

SENATE FLOOR VERSION

April 13, 2022

AS AMENDED

ENGROSSED HOUSE

BILL NO. 3709

By: Bush of the House

and

Rader of the Senate

[public retirement systems - Oklahoma Pension
Legislation Actuarial Analysis Act - Oklahoma
Police Pension and Retirement System - Uniform
Retirement System for Justices and Judges -
Oklahoma Law Enforcement Retirement System -
Oklahoma Public Employees Retirement System -
purchase of military service credit for certain
members - 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:

- 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,

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

1 a permanent increase in the gross annual retirement
2 benefit payable to a member or beneficiary, occurs
3 only once pursuant to a single statutory authorization
4 and does not exceed:

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

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

21 (3) the lesser of two percent (2%) of the gross
22 annual retirement benefit of the member or One
23 Thousand Four Hundred Dollars (\$1,400.00) and
24 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 3 ~~of this act~~ 50-115 of Title 11 of the Oklahoma Statutes, ~~or~~

h. which provides a cost-of-living benefit increase pursuant to the provisions of ~~Sections 2 through 7 of this act:~~

(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 authorizes the purchase of military service credit as provided by Sections 2 through 5 of this act.

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

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 of this section, shall be
2 eligible to purchase service credit pursuant to this subsection.
3 For purposes of this subsection, "military service" means service in
4 the Armed Forces of the United States by honorably discharged
5 persons.

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

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

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

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

21 B. For purposes of ~~this section~~ subsection A of this section,
22 "military service" means service in the Armed Forces of the United
23 States by honorably discharged persons during the following time
24

1 periods, as reflected on such person's Defense Department Form 214,
2 as follows:

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

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

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

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

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

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

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

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

22 f. August 1, 1990, to December 31, 1991, commonly
23 referred to as the Gulf War, the Persian Gulf War, or
24 Operation Desert Storm, but excluding any person who

1 served on active duty for training only, unless
2 discharged from such active duty for a service-
3 connected disability;

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

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

those persons who were awarded service medals, as authorized by the United States Department of Defense as reflected in the veteran's Defense Department Form 214, related to the Vietnam Conflict for service prior to August 5, 1964.

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

E. Such service credit may be paid by:

1. A cash lump-sum payment;

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

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

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

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

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

13 Section 913.8 A. Any active member of the Oklahoma Public
14 Employees Retirement System who served in any branch of the United
15 States Armed Forces or any component thereof, who was honorably
16 discharged, and whose initial membership in the System began on or
17 after July 1, 2000, may receive up to five (5) years of prior or
18 participating military service credit as otherwise provided in this
19 act, only upon payment of the ~~amount~~ actuarial cost of the service
20 credit as determined by the Board pursuant to Section 913.5 of this
21 title. Any active member of the Oklahoma Public Employees
22 Retirement System 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 prior to July 1,

1 2000, and whose military service does not qualify as prior or
2 participating service which can be granted to a member under Section
3 913 of this title, shall be eligible to purchase service credit
4 pursuant to this subsection. For purposes of this subsection,
5 "military service" means service in the Armed Forces of the United
6 States by honorably discharged persons.

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

15 SECTION 6. Section 1 of this act shall become effective October
16 1, 2022.

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

19 COMMITTEE REPORT BY: COMMITTEE ON APPROPRIATIONS
20 April 13, 2022 - DO PASS AS AMENDED
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