

ENROLLED HOUSE

BILL NO. 2065

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;

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

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

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

5. "Nonfiscal retirement bill" means a retirement bill:
- a. which does not affect the cost or funding factors of a retirement system,
 - b. which affects such factors only in a manner which does 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

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

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

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

- g. which modifies the disability pension standard for police officers who are members of the Oklahoma Police Pension and Retirement System as provided by Section 50-115 of Title 11 of the Oklahoma Statutes,
- h. which provides a cost-of-living benefit increase pursuant to the provisions of :

- (1) Section 49-143.7 of Title 11 of the Oklahoma Statutes,
- (2) Section 50-136.9 of Title 11 of the Oklahoma Statutes,
- (3) Section 1104K of Title 20 of the Oklahoma Statutes,
- (4) Section 2-305.12 of Title 47 of the Oklahoma Statutes,

- (5) Section 17-116.22 of Title 70 of the Oklahoma Statutes, or
- (6) Section 930.11 of Title 74 of the Oklahoma Statutes, or
- i. which provides for the reinstatement of retirement benefits for members of the Oklahoma Law Enforcement Retirement System pursuant to Section 2-305 of Title 47 of the Oklahoma Statutes for those who were hired on or after November 1, 2012, or May 24, 2013.

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

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

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

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

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

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

Section 2-305. A. Except as otherwise provided in this title, at any time after attaining normal retirement date, any member of the Oklahoma Law Enforcement Retirement System upon application for unreduced retirement benefits made and approved, may retire, and, during the remainder of the member's lifetime, receive annual retirement pay, payable in equal monthly payments, equal to two and one-half percent (2 1/2%) of the final average salary times years of credited service. If such retired member is reemployed by a state agency in a position which is not covered by the System, such retired member shall continue to receive in-service distributions from the System. Prior to September 19, 2002, if such retired member was reemployed by a state agency in a position which is covered by the System, such member shall continue to receive in-service distributions from the System and shall not accrue any further credited service. If such a member is reemployed by a state agency in a position which is covered by the System on or after September 19, 2002, such member's monthly retirement payments shall be suspended until such member retires and is not reemployed by a state agency in a position which is covered by the System.

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

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

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

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

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

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

The provisions of paragraph 1 of this subsection shall not be applicable to any member whose first participating service with the System occurs on or after November 1, 2012, except for those members who died in the performance of their duties pursuant to Section 2-306 of this title.

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

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

- a. Alcoholic Beverage Laws Enforcement 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; or

2. The other member's final average salary as set forth in paragraph 9 of Section 2-300 of this title, multiplied by two and

one-half percent (2 1/2%), multiplied by the number of years of credited service and fraction thereof.

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

The provisions of paragraph 1 of this subsection shall not be applicable to any member whose first participating service with the System occurs on or after May 24, 2013, except for those members who died in the performance of their duties pursuant to Section 2-306 of this title.

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

1. Two and one-half percent (2 1/2%);
2. Multiplied by:
 - a. twenty (20) years of credited service, if the member had performed less than twenty (20) years of credited service, notwithstanding the actual number of years of credited service performed by the member prior to the date of disability, or
 - b. the actual number of years of credited service and fraction thereof performed by the member prior to the date of disability, if the member had performed twenty (20) or more years of credited service;
3. Multiplied by the greater of subparagraph a of this paragraph and division 1 of subparagraph b of this paragraph or division 2 of subparagraph b of this paragraph, as applicable:
 - a. the final average salary of the member, as set forth in paragraph 9 of Section 2-300 of this title, and
 - b. (1) the top base salary currently paid to the highest nonsupervisory position in the participating agency of the member 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) Oklahoma Highway Patrolman,

- (b) Communications Dispatcher,
- (c) Capitol Patrolman,
- (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 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 upon the date of the member's disability, the final average salary for the member shall be computed by the member's actual final average salary or the highest median salary amount for a member whose salary was prescribed by a specific salary schedule upon the date

- of the member's disability, whichever final average salary amount would be greater, or
- b. the actual final average salary of the member if the member had performed twenty (20) or more years of service prior to disability.

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

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

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

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

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

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

K. At the postoffer, preemployment physical examination required under paragraph 6 of Section 2-300 of this title, the physician selected by the Board shall determine the extent to which a new member is disabled. If a member is determined to be partially disabled, the physician shall assign a percentage of disability to such partial disability. If such member then becomes entitled to a disability benefit under either subsection E or subsection G of this section, the benefit payable shall be reduced by the percentage which such member was determined to be disabled at the postoffer, preemployment physical unless the Board makes a determination that the initially determined percentage of disability at the preemployment physical examination is unrelated to the reason for the disability currently sought pursuant to subsection E or subsection G of this section. Upon employment, the member shall disclose to the Board any disability payments received from any source. The amount of disability to be paid to any member cannot exceed one hundred percent (100%) disability from all sources. The provisions of this subsection shall apply only to members whose effective date of membership is on or after July 1, 2000.

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

M. Notwithstanding any other provisions in Section 2-300 through 2-315 of this title, in order to be eligible to receive disability benefits, a member who meets the definition of disability as defined in paragraph 11 of Section 2-300 of this title shall file the member's completed application for disability benefits with the

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

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

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

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

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

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

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

OFFICE OF THE GOVERNOR

Received by the Office of the Governor this _____
day of _____, 20_____, at _____ o'clock _____ M.

By: _____

Approved by the Governor of the State of Oklahoma this _____
day of _____, 20_____, at _____ o'clock _____ M.

Governor of the State of Oklahoma

OFFICE OF THE SECRETARY OF STATE

Received by the Office of the Secretary of State this _____
day of _____, 20_____, at _____ o'clock _____ M.

By: _____

THOMAS E. CUMMINS CONSULTING ACTUARY, INC.

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February 18, 2022

Representative Ford

Room 300.2

Re: Proposed Committee Substitute for House Bill No. 2065

RBH No. 10531

Proposed Committee Substitute for House Bill No. 2065 would restore changes made effective November 1, 2012 and May 24, 2013.

Benefits would be based on the greater of the member's average compensation and the compensation of the highest nonsupervisory position of the member employment agency.

Currently the benefit is based on the greater of the member's average compensation and the average of the compensation of the highest nonsupervisory position of the member employment agency.

Proposed Committee Substitute for House Bill No. 2065 also amends OPLAAA to define the changes as nonfiscal.

This bill is a non fiscal bill under OPLAAA as amended.

I am a member of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein.

Thomas E. Cummins

Thomas E. Cummins, MAAA

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March 3, 2022

Representative Ford

Room 300.2

Re: Committee Substitute for House Bill No. 2065

RBH No. 10963

Committee Substitute for House Bill No. 2065 would restore changes made effective November 1, 2012 and May 24, 2013.

Benefits would be based on the greater of the member's average compensation and the compensation of the highest nonsupervisory position of the member employment agency.

Currently the benefit is based on the greater of the member's average compensation and the average of the compensation of the highest nonsupervisory position of the member employment agency.

Committee Substitute for House Bill No. 2065 also amends OPLAAA to define the changes as nonfiscal.

This bill is a non fiscal bill under OPLAAA as amended.

I am a member of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein.

Thomas E. Cummins

Thomas E. Cummins, MAAA