

**HOUSE OF REPRESENTATIVES - FLOOR VERSION**

STATE OF OKLAHOMA

2nd Session of the 58th Legislature (2022)

COMMITTEE SUBSTITUTE  
FOR  
HOUSE BILL NO. 3709

By: Bush

COMMITTEE SUBSTITUTE

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 definition; amending 11 O.S. 2021, Section 50-128, which relates to the Oklahoma Police Pension and Retirement System; authorizing the purchase of military service credit for certain members of the Oklahoma Police Pension and Retirement System; defining term; amending 20 O.S. 2021, Section 1102.2, which relates to the Uniform Retirement System for Justices and Judges; authorizing the purchase of military service credit for certain members of the Uniform Retirement System for Justices and Judges; defining term; amending 47 O.S. 2021, Section 2-307.4, which relates to the Oklahoma Law Enforcement Retirement System; authorizing the purchase of military service credit for certain members of the Oklahoma Law Enforcement Retirement 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. "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:

- 1 a. which does not affect the cost or funding factors of a  
2 retirement system,
- 3 b. which affects such factors only in a manner which does  
4 not:
- 5 (1) grant a benefit increase under the retirement  
6 system affected by the bill,
- 7 (2) create an actuarial accrued liability for or  
8 increase the actuarial accrued liability of the  
9 retirement system affected by the bill, or
- 10 (3) increase the normal cost of the retirement system  
11 affected by the bill,
- 12 c. which authorizes the purchase by an active member of  
13 the retirement system, at the actuarial cost for the  
14 purchase as computed pursuant to the statute in effect  
15 on the effective date of the measure allowing such  
16 purchase, of years of service for purposes of reaching  
17 a normal retirement date in the applicable retirement  
18 system, but which cannot be used in order to compute  
19 the number of years of service for purposes of  
20 computing the retirement benefit for the member,
- 21 d. which provides for the computation of a service-  
22 connected disability retirement benefit for members of  
23 the Oklahoma Law Enforcement Retirement System  
24 pursuant to Section 2-305 of Title 47 of the Oklahoma

- 1 Statutes if the members were unable to complete twenty  
2 (20) years of service as a result of the disability,  
3 e. which requires membership in the defined benefit plan  
4 authorized by Section 901 et seq. of Title 74 of the  
5 Oklahoma Statutes for persons whose first elected or  
6 appointed service occurs on or after November 1, 2018,  
7 if such persons had any prior service in the Oklahoma  
8 Public Employees Retirement System prior to November  
9 1, 2015,  
10 f. which provides for a one-time increase in retirement  
11 benefits if the increase in retirement benefits is not  
12 a permanent increase in the gross annual retirement  
13 benefit payable to a member or beneficiary, occurs  
14 only once pursuant to a single statutory authorization  
15 and does not exceed:  
16 (1) the lesser of two percent (2%) of the gross  
17 annual retirement benefit of the member or One  
18 Thousand Dollars (\$1,000.00) and requires that  
19 the benefit may only be provided if the funded  
20 ratio of the affected retirement system would not  
21 be less than sixty percent (60%) but not greater  
22 than eighty percent (80%) after the benefit  
23 increase is paid,  
24

- 1 (2) the lesser of two percent (2%) of the gross  
2 annual retirement benefit of the member or One  
3 Thousand Two Hundred Dollars (\$1,200.00) and  
4 requires that the benefit may only be provided if  
5 the funded ratio of the affected retirement  
6 system would be greater than eighty percent (80%)  
7 but not greater than one hundred percent (100%)  
8 after the benefit increase is paid,
- 9 (3) the lesser of two percent (2%) of the gross  
10 annual retirement benefit of the member or One  
11 Thousand Four Hundred Dollars (\$1,400.00) and  
12 requires that the benefit may only be provided if  
13 the funded ratio of the affected retirement  
14 system would be greater than one hundred percent  
15 (100%) after the benefit increase is paid, or
- 16 (4) the greater of two percent (2%) of the gross  
17 annual retirement benefit of the volunteer  
18 firefighter or One Hundred Dollars (\$100.00) for  
19 persons who retired from the Oklahoma  
20 Firefighters Pension and Retirement System as  
21 volunteer firefighters and who did not retire  
22 from the Oklahoma Firefighters Pension and  
23 Retirement System as a paid firefighter.  
24

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

6 g. which modifies the disability pension standard for  
7 police officers who are members of the Oklahoma Police  
8 Pension and Retirement System as provided by Section 3  
9 of this act, ~~or~~

10 h. which provides a cost-of-living benefit increase  
11 pursuant to the provisions of Sections 2 through 7 of  
12 this act, or

13 i. which authorizes the purchase of military service  
14 credit as provided by Sections 2 through 5 of this  
15 act.

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

23 6. "Reduction-in-cost amendment" means an amendment to a  
24 retirement bill having a fiscal impact which reduces the cost of the

1 bill as such cost is determined by the actuarial investigation for  
2 the bill prepared pursuant to Section 3109 of this title;

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

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

13 9. "Retirement system" means the Teachers' Retirement System of  
14 Oklahoma, the Oklahoma Public Employees Retirement System, the  
15 Uniform Retirement System for Justices and Judges, the Oklahoma  
16 Firefighters Pension and Retirement System, the Oklahoma Police  
17 Pension and Retirement System, the Oklahoma Law Enforcement  
18 Retirement System, or a retirement system established after January  
19 1, 2006.

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

22 Section 50-128. A. Any member who has heretofore left the  
23 Police Department qualifying under this article to enter the  
24 military service of the United States during World War II and who

1 returned to said department on or before July 1, 1947, or the Korean  
2 conflict and who returned to said department on or before January 1,  
3 1956, shall receive credit for such time in military service without  
4 having made contribution to the System; and any member who has  
5 heretofore left, or hereafter may leave said department because of  
6 involuntary conscription into the military services of the United  
7 States at any time and who returns to said department within ninety  
8 (90) days after the member's release from such involuntary service  
9 shall receive credit for such time in said military service on the  
10 Police Department without having made contribution to the System  
11 only for that period that is involuntary; voluntary enlistments and  
12 voluntary extensions of military service being herewith specifically  
13 excluded for retirement credit.

14 B. A member who began participation in the System prior to July  
15 1, 2003, and who retires on or after July 1, 1998, shall be entitled  
16 to prior service credit, not to exceed five (5) years, for those  
17 periods of military service on active duty prior to membership in  
18 the Oklahoma Police Pension and Retirement System. All members who  
19 initially begin participation with the System after June 30, 2003,  
20 may acquire prior military service credit for a maximum of five (5)  
21 years of such service credit upon payment of the actuarial cost of  
22 such service in the manner prescribed by and subject to all of the  
23 requirements of Section 50-111.4 of this title. For members of the  
24 System hired or rehired on or after July 1, 2003, if the military



1 service credit authorized by this subsection is used to compute the  
2 retirement benefit of the member and the member retires from the  
3 System, such military service credit shall not be used to compute  
4 the retirement benefit in any other retirement system created  
5 pursuant to the Oklahoma Statutes and the member may receive credit  
6 for such service only in the retirement system from which the member  
7 first retires.

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

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

- 14 a. April 6, 1917, to November 11, 1918, commonly referred  
15 to as World War I,
- 16 b. September 16, 1940, to December 7, 1941, as a member  
17 of the 45th Division,
- 18 c. December 7, 1941, to December 31, 1946, commonly  
19 referred to as World War II,
- 20 d. June 27, 1950, to January 31, 1955, commonly referred  
21 to as the Korean Conflict or the Korean War,
- 22 e. February 28, 1961, to May 7, 1975, commonly referred  
23 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, Congressional resolution, or Executive Order of the President of the United States, for the use of the Armed Forces of the United States in a war or combat military operation, if such war or combat military operation lasted for a period of ninety (90) days or more, for a person who served, and only for the period served, in the area of responsibility of the war or combat military operation, but excluding a person who served on active duty for training only, unless discharged from such active duty for a service-connected

1 disability, and provided that the burden of proof of military  
2 service during this period shall be with the member, who must  
3 present appropriate documentation establishing such service.

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

19 D. Effective December 12, 1994, a leave of absence on account  
20 of a period of "qualified military service" in the uniformed  
21 services of the United States (within the meaning of Section  
22 414(u) (5) of the Internal Revenue Code of 1986), followed by a  
23 return to the service of the participating municipality within  
24 ninety (90) days after the completion of the period of service,

shall constitute credited service. Notwithstanding any provision herein to the contrary:

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

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

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

1 "military service" means service in the Armed Forces of the United  
2 States by honorably discharged persons.

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

5 Section 1102.2 A. Any active member of the Uniform Retirement  
6 System for Justices and Judges who served in the Armed Forces of the  
7 United States, as defined in paragraph (23) of Section 902 of Title  
8 74 of the Oklahoma Statutes, prior to membership in the Uniform  
9 Retirement System for Justices and Judges shall be granted service  
10 credit, not to exceed five (5) years, for those periods of active  
11 military service during which the member was a war veteran.

12 B. Any active member of the Uniform Retirement System for  
13 Justices and Judges who served in any branch of the United States  
14 Armed Forces or any component thereof, who was honorably discharged,  
15 and whose initial membership in the System began on or after July 1,  
16 2000, may receive up to five (5) years of prior military service  
17 credit as otherwise provided in this section, only upon payment of  
18 the ~~amount~~ actuarial cost of the service credit as determined by the  
19 Board pursuant to Section 1103G of this title. Any active member of  
20 the Uniform Retirement System for Justices and Judges who served in  
21 any branch of the United States Armed Forces or any component  
22 thereof, who was honorably discharged and whose initial membership  
23 in the System began prior to July 1, 2000, and whose military  
24 service does not qualify as prior or participating service which can

1 be granted to a member under subsection A, shall be eligible to  
2 purchase service credit pursuant to this subsection. For purposes  
3 of this subsection, "military service" means service in the Armed  
4 Forces of the United States by honorably discharged persons.

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

13 ~~B.~~ D. Effective December 12, 1994, and thereafter, a leave of  
14 absence on account of a period of qualified military service in the  
15 uniformed services of the United States within the meaning of  
16 Section 414(u)(5) of the federal Internal Revenue Code, followed by  
17 a return to service as a Justice or judge within ninety (90) days  
18 after completion of the period of service may be eligible for  
19 service credit under this System. Notwithstanding any provision of  
20 this plan to the contrary, contributions, benefits and service  
21 credit with respect to qualified military service will be allowed in  
22 accordance with Section 414(u) of the federal Internal Revenue Code.

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

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

19       B. For purposes of ~~this section~~ subsection A of this section,  
20 "military service" means service in the Armed Forces of the United  
21 States by honorably discharged persons during the following time  
22 periods, as reflected on such person's Defense Department Form 214,  
23 as follows:  
24

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

3            a. April 6, 1917, to November 11, 1918, commonly referred  
4 to as World War I,

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

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

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

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

13            (1) for the period from February 28, 1961, to August  
14 4, 1964, military service shall only include  
15 service in the Republic of Vietnam during that  
16 period, and

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

20           f. August 1, 1990, to December 31, 1991, commonly  
21 referred to as the Gulf War, the Persian Gulf War, or  
22 Operation Desert Storm, but excluding any person who  
23 served on active duty for training only, unless  
24



1 discharged from such active duty for a service-  
2 connected disability;

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

17 C. An eligible member under subsection B of this section shall  
18 include only those persons who shall have served during the times or  
19 in the areas prescribed in subsection B of this section, and only if  
20 such person provides appropriate documentation in such time and  
21 manner as required by the System to establish such military service  
22 prescribed in this section, or for service pursuant to division (1)  
23 of subparagraph e of paragraph 1 of subsection B of this section,  
24 those persons who were awarded service medals, as authorized by the

1 United States Department of Defense as reflected in the veteran's  
2 Defense Department Form 214, related to the Vietnam Conflict for  
3 service prior to August 5, 1964.

4 D. Service credit received pursuant to this section shall be  
5 used in determining the member's retirement benefit but shall not be  
6 used in determining years of service for retirement or vesting  
7 purposes.

8 E. Such service credit may be paid by:

9 1. A cash lump-sum payment;

10 2. A trustee-to-trustee transfer of non-Roth funds from a Code  
11 Section 403(b) annuity or custodial account, an eligible deferred  
12 compensation plan described in Code Section 457(b) which is  
13 maintained by an eligible employer described in Code Section  
14 457(e) (1) (A), and/or a Code Section 401(a) qualified plan;

15 3. A direct rollover of tax-deferred funds from a Code Section  
16 403(b) annuity or custodial account, an eligible deferred  
17 compensation plan described in Code Section 457(b) which is  
18 maintained by an eligible employer described in Code Section  
19 457(e) (1) (A), a Code Section 401(a) qualified plan, and/or a Code  
20 Section 408(a) or 408(b) traditional or conduit Individual  
21 Retirement Account or Annuity (IRA). Roth accounts, Coverdell  
22 Education Savings Accounts and after-tax contributions shall not be  
23 used to purchase such service credit; or

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

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

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

12         Section 913.8   A. Any active member of the Oklahoma Public  
13     Employees Retirement System who served in any branch of the United  
14     States Armed Forces or any component thereof, who was honorably  
15     discharged, and whose initial membership in the System began on or  
16     after July 1, 2000, may receive up to five (5) years of prior or  
17     participating military service credit as otherwise provided in this  
18     act, only upon payment of the ~~amount~~ actuarial cost of the service  
19     credit as determined by the Board pursuant to Section 913.5 of this  
20     title. Any active member of the Oklahoma Public Employees  
21     Retirement System who served in any branch of the United States  
22     Armed Forces or any component thereof, who was honorably discharged,  
23     and whose initial membership in the System began prior to July 1,  
24     2000, and whose military service does not qualify as prior or

1 participating service which can be granted to a member under Section  
2 913 of this title, shall be eligible to purchase service credit  
3 pursuant to this subsection. For purposes of this subsection,  
4 "military service" means service in the Armed Forces of the United  
5 States by honorably discharged persons.

6 B. For a member of the System hired on or after July 1, 2003,  
7 if the military service credit authorized by this section is used to  
8 compute the retirement benefit of the member and the member retires  
9 from the System, such military service credit shall not be used to  
10 compute the retirement benefit in any other retirement system  
11 created pursuant to the Oklahoma Statutes and the member may receive  
12 credit for such service only in the retirement system from which the  
13 member first retires.

14 SECTION 6. Section 1 of this act shall become effective October  
15 1, 2022.

16 SECTION 7. Sections 2 through 5 of this act shall become  
17 effective November 1, 2022.

18  
19 COMMITTEE REPORT BY: COMMITTEE ON BANKING, FINANCIAL SERVICES AND  
20 PENSIONS, dated 02/28/2022 - DO PASS, As Amended.  
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