

## STATE OF OKLAHOMA

2nd Session of the 58th Legislature (2022)

## SUBCOMMITTEE RECOMMENDATION

FOR

HOUSE BILL NO. 2065

By: Ford

SUBCOMMITTEE RECOMMENDATION

An Act relating to public retirement systems; amending 62 O.S. 2021, Section 3103, which relates to the Oklahoma Pension Legislation Actuarial Analysis Act; modifying definitions; amending 47 O.S. 2021, Section 2-305, which relates to the Oklahoma Law Enforcement Retirement System; modifying provisions related to benefit computations for certain members; providing effective dates; providing for contingent effect based on failure of emergency clause; and declaring an emergency.

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

SECTION 1. AMENDATORY 62 O.S. 2021, Section 3103, is amended to read as follows:

Section 3103. As used in the Oklahoma Pension Legislation Actuarial Analysis Act:

1. "Amendment" means any amendment, including a substitute bill, made to a retirement bill by any committee of the House or Senate, any conference committee of the House or Senate or by the House or Senate;

1        2. "RB number" means that number preceded by the letters "RB"  
2 assigned to a retirement bill by the respective staffs of the  
3 Oklahoma State Senate and the Oklahoma House of Representatives when  
4 the respective staff office prepares a retirement bill for a member  
5 of the Legislature;

6        3. "Legislative Actuary" means the firm or entity that enters  
7 into a contract with the Legislative Service Bureau pursuant to  
8 Section 452.15 of Title 74 of the Oklahoma Statutes to provide the  
9 actuarial services and other duties provided for in the Oklahoma  
10 Pension Legislation Actuarial Analysis Act;

11       4. "Nonfiscal amendment" means an amendment to a retirement  
12 bill having a fiscal impact, which amendment does not change any  
13 factor of an actuarial investigation specified in subsection A of  
14 Section 3109 of this title;

15       5. "Nonfiscal retirement bill" means a retirement bill:

- 16           a. which does not affect the cost or funding factors of a  
17           retirement system,  
18           b. which affects such factors only in a manner which does  
19           not:  
20                (1) grant a benefit increase under the retirement  
21                system affected by the bill,  
22                (2) create an actuarial accrued liability for or  
23                increase the actuarial accrued liability of the  
24                retirement system affected by the bill, or

- 1                   (3) increase the normal cost of the retirement system  
2                   affected by the bill,
- 3       c. which authorizes the purchase by an active member of  
4           the retirement system, at the actuarial cost for the  
5           purchase as computed pursuant to the statute in effect  
6           on the effective date of the measure allowing such  
7           purchase, of years of service for purposes of reaching  
8           a normal retirement date in the applicable retirement  
9           system, but which cannot be used in order to compute  
10          the number of years of service for purposes of  
11          computing the retirement benefit for the member,
- 12       d. which provides for the computation of a service-  
13          connected disability retirement benefit for members of  
14          the Oklahoma Law Enforcement Retirement System  
15          pursuant to Section 2-305 of Title 47 of the Oklahoma  
16          Statutes if the members were unable to complete twenty  
17          (20) years of service as a result of the disability,
- 18       e. which requires membership in the defined benefit plan  
19          authorized by Section 901 et seq. of Title 74 of the  
20          Oklahoma Statutes for persons whose first elected or  
21          appointed service occurs on or after November 1, 2018,  
22          if such persons had any prior service in the Oklahoma  
23          Public Employees Retirement System prior to November  
24          1, 2015,

1        f.    which provides for a one-time increase in retirement  
2            benefits if the increase in retirement benefits is not  
3            a permanent increase in the gross annual retirement  
4            benefit payable to a member or beneficiary, occurs  
5            only once pursuant to a single statutory authorization  
6            and does not exceed:

7            (1)   the lesser of two percent (2%) of the gross  
8                   annual retirement benefit of the member or One  
9                   Thousand Dollars (\$1,000.00) and requires that  
10                  the benefit may only be provided if the funded  
11                  ratio of the affected retirement system would not  
12                  be less than sixty percent (60%) but not greater  
13                  than eighty percent (80%) after the benefit  
14                  increase is paid,

15           (2)   the lesser of two percent (2%) of the gross  
16                   annual retirement benefit of the member or One  
17                   Thousand Two Hundred Dollars (\$1,200.00) and  
18                   requires that the benefit may only be provided if  
19                   the funded ratio of the affected retirement  
20                   system would be greater than eighty percent (80%)  
21                   but not greater than one hundred percent (100%)  
22                   after the benefit increase is paid,

23           (3)   the lesser of two percent (2%) of the gross  
24                   annual retirement benefit of the member or One

1           Thousand Four Hundred Dollars (\$1,400.00) and  
2           requires that the benefit may only be provided if  
3           the funded ratio of the affected retirement  
4           system would be greater than one hundred percent  
5           (100%) after the benefit increase is paid, or  
6       (4)   the greater of two percent (2%) of the gross  
7           annual retirement benefit of the volunteer  
8           firefighter or One Hundred Dollars (\$100.00) for  
9           persons who retired from the Oklahoma  
10          Firefighters Pension and Retirement System as  
11          volunteer firefighters and who did not retire  
12          from the Oklahoma Firefighters Pension and  
13          Retirement System as a paid firefighter.

14       As used in this subparagraph, "funded ratio" means the  
15       figure derived by dividing the actuarial value of  
16       assets of the applicable retirement system by the  
17       actuarial accrued liability of the applicable  
18       retirement system,

- 19       g.   which modifies the disability pension standard for  
20       police officers who are members of the Oklahoma Police  
21       Pension and Retirement System as provided by Section 3  
22       of this act, ~~or~~

1           h.     which provides a cost-of-living benefit increase  
2                 pursuant to the provisions of Sections 2 through 7 of  
3                 this act, and

4           i.     which provides for the reinstatement of retirement  
5                 benefits for members of the Oklahoma Law Enforcement  
6                 Retirement System pursuant to Section 2-305 of Title  
7                 47 of the Oklahoma Statutes for those who were hired  
8                 on or after November 1, 2012, or May 24, 2013.

9     A nonfiscal retirement bill shall include any retirement bill that  
10    has as its sole purpose the appropriation or distribution or  
11    redistribution of monies in some manner to a retirement system for  
12    purposes of reducing the unfunded liability of such system or the  
13    earmarking of a portion of the revenue from a tax to a retirement  
14    system or increasing the percentage of the revenue earmarked from a  
15    tax to a retirement system;

16       6.    "Reduction-in-cost amendment" means an amendment to a  
17    retirement bill having a fiscal impact which reduces the cost of the  
18    bill as such cost is determined by the actuarial investigation for  
19    the bill prepared pursuant to Section 3109 of this title;

20       7.    "Retirement bill" means any bill or joint resolution  
21    introduced or any bill or joint resolution amended by a member of  
22    the Oklahoma Legislature which creates or amends any law directly  
23    affecting a retirement system. A retirement bill shall not mean a  
24    bill or resolution that impacts the revenue of any state tax in

1 which a portion of the revenue generated from such tax is earmarked  
2 for the benefit of a retirement system;

3 8. "Retirement bill having a fiscal impact" means any  
4 retirement bill creating or establishing a retirement system and any  
5 other retirement bill other than a nonfiscal retirement bill; and

6 9. "Retirement system" means the Teachers' Retirement System of  
7 Oklahoma, the Oklahoma Public Employees Retirement System, the  
8 Uniform Retirement System for Justices and Judges, the Oklahoma  
9 Firefighters Pension and Retirement System, the Oklahoma Police  
10 Pension and Retirement System, the Oklahoma Law Enforcement  
11 Retirement System, or a retirement system established after January  
12 1, 2006.

13 SECTION 2. AMENDATORY 47 O.S. 2021, Section 2-305, is  
14 amended to read as follows:

15 Section 2-305. A. Except as otherwise provided in this title,  
16 at any time after attaining normal retirement date, any member of  
17 the Oklahoma Law Enforcement Retirement System upon application for  
18 unreduced retirement benefits made and approved, may retire, and,  
19 during the remainder of the member's lifetime, receive annual  
20 retirement pay, payable in equal monthly payments, equal to two and  
21 one-half percent (2 1/2%) of the final average salary times years of  
22 credited service. If such retired member is reemployed by a state  
23 agency in a position which is not covered by the System, such  
24 retired member shall continue to receive in-service distributions

1 from the System. Prior to September 19, 2002, if such retired  
2 member was reemployed by a state agency in a position which is  
3 covered by the System, such member shall continue to receive in-  
4 service distributions from the System and shall not accrue any  
5 further credited service. If such a member is reemployed by a state  
6 agency in a position which is covered by the System on or after  
7 September 19, 2002, such member's monthly retirement payments shall  
8 be suspended until such member retires and is not reemployed by a  
9 state agency in a position which is covered by the System.

10 B. Beginning July 1, 1994, members who retired or were eligible  
11 to retire prior to July 1, 1980, or their surviving spouses shall  
12 receive annual retirement pay, payable in equal monthly payments,  
13 equal to the greater of their current retirement pay, or two and  
14 one-half percent (2 1/2%) of the actual paid gross salary being  
15 currently paid to a highway patrol officer, at the time each such  
16 monthly retirement payment is made, multiplied by the retired  
17 member's years of credited service.

18 C. Except as otherwise provided by this subsection, members of  
19 the System whose salary is set by statute who have retired after  
20 completion of the mandatory twenty (20) years of service, and those  
21 members with statutory salaries who retire after reaching the  
22 mandatory twenty-year retirement shall receive an annual retirement  
23 pay, payable in equal monthly installments, based upon the greater  
24 of either:



1        1. The top base salary currently paid to the highest  
2 nonsupervisory position in the participating agency at the time each  
3 such monthly retirement payment is made, limited to the annual  
4 salary limit of the Economic Growth and Tax Relief Reconciliation  
5 Act of 2001, as described in paragraph 9 of Section 2-300 of this  
6 title, multiplied by two and one-half percent (2 1/2%) multiplied by  
7 the number of years of credited service and fraction thereof for the  
8 following positions:

- 9            a. Oklahoma Highway Patrolman,
- 10           b. Communications Dispatcher,
- 11           c. Capitol Patrolman,
- 12           d. Lake Patrolman, and
- 13           e. Oklahoma State Bureau of Investigation - Special Agent  
14              or Criminalist; or

15        2. The member's final average salary as set forth in paragraph  
16 9 of Section 2-300 of this title, multiplied by two and one-half  
17 percent (2 1/2%), and multiplied by the number of years of credited  
18 service and fraction thereof.

19        No member of the System retired prior to July 1, 2002, shall  
20 receive a benefit less than the amount the member is receiving as of  
21 June 30, 2002.

22        ~~The provisions of paragraph 1 of this subsection shall not be~~  
23 ~~applicable to any member whose first participating service with the~~  
24 ~~System occurs on or after November 1, 2012.~~

1 D. Other members of the System whose retirement benefit is not  
2 otherwise prescribed by this section who have retired after  
3 completion of the mandatory twenty (20) years of service, and those  
4 members who retire after reaching the mandatory twenty-year  
5 retirement shall receive an annual retirement pay, payable in equal  
6 monthly payments, based upon the greater of either:

7 1. The actual average salary currently paid to the highest  
8 nonsupervisory position in the participating agency at the time each  
9 such monthly payment is made, limited to the annual salary limit of  
10 the Economic Growth and Tax Relief Reconciliation Act of 2001, as  
11 described in paragraph 9 of Section 2-300 of this title, multiplied  
12 by two and one-half percent (2 1/2%), multiplied by the number of  
13 years of credited service and fraction thereof for the following  
14 positions:

- 15 a. Alcoholic Beverage Laws Enforcement Commission - ABLE  
16 Commission Agent III,
  - 17 b. Oklahoma State Bureau of Narcotics and Dangerous Drugs  
18 Control - Narcotics Agent III,
  - 19 c. Oklahoma Tourism and Recreation Department - Park  
20 Ranger II,
  - 21 d. State Board of Pharmacy - Pharmacy Inspector,
  - 22 e. University of Oklahoma - Police Officer, and
  - 23 f. Oklahoma State University - Police Officer; or
- 24

1        2. The other member's final average salary as set forth in  
2 paragraph 9 of Section 2-300 of this title, multiplied by two and  
3 one-half percent (2 1/2%), multiplied by the number of years of  
4 credited service and fraction thereof.

5        No member of the System retired prior to July 1, 2002, shall  
6 receive a benefit less than the amount the member is receiving as of  
7 June 30, 2002. The participating employer must certify to the  
8 System in writing the actual average gross salary currently paid to  
9 the highest nonsupervisory position. The Board of Trustees shall  
10 promulgate such rules as are necessary to implement the provisions  
11 of this section.

12        ~~The provisions of paragraph 1 of this subsection shall not be~~  
13 ~~applicable to any member whose first participating service with the~~  
14 ~~System occurs on or after May 24, 2013.~~

15        E. A member who meets the definition of disability as defined  
16 in paragraph 11 of Section 2-300 of this title by direct reason of  
17 the performance of the member's duties as an officer shall receive a  
18 monthly benefit equal to:

19        1. Two and one-half percent (2 1/2%);

20        2. Multiplied by:

21            a. twenty (20) years of credited service, if the member  
22                had performed less than twenty (20) years of credited  
23                service, notwithstanding the actual number of years of  
24

1 credited service performed by the member prior to the  
2 date of disability, or

- 3 b. the actual number of years of credited service and  
4 fraction thereof performed by the member prior to the  
5 date of disability, if the member had performed twenty  
6 (20) or more years of credited service;

7 3. Multiplied by the greater of subparagraph a of this  
8 paragraph and division 1 of subparagraph b of this paragraph or  
9 division 2 of subparagraph b of this paragraph, as applicable:

- 10 a. the final average salary of the member, as set forth  
11 in paragraph 9 of Section 2-300 of this title, and  
12 b. (1) the top base salary currently paid to the highest  
13 nonsupervisory position in the participating  
14 agency of the member ~~whose first participating~~  
15 ~~service with the System occurred before November~~  
16 ~~1, 2012,~~ at the time each monthly payment is  
17 made, limited to the annual salary limit of the  
18 Economic Growth and Tax Relief Reconciliation Act  
19 of 2001 described in paragraph 9 of Section 2-300  
20 of this title, for the following positions:  
21 (a) Oklahoma Highway Patrolman,  
22 (b) Communications Dispatcher,  
23 (c) Capitol Patrolman,  
24 (d) Lake Patrolman, and

(e) Oklahoma State Bureau of Investigation -  
Special Agent or Criminalist,

Provided, the participating employer must certify to the System  
in writing the top base salary currently paid to the highest  
nonsupervisory position for division 1 of subparagraph b of this  
paragraph, or

(2) the actual average salary currently paid to the  
highest nonsupervisory position in the  
participating agency of the member ~~whose first~~  
~~participating service with the System occurred~~  
~~before May 24, 2013,~~ at the time each monthly  
payment is made, limited to the annual salary  
limit of the Economic Growth and Tax Relief  
Reconciliation Act of 2001, described in  
paragraph 9 of Section 2-300 of this title, for  
the following positions:

(a) Alcoholic Beverage Laws Enforcement (ABLE)  
Commission - ABLE Commission Agent III,

(b) Oklahoma State Bureau of Narcotics and  
Dangerous Drugs Control - Narcotics Agent  
III,

(c) Oklahoma Tourism and Recreation Department -  
Park Ranger II,

(d) State Board of Pharmacy - Pharmacy  
Inspector,

(e) University of Oklahoma - Police Officer, and

(f) Oklahoma State University - Police Officer,

Provided, the participating employer must certify to the System in writing the actual average gross salary currently paid to the highest nonsupervisory position for division 2 of subparagraph b of this paragraph;

4. No member of the System receiving benefits prescribed by this subsection who retired prior to July 1, 2002, shall receive a benefit of less than the amount the member was receiving as of June 30, 2002;

5. The Board of Trustees shall promulgate rules as necessary to implement the provisions of this subsection; and

6. If such member participates in the Oklahoma Law Enforcement Deferred Option Plan pursuant to Section 2-305.2 of this title, then such member's disability pension provided pursuant to this subsection shall be reduced to account for such member's participation in the Oklahoma Law Enforcement Deferred Option Plan.

F. A member who meets the definition of disability as defined in paragraph 11 of Section 2-300 of this title and whose disability is by means of personal and traumatic injury of a catastrophic nature and in the line of duty, shall receive a monthly benefit equal to:

1. Two and one-half percent (2 1/2%);
2. Multiplied by:
  - a. twenty (20) years of service, regardless of the actual number of years of credited service performed by the member prior to the date of disability, if the member had performed less than twenty (20) years of service, or
  - b. the actual number of years of service performed by the member if the member had performed twenty (20) or more years of service;
3. Multiplied by a final average salary equal to:
  - a. the salary which the member would have received pursuant to statutory salary schedules in effect upon the date of the disability for twenty (20) years of service prior to disability. The final average salary for a member who performed less than twenty (20) years of service prior to disability shall be computed assuming that the member was paid the highest salary allowable pursuant to the law in effect at the time of the member's disability based upon twenty (20) years of service and with an assumption that the member was eligible for any and all increases in pay based upon rank during the entire period. If the salary of a member is not prescribed by a specific salary schedule

1           upon the date of the member's disability, the final  
2           average salary for the member shall be computed by the  
3           member's actual final average salary or the highest  
4           median salary amount for a member whose salary was  
5           prescribed by a specific salary schedule upon the date  
6           of the member's disability, whichever final average  
7           salary amount would be greater, or

8           b.   the actual final average salary of the member if the  
9                member had performed twenty (20) or more years of  
10              service prior to disability.

11           If such member participates in the Oklahoma Law Enforcement  
12   Deferred Option Plan pursuant to Section 2-305.2 of this title, such  
13   member's disability pension provided pursuant to this subsection  
14   shall be adjusted as provided in Section 2-305.2 of this title to  
15   account for such member's participation in the Oklahoma Law  
16   Enforcement Deferred Option Plan.

17           G.   A member who meets the definition of disability as defined  
18   in Section 2-300 of this title and whose disability occurred prior  
19   to the member's normal retirement date but after completing three  
20   (3) years of vesting service and not by reason of the performance of  
21   the member's duties or as a result of the member's willful  
22   negligence shall receive a monthly benefit equal to two and one-half  
23   percent (2 1/2%) of final average salary multiplied by the number of  
24   years of the member's credited service.



1       H. Payment of a disability pension shall commence as of the  
2 first day of the month coinciding or next following the date of  
3 retirement and shall continue as long as the member meets the  
4 definition of total and permanent disability provided in this  
5 section.

6       I. For the purpose of determining the member's disability under  
7 subsection E, F or G of this section, the member shall be required  
8 by the Board to be examined by a minimum of two recognized  
9 physicians selected by the Board to determine the extent of the  
10 member's injury or illness. The examining physicians shall furnish  
11 the Board a detailed written report of the injury or illness of the  
12 examined member establishing the extent of disability and the  
13 possibilities of the disabled member being returned to his or her  
14 regular duties or an alternate occupation or service covered by the  
15 System after a normal recuperation period. The Board shall require  
16 all retired disabled members who have not attained their normal  
17 retirement date to submit to a physical examination once each year  
18 for a minimum of three (3) years following retirement. The Board  
19 shall select a minimum of two physicians to examine the retired  
20 members and pay for their services from the fund. Any retired  
21 disabled member found no longer disabled by the examining physicians  
22 to perform the occupation of the member or an alternate occupation  
23 or service covered by the System shall be required to return to duty  
24 and complete twenty (20) years of service as provided in subsection

1 A of this section, or forfeit all his or her rights and claims under  
2 Section 2-300 et seq. of this title.

3 J. The disability benefit under this section shall be for the  
4 lifetime of the member unless such member is found no longer  
5 disabled pursuant to subsection I of this section. Such member  
6 shall not be entitled to the retirement benefit pursuant to  
7 subsection A of this section unless such member returns to active  
8 duty and is eligible for a retirement benefit as provided in  
9 subsection A of this section.

10 K. At the postoffer, preemployment physical examination  
11 required under paragraph 6 of Section 2-300 of this title, the  
12 physician selected by the Board shall determine the extent to which  
13 a new member is disabled. If a member is determined to be partially  
14 disabled, the physician shall assign a percentage of disability to  
15 such partial disability. If such member then becomes entitled to a  
16 disability benefit under either subsection E or subsection G of this  
17 section, the benefit payable shall be reduced by the percentage  
18 which such member was determined to be disabled at the postoffer,  
19 preemployment physical unless the Board makes a determination that  
20 the initially determined percentage of disability at the  
21 preemployment physical examination is unrelated to the reason for  
22 the disability currently sought pursuant to subsection E or  
23 subsection G of this section. Upon employment, the member shall  
24 disclose to the Board any disability payments received from any

1 source. The amount of disability to be paid to any member cannot  
2 exceed one hundred percent (100%) disability from all sources. The  
3 provisions of this subsection shall apply only to members whose  
4 effective date of membership is on or after July 1, 2000.

5 L. In addition to the pension provided for under subsection F  
6 of this section, if the member has one or more children under the  
7 age of eighteen (18) years or under the age of twenty-two (22) years  
8 if the child is enrolled full time in and is regularly attending a  
9 public or private school or any institution of higher education,  
10 Four Hundred Dollars (\$400.00) a month shall be paid from the Fund  
11 for the support of each surviving child to the member or person  
12 having the care and custody of such children until each child  
13 reaches the age of eighteen (18) years or reaches the age of twenty-  
14 two (22) years if the child is enrolled full time in and is  
15 regularly attending a public or private school or any institution of  
16 higher education.

17 M. Notwithstanding any other provisions in Section 2-300  
18 through 2-315 of this title, in order to be eligible to receive  
19 disability benefits, a member who meets the definition of disability  
20 as defined in paragraph 11 of Section 2-300 of this title shall file  
21 the member's completed application for disability benefits with the  
22 System before such member's date of termination from service and  
23 provide such additional information that the System's rules require  
24 within six (6) months of the System's receipt of such application.

1 If the member's completed application for disability benefits is not  
2 filed with the System before the member's date of termination from  
3 service or such additional information as is required under the  
4 System's rules is not provided within six (6) months of the System's  
5 receipt of such application, such member shall be eligible only for  
6 such other benefits as are available to members of the System and  
7 shall not be eligible to receive any disability benefits. For good  
8 cause shown, the Board of Trustees may waive the requirement that  
9 the disability application be filed before the member's date of  
10 termination from service. In no event shall a member be eligible to  
11 receive any disability benefit if the member's completed application  
12 is filed more than six (6) months after the member's date of  
13 termination from service.

14 N. If the requirements of Section 2-305.1C of this title are  
15 satisfied, a member who, by reason of disability or attainment of  
16 normal retirement date or age, is separated from service as a public  
17 safety officer with the member's participating employer may elect to  
18 have payment made directly to the provider for qualified health  
19 insurance premiums by deduction from his or her monthly disability  
20 benefit or monthly retirement payment, after December 31, 2006, in  
21 accordance with Section 402(1) of the Internal Revenue Code of 1986,  
22 as amended.

23 SECTION 3. If the Emergency Clause is not approved pursuant to  
24 the requirements of the Oklahoma Constitution as part of this

1 measure, the effective date of Section 1 of this act shall be  
2 October 1, 2022.

3 SECTION 4. If the Emergency Clause is not approved pursuant to  
4 the requirements of the Oklahoma Constitution as part of this  
5 measure, the effective date of Section 2 of this act shall be  
6 November 1, 2022.

7 SECTION 5. Except as otherwise provided by Section 3 of this  
8 act, Section 1 of this act shall become effective immediately upon  
9 signature by the Governor or as otherwise provided by Section 58 of  
10 Article V of the Oklahoma Constitution.

11 SECTION 6. Except as otherwise provided by Section 4 of this  
12 act, Section 2 of this act shall become effective July 1, 2022.

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

17  
18 58-2-10690 GRS 02/21/22  
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