

1 ENGROSSED HOUSE
2 BILL NO. 3709

By: Bush of the House

3 and

4 Rader of the Senate

5
6 An Act relating to public retirement systems;
7 amending 62 O.S. 2021, Section 3103, which relates to
8 the Oklahoma Pension Legislation Actuarial Analysis
9 Act; modifying definition; amending 11 O.S. 2021,
10 Section 50-128, which relates to the Oklahoma Police
11 Pension and Retirement System; authorizing the
12 purchase of military service credit for certain
13 members of the Oklahoma Police Pension and Retirement
14 System; defining term; amending 20 O.S. 2021, Section
15 1102.2, which relates to the Uniform Retirement
16 System for Justices and Judges; authorizing the
17 purchase of military service credit for certain
18 members of the Uniform Retirement System for Justices
19 and Judges; defining term; amending 47 O.S. 2021,
20 Section 2-307.4, which relates to the Oklahoma Law
21 Enforcement Retirement System; authorizing the
22 purchase of military service credit for certain
23 members of the Oklahoma Law Enforcement Retirement
24 System; defining term; amending 74 O.S. 2021, Section
913.8, which relates to the Oklahoma Public Employees
Retirement System; authorizing the purchase of
military service credit for certain members of the
Oklahoma Public Employees Retirement System; defining
term; and providing effective dates.

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

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

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

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

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

- 20 a. which does not affect the cost or funding factors of a
21 retirement system,
- 22 b. which affects such factors only in a manner which does
23 not:

- (1) grant a benefit increase under the retirement system affected by the bill,
 - (2) create an actuarial accrued liability for or increase the actuarial accrued liability of the retirement system affected by the bill, or
 - (3) increase the normal cost of the retirement system affected by the bill,
- c. which authorizes the purchase by an active member of the retirement system, at the actuarial cost for the purchase as computed pursuant to the statute in effect on the effective date of the measure allowing such purchase, of years of service for purposes of reaching a normal retirement date in the applicable retirement system, but which cannot be used in order to compute the number of years of service for purposes of computing the retirement benefit for the member,
- d. which provides for the computation of a service-connected disability retirement benefit for members of the Oklahoma Law Enforcement Retirement System pursuant to Section 2-305 of Title 47 of the Oklahoma Statutes if the members were unable to complete twenty (20) years of service as a result of the disability,
- e. which requires membership in the defined benefit plan authorized by Section 901 et seq. of Title 74 of the

Oklahoma Statutes for persons whose first elected or appointed service occurs on or after November 1, 2018, if such persons had any prior service in the Oklahoma Public Employees Retirement System prior to November 1, 2015,

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

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

(2) the lesser of two percent (2%) of the gross annual retirement benefit of the member or One Thousand Two Hundred Dollars (\$1,200.00) and requires that the benefit may only be provided if the funded ratio of the affected retirement

1 system would be greater than eighty percent (80%)
2 but not greater than one hundred percent (100%)
3 after the benefit increase is paid,

4 (3) the lesser of two percent (2%) of the gross
5 annual retirement benefit of the member or One
6 Thousand Four Hundred Dollars (\$1,400.00) and
7 requires that the benefit may only be provided if
8 the funded ratio of the affected retirement
9 system would be greater than one hundred percent
10 (100%) after the benefit increase is paid, or

11 (4) the greater of two percent (2%) of the gross
12 annual retirement benefit of the volunteer
13 firefighter or One Hundred Dollars (\$100.00) for
14 persons who retired from the Oklahoma
15 Firefighters Pension and Retirement System as
16 volunteer firefighters and who did not retire
17 from the Oklahoma Firefighters Pension and
18 Retirement System as a paid firefighter.

19 As used in this subparagraph, "funded ratio" means the
20 figure derived by dividing the actuarial value of
21 assets of the applicable retirement system by the
22 actuarial accrued liability of the applicable
23 retirement system,
24

- 1 g. which modifies the disability pension standard for
2 police officers who are members of the Oklahoma Police
3 Pension and Retirement System as provided by Section ~~3~~
4 ~~of this act~~ 50-115 of Title 11 of the Oklahoma
5 Statutes, or
- 6 h. which provides a cost-of-living benefit increase
7 pursuant to the provisions of ~~Sections 2 through 7 of~~
8 ~~this act:~~
- 9 (1) Section 49-143.7 of Title 11 of the Oklahoma
10 Statutes,
- 11 (2) Section 50-136.9 of Title 11 of the Oklahoma
12 Statutes,
- 13 (3) Section 1104K of Title 20 of the Oklahoma
14 Statutes,
- 15 (4) Section 2-305.12 of Title 47 of the Oklahoma
16 Statutes,
- 17 (5) Section 17-116.22 of Title 70 of the Oklahoma
18 Statutes, or
- 19 (6) Section 930.11 of Title 74 of the Oklahoma
20 Statutes, or
- 21 i. which authorizes the purchase of military service
22 credit as provided by Sections 2 through 5 of this
23 act.
- 24

1 A nonfiscal retirement bill shall include any retirement bill that
2 has as its sole purpose the appropriation or distribution or
3 redistribution of monies in some manner to a retirement system for
4 purposes of reducing the unfunded liability of such system or the
5 earmarking of a portion of the revenue from a tax to a retirement
6 system or increasing the percentage of the revenue earmarked from a
7 tax to a retirement system;

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

12 7. "Retirement bill" means any bill or joint resolution
13 introduced or any bill or joint resolution amended by a member of
14 the Oklahoma Legislature which creates or amends any law directly
15 affecting a retirement system. A retirement bill shall not mean a
16 bill or resolution that impacts the revenue of any state tax in
17 which a portion of the revenue generated from such tax is earmarked
18 for the benefit of a retirement system;

19 8. "Retirement bill having a fiscal impact" means any
20 retirement bill creating or establishing a retirement system and any
21 other retirement bill other than a nonfiscal retirement bill; and

22 9. "Retirement system" means the Teachers' Retirement System of
23 Oklahoma, the Oklahoma Public Employees Retirement System, the
24 Uniform Retirement System for Justices and Judges, the Oklahoma

1 Firefighters Pension and Retirement System, the Oklahoma Police
2 Pension and Retirement System, the Oklahoma Law Enforcement
3 Retirement System, or a retirement system established after January
4 1, 2006.

5 SECTION 2. AMENDATORY 11 O.S. 2021, Section 50-128, is
6 amended to read as follows:

7 Section 50-128. A. Any member who has heretofore left the
8 Police Department qualifying under this article to enter the
9 military service of the United States during World War II and who
10 returned to said department on or before July 1, 1947, or the Korean
11 conflict and who returned to said department on or before January 1,
12 1956, shall receive credit for such time in military service without
13 having made contribution to the System; and any member who has
14 heretofore left, or hereafter may leave said department because of
15 involuntary conscription into the military services of the United
16 States at any time and who returns to said department within ninety
17 (90) days after the member's release from such involuntary service
18 shall receive credit for such time in said military service on the
19 Police Department without having made contribution to the System
20 only for that period that is involuntary; voluntary enlistments and
21 voluntary extensions of military service being herewith specifically
22 excluded for retirement credit.

23 B. A member who began participation in the System prior to July
24 1, 2003, and who retires on or after July 1, 1998, shall be entitled

1 to prior service credit, not to exceed five (5) years, for those
2 periods of military service on active duty prior to membership in
3 the Oklahoma Police Pension and Retirement System. All members who
4 initially begin participation with the System after June 30, 2003,
5 may acquire prior military service credit for a maximum of five (5)
6 years of such service credit upon payment of the actuarial cost of
7 such service in the manner prescribed by and subject to all of the
8 requirements of Section 50-111.4 of this title. For members of the
9 System hired or rehired on or after July 1, 2003, if the military
10 service credit authorized by this subsection is used to compute the
11 retirement benefit of the member and the member retires from the
12 System, such military service credit shall not be used to compute
13 the retirement benefit in any other retirement system created
14 pursuant to the Oklahoma Statutes and the member may receive credit
15 for such service only in the retirement system from which the member
16 first retires.

17 For purposes of this subsection, "military service" means
18 service in the Armed Forces of the United States by honorably
19 discharged persons during the following time periods, as reflected
20 on such person's Defense Department Form 214, as follows:

21 1. During the following periods, including the beginning and
22 ending dates, and only for the periods served, from:

- 23 a. April 6, 1917, to November 11, 1918, commonly referred
24 to as World War I,

b. September 16, 1940, to December 7, 1941, as a member of the 45th Division,

c. December 7, 1941, to December 31, 1946, commonly referred to as World War II,

d. June 27, 1950, to January 31, 1955, commonly referred to as the Korean Conflict or the Korean War,

e. February 28, 1961, to May 7, 1975, commonly referred to as the Vietnam era, except that:

(1) for the period from February 28, 1961, to August 4, 1964, military service shall only include service in the Republic of Vietnam during that period, and

(2) for purposes of determining eligibility for education and training benefits, such period shall end on December 31, 1976, or

f. August 1, 1990, to December 31, 1991, commonly referred to as the Gulf War, the Persian Gulf War, or Operation Desert Storm, but excluding any person who served on active duty for training only, unless discharged from such active duty for a service-connected disability;

2. During a period of war or combat military operation other than a conflict, war or era listed in paragraph 1 of this subsection, beginning on the date of Congressional authorization,

1 Congressional resolution, or Executive Order of the President of the
2 United States, for the use of the Armed Forces of the United States
3 in a war or combat military operation, if such war or combat
4 military operation lasted for a period of ninety (90) days or more,
5 for a person who served, and only for the period served, in the area
6 of responsibility of the war or combat military operation, but
7 excluding a person who served on active duty for training only,
8 unless discharged from such active duty for a service-connected
9 disability, and provided that the burden of proof of military
10 service during this period shall be with the member, who must
11 present appropriate documentation establishing such service.

12 C. An eligible member pursuant to subsection B of this section
13 shall include only those persons who shall have served during the
14 times or in the areas prescribed thereunder and only if such person
15 provides appropriate documentation in such time and manner as
16 required by the System to establish such military service prescribed
17 in this section, or for service pursuant to division (1) of
18 subparagraph e of paragraph 1 of subsection B of this section, those
19 persons who were awarded service medals, as authorized by the United
20 States Department of Defense as reflected in the veteran's Defense
21 Department Form 214, related to the Vietnam Conflict for service
22 prior to August 5, 1964. The provisions of subsection B of this
23 section shall include military retirees, whose retirement was based
24 only on active service, that have been rated as having twenty

1 percent (20%) or greater service-connected disability by the
2 Veterans Administration or the Armed Forces of the United States.

3 D. Effective December 12, 1994, a leave of absence on account
4 of a period of "qualified military service" in the uniformed
5 services of the United States (within the meaning of Section
6 414(u) (5) of the Internal Revenue Code of 1986), followed by a
7 return to the service of the participating municipality within
8 ninety (90) days after the completion of the period of service,
9 shall constitute credited service. Notwithstanding any provision
10 herein to the contrary:

11 1. Contributions, benefits and service credit with respect to
12 qualified military service shall be provided in accordance with
13 Section 414(u) of the Internal Revenue Code of 1986, as amended,
14 which is in accordance with the Uniformed Services Employment and
15 Reemployment Rights Act of 1994, as amended (USERRA). The
16 municipality's contributions to the System for a member covered by
17 USERRA are due when such a member makes up his or her contributions
18 that were missed due to his or her qualified military service; and

19 2. Effective January 1, 2007, if any member dies while
20 performing qualified military service (as defined in Section 414(u)
21 of the Internal Revenue Code of 1986, as amended), the survivors of
22 the member are entitled to any additional benefits other than
23 benefit accruals relating to the period of qualified military
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1 service provided under the System had the member resumed and then
2 terminated employment on account of death.

3 E. Any member who served in any branch of the United States
4 Armed Forces or any component thereof, who was honorably discharged,
5 and who began participation in the System on or after November 1,
6 2022, shall be entitled to prior service credit, not to exceed five
7 (5) years, upon payment of the actuarial cost of such service in the
8 manner prescribed by and subject to all of the requirements of
9 Section 50-111.4 of this title. For purposes of this subsection,
10 "military service" means service in the Armed Forces of the United
11 States by honorably discharged persons.

12 SECTION 3. AMENDATORY 20 O.S. 2021, Section 1102.2, is
13 amended to read as follows:

14 Section 1102.2 A. Any active member of the Uniform Retirement
15 System for Justices and Judges who served in the Armed Forces of the
16 United States, as defined in paragraph (23) of Section 902 of Title
17 74 of the Oklahoma Statutes, prior to membership in the Uniform
18 Retirement System for Justices and Judges shall be granted service
19 credit, not to exceed five (5) years, for those periods of active
20 military service during which the member was a war veteran.

21 B. Any active member of the Uniform Retirement System for
22 Justices and Judges who served in any branch of the United States
23 Armed Forces or any component thereof, who was honorably discharged,
24 and whose initial membership in the System began on or after July 1,

2000, may receive up to five (5) years of prior military service credit as otherwise provided in this section, only upon payment of the ~~amount~~ actuarial cost of the service credit as determined by the Board pursuant to Section 1103G of this title. Any active member of the Uniform Retirement System for Justices and Judges who served in any branch of the United States Armed Forces or any component thereof, who was honorably discharged and whose initial membership in the System began prior to July 1, 2000, and whose military service does not qualify as prior or participating service which can be granted to a member under subsection A of this section, shall be eligible to purchase service credit pursuant to this subsection. For purposes of this subsection, "military service" means service in the Armed Forces of the United States by honorably discharged persons.

C. For a person becoming a member of the System on or after July 1, 2003, if the military service credit authorized by this section is used to compute the retirement benefit of the member and the member retires from the System, such military service credit shall not be used to compute the retirement benefit in any other retirement system created pursuant to the Oklahoma Statutes and the member may receive credit for such service only in the retirement system from which the member first retires.

~~B.~~ D. Effective December 12, 1994, and thereafter, a leave of absence on account of a period of qualified military service in the

1 uniformed services of the United States within the meaning of
2 Section 414(u)(5) of the federal Internal Revenue Code, followed by
3 a return to service as a Justice or judge within ninety (90) days
4 after completion of the period of service may be eligible for
5 service credit under this System. Notwithstanding any provision of
6 this plan to the contrary, contributions, benefits and service
7 credit with respect to qualified military service will be allowed in
8 accordance with Section 414(u) of the federal Internal Revenue Code.

9 SECTION 4. AMENDATORY 47 O.S. 2021, Section 2-307.4, is
10 amended to read as follows:

11 Section 2-307.4 A. Any member of the Oklahoma Law Enforcement
12 Retirement System shall be entitled to prior service credit, not to
13 exceed five (5) years, for those periods of military service on
14 active duty prior to membership in the Oklahoma Law Enforcement
15 Retirement System. Any active member of the Oklahoma Law
16 Enforcement Retirement System whose initial membership in the System
17 began on or after July 1, 2000, may receive up to five (5) years of
18 prior military service credit as otherwise provided in this section,
19 only upon payment of the amount determined by the Board in the
20 manner as provided in Section 2-307.5 of this title. For members of
21 the System hired on or after July 1, 2003, if the military service
22 credit authorized by this subsection is used to compute the
23 retirement benefit of the member and the member retires from the
24 System, such military service credit shall not be used to compute

1 the retirement benefit in any other retirement system created
2 pursuant to the Oklahoma Statutes and the member may receive credit
3 for such service only in the retirement system from which the member
4 first retires.

5 B. For purposes of ~~this section~~ subsection A of this section,
6 "military service" means service in the Armed Forces of the United
7 States by honorably discharged persons during the following time
8 periods, as reflected on such person's Defense Department Form 214,
9 as follows:

10 1. During the following periods, including the beginning and
11 ending dates, and only for the periods served, from:

- 12 a. April 6, 1917, to November 11, 1918, commonly referred
13 to as World War I,
- 14 b. September 16, 1940, to December 7, 1941, as a member
15 of the 45th Division,
- 16 c. December 7, 1941, to December 31, 1946, commonly
17 referred to as World War II,
- 18 d. June 27, 1950, to January 31, 1955, commonly referred
19 to as the Korean Conflict or the Korean War,
- 20 e. February 28, 1961, to May 7, 1975, commonly referred
21 to as the Vietnam era, except that:
 - 22 (1) for the period from February 28, 1961, to August
23 4, 1964, military service shall only include
24

1 service in the Republic of Vietnam during that
2 period, and

3 (2) for purposes of determining eligibility for
4 education and training benefits, such period
5 shall end on December 31, 1976, or

6 f. August 1, 1990, to December 31, 1991, commonly
7 referred to as the Gulf War, the Persian Gulf War, or
8 Operation Desert Storm, but excluding any person who
9 served on active duty for training only, unless
10 discharged from such active duty for a service-
11 connected disability;

12 2. During a period of war or combat military operation other
13 than a conflict, war or era listed in paragraph 1 of this
14 subsection, beginning on the date of Congressional authorization,
15 Congressional resolution, or Executive Order of the President of the
16 United States, for the use of the Armed Forces of the United States
17 in a war or combat military operation, if such war or combat
18 military operation lasted for a period of ninety (90) days or more,
19 for a person who served, and only for the period served, in the area
20 of responsibility of the war or combat military operation, but
21 excluding a person who served on active duty for training only,
22 unless discharged from such active duty for a service-connected
23 disability, and provided that the burden of proof of military
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1 service during this period shall be with the member, who must
2 present appropriate documentation establishing such service.

3 C. An eligible member under subsection B of this section shall
4 include only those persons who shall have served during the times or
5 in the areas prescribed in subsection B of this section, and only if
6 such person provides appropriate documentation in such time and
7 manner as required by the System to establish such military service
8 prescribed in this section, or for service pursuant to division (1)
9 of subparagraph e of paragraph 1 of subsection B of this section,
10 those persons who were awarded service medals, as authorized by the
11 United States Department of Defense as reflected in the veteran's
12 Defense Department Form 214, related to the Vietnam Conflict for
13 service prior to August 5, 1964.

14 D. Service credit received pursuant to this section shall be
15 used in determining the member's retirement benefit but shall not be
16 used in determining years of service for retirement or vesting
17 purposes.

18 E. Such service credit may be paid by:

19 1. A cash lump-sum payment;

20 2. A trustee-to-trustee transfer of non-Roth funds from a Code
21 Section 403(b) annuity or custodial account, an eligible deferred
22 compensation plan described in Code Section 457(b) which is
23 maintained by an eligible employer described in Code Section
24 457(e) (1) (A), and/or a Code Section 401(a) qualified plan;

1 3. A direct rollover of tax-deferred funds from a Code Section
2 403(b) annuity or custodial account, an eligible deferred
3 compensation plan described in Code Section 457(b) which is
4 maintained by an eligible employer described in Code Section
5 457(e) (1) (A), a Code Section 401(a) qualified plan, and/or a Code
6 Section 408(a) or 408(b) traditional or conduit Individual
7 Retirement Account or Annuity (IRA). Roth accounts, Coverdell
8 Education Savings Accounts and after-tax contributions shall not be
9 used to purchase such service credit; or

10 4. Any combination of the above methods of payment.

11 F. A member who served in any branch of the United States Armed
12 Forces or any component thereof, who was honorably discharged, and
13 who began participation in the System on or after November 1, 2022,
14 shall be entitled to prior service credit, not to exceed five (5)
15 years, upon payment of the actuarial cost of such service in the
16 manner prescribed by and subject to all of the requirements of
17 Section 2-307.5 of this title. For purposes of this subsection,
18 "military service" means service in the Armed Forces of the United
19 States by honorably discharged persons.

20 SECTION 5. AMENDATORY 74 O.S. 2021, Section 913.8, is
21 amended to read as follows:

22 Section 913.8 A. Any active member of the Oklahoma Public
23 Employees Retirement System who served in any branch of the United
24 States Armed Forces or any component thereof, who was honorably

1 discharged, and whose initial membership in the System began on or
2 after July 1, 2000, may receive up to five (5) years of prior or
3 participating military service credit as otherwise provided in this
4 act, only upon payment of the ~~amount~~ actuarial cost of the service
5 credit as determined by the Board pursuant to Section 913.5 of this
6 title. Any active member of the Oklahoma Public Employees
7 Retirement System who served in any branch of the United States
8 Armed Forces or any component thereof, who was honorably discharged,
9 and whose initial membership in the System began prior to July 1,
10 2000, and whose military service does not qualify as prior or
11 participating service which can be granted to a member under Section
12 913 of this title, shall be eligible to purchase service credit
13 pursuant to this subsection. For purposes of this subsection,
14 "military service" means service in the Armed Forces of the United
15 States by honorably discharged persons.

16 B. For a member of the System hired on or after July 1, 2003,
17 if the military service credit authorized by this section is used to
18 compute the retirement benefit of the member and the member retires
19 from the System, such military service credit shall not be used to
20 compute the retirement benefit in any other retirement system
21 created pursuant to the Oklahoma Statutes and the member may receive
22 credit for such service only in the retirement system from which the
23 member first retires.

