

1 **SENATE FLOOR VERSION**

2 April 2, 2012

3 As Amended

4 ENGROSSED HOUSE

5 BILL NO. 3111

6 By: Hickman and Enns of the
7 House

8 and

9 Brown of the Senate

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

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

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

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

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

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

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

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

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

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

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

13 6. Contributions to any foundation organized pursuant to 26
14 U.S.C., Section 501(c)(3) of the Oklahoma Public Employees
15 Association or any other statewide association limited to state
16 employee membership with a minimum membership of ~~two thousand~~
17 ~~(2,000)~~ one thousand five hundred (1,500) dues-paying members;

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

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

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1 9. The payment of any insurance premiums due a private
2 insurance organization, which is regulated by the State Insurance
3 Commission, for an Oklahoma Long-Term Care Partnership Program
4 approved policy pursuant to the Oklahoma Long-Term Care Partnership
5 Act.

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

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

- 19 a. contributions to charitable organizations established
20 under Section 501(c)(3) of the Internal Revenue Code,
21 b. salary adjustment agreements included as part of the
22 employer-sponsored Section 125 premium-only plan,
23 health flexible spending account, or dependent day

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1 care account pursuant to the Internal Revenue Code of
2 1986, as amended,

3 c. payroll deductions for employer-sponsored group
4 supplemental disability, life, accident and health
5 plans which are otherwise not eligible for payment
6 outside payroll deduction, or

7 d. salary reduction agreements for employer-sponsored
8 retirement plans as defined in **Section 401(a), 403(b)**
9 and 457 of the Internal Revenue Code of 1986, as
10 amended.

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

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

22 E. Approval of a payroll deduction or salary adjustment
23 agreement for any insurance organization, line of coverage or policy
24 shall not be construed as an assumption of liability, for the term

1 of policy or the performance of the insurance organization, by this
2 state, or any of its agencies or any officer or employee thereof.
3 Contracts for such insurance shall be in all respects subject to the
4 insurance laws of this state, and shall be enforceable solely
5 pursuant to such laws.

6 F. The Oklahoma Employment Security Commission is authorized to
7 deduct from the wages or salary of its employees the employees'
8 contribution to the Oklahoma Employment Security Commission
9 Retirement Plan.

10 G. Payroll deductions shall be made for premium payments for
11 group insurance for retired members or beneficiaries of any state-
12 supported retirement system upon proper authorization given by the
13 member or beneficiary to the board from which the member or
14 beneficiary is currently receiving retirement benefits.

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

22 I. Upon the request of a state employee of the Department of
23 Corrections, the Department shall make voluntary payroll deductions
24 for the employee to the Correctional Peace Officer Foundation.

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

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

22 B. The administrative costs of processing payroll deductions
23 agreements as provided for in subsection A of this section shall be
24 a charge of two percent (2%) of the gross revenue of the payroll

1 deduction. Contributions to charitable organizations established
2 under Section 501(c)(3) of the Internal Revenue Code shall be exempt
3 from paying administrative costs. These charges shall be collected
4 monthly by the local school district and shall be deposited to the
5 credit of the district's general fund.

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

7 COMMITTEE REPORT BY: COMMITTEE ON GENERAL GOVERNMENT, dated 3-26-12
8 - DO PASS, As Amended.

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