county, municipality, or school
10 district, it shall provide voluntary payroll deductions to any
11 credit union, bank, or savings association having an office in this
12 state which has a minimum participation of twenty percent (20%) of
13 the employees of the county, municipality, or school district.

14 B. Upon the request of a state employee or a school district
15 employee and pursuant to procedures established by the Administrator
16 of the Office of Personnel Management, a state agency or school
17 district shall make payroll deductions for:

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

22 2. The payment of any insurance premiums due a private
23 insurance organization or service company which is regulated by the

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1 State Insurance Commissioner and with a minimum participation of
2 five hundred (500) state employees for legal services;

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

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

8 5. Membership dues utilized for benefits, goods or services
9 provided by the Oklahoma Public Employees Association to the
10 organization's membership or any other statewide association limited
11 to state employee membership with a minimum membership of two
12 thousand (2,000) dues-paying members. For purposes of this
13 paragraph, state agencies shall accept online or electronically
14 submitted forms from the Oklahoma Public Employees Association and
15 other state employee associations. The Office of Personnel
16 Management shall develop and implement a verification process for
17 online or electronically submitted forms which may include the use
18 of electronic signature technology or other process as determined
19 appropriate;

20 6. Contributions to any foundation organized pursuant to 26
21 U.S.C., Section 501(c)(3) of the Oklahoma Public Employees
22 Association or any other statewide association limited to state
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1 employee membership with a minimum membership of two thousand
2 (2,000) dues-paying members;

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

6 8. Subscriptions to the Oklahoma Today magazine published by
7 the State of Oklahoma through the Oklahoma Tourism and Recreation
8 Department; and

9 9. The payment of any insurance premiums due a private
10 insurance organization, which is regulated by the State Insurance
11 Commission, for an Oklahoma Long-Term Care Partnership Program
12 approved policy pursuant to the Oklahoma Long-Term Care Partnership
13 Act.

14 C. The administrative costs of processing payroll deductions or
15 administering any salary adjustment agreements ~~for insurance~~
16 ~~premiums as provided for in subsection B of this section~~ in any
17 state agency or school district shall be a charge of two percent
18 (2%) of the gross ~~annual premiums for insurance plans~~ revenue of the
19 payroll deduction. ~~The administrative costs of processing payroll~~
20 ~~deductions or administering salary adjustment agreements for~~
21 ~~payments for retirement plans as provided for in subsection B of~~
22 ~~this section shall be one percent (1%) of the gross annual payments~~
23 ~~for retirement plans~~ Contributions to charitable organizations

1 established under Section 501(c)(3) of the Internal Revenue Code
2 shall be exempt from paying administrative costs. These charges
3 shall be collected monthly ~~from the private insurance or retirement~~
4 ~~plan organization~~ by the Office of ~~Personnel Management~~ State
5 Finance or local school district and shall be deposited to the
6 credit of the General Revenue Fund or the general fund of the local
7 school district. Provided that these costs shall not be collected
8 from state employees, school district employees, local school
9 districts, or state agencies unless otherwise directed in the
10 Oklahoma State Finance Act.

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

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

22 F. The Oklahoma Employment Security Commission is authorized to
23 deduct from the wages or salary of its employees the employees'

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1 contribution to the Oklahoma Employment Security Commission
2 Retirement Plan.

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

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

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

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

20 Section 5-139. A. School districts shall make payroll
21 deductions for either or both professional organization dues and
22 political contributions upon the request of any school employee and
23 shall transmit deducted funds to the organization designated by the
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1 school district employee. Such deductions shall be on a ten-month
2 basis unless otherwise designated by the employee organization.
3 However, a school employee may request in writing at any time for
4 the school district to immediately terminate or initiate payroll
5 deductions to a professional organization. Upon receipt of a
6 request the school district shall within five (5) business days or
7 by the next pay period, whichever is earlier, terminate or initiate
8 any future payroll deductions of the requesting school employee to a
9 professional organization. Upon receipt of a request the school
10 district shall notify the professional organization of the
11 initiation or termination of payroll deductions within fifteen (15)
12 business days. If the request is to terminate a deduction, the
13 school district shall not make any advance payments to any
14 professional organization of any future dues on behalf of the school
15 employee.

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

1 SECTION 3. This act shall become effective November 1, 2012.

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3 COMMITTEE REPORT BY: COMMITTEE ON ECONOMIC DEVELOPMENT, TOURISM AND
4 FINANCIAL SERVICES, dated 02/23/2012 - DO PASS, As Amended and
5 Coauthored.
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