

1 **HOUSE OF REPRESENTATIVES - FLOOR VERSION**

2 STATE OF OKLAHOMA

3 2nd Session of the 59th Legislature (2024)

4 COMMITTEE SUBSTITUTE
5 FOR
6 HOUSE BILL NO. 1391

By: Cantrell of the House

and

Howard of the Senate

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10 COMMITTEE SUBSTITUTE

11 An Act relating to public retirement systems;
12 amending 62 O.S. 2022, Section 3103, as last amended
13 by Section 1, Chapter 306, O.S.L. 2022 (62 O.S. Supp.
14 2022, Section 3103), which relates to the Oklahoma
15 Pension Legislation Actuarial Analysis Act; modifying
16 definition; amending 74 O.S. 2021, Section 914, which
17 relates to retirement; modifying period of time
18 required with respect to post-retirement employment;
19 providing effective dates; providing for contingent
20 effective dates based on outcome of approval of the
21 emergency clause; and declaring an emergency.

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

SECTION 1. AMENDATORY 62 O.S 2022, Section 3103, as last
amended by Section 1, Chapter 306, O.S.L. 2022 (62 O.S. Supp. 2022,
Section 3103v4), 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:

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- 1 (1) grant a benefit increase under the retirement
2 system affected by the bill,
3 (2) create an actuarial accrued liability for or
4 increase the actuarial accrued liability of the
5 retirement system affected by the bill, or
6 (3) increase the normal cost of the retirement system
7 affected by the bill,

8 c. which authorizes the purchase by an active member of
9 the retirement system, at the actuarial cost for the
10 purchase as computed pursuant to the statute in effect
11 on the effective date of the measure allowing such
12 purchase, of years of service for purposes of reaching
13 a normal retirement date in the applicable retirement
14 system, but which cannot be used in order to compute
15 the number of years of service for purposes of
16 computing the retirement benefit for the member,

17 d. which provides for the computation of a service-
18 connected disability retirement benefit for members of
19 the Oklahoma Law Enforcement Retirement System
20 pursuant to Section 2-305 of Title 47 of the Oklahoma
21 Statutes if the members were unable to complete twenty
22 (20) years of service as a result of the disability,

23 e. which requires membership in the defined benefit plan
24 authorized by Section 901 et seq. of Title 74 of the

1 Oklahoma Statutes for persons whose first elected or
2 appointed service occurs on or after November 1, 2018,
3 if such persons had any prior service in the Oklahoma
4 Public Employees Retirement System prior to November
5 1, 2015,

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

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

20 (2) the lesser of two percent (2%) of the gross
21 annual retirement benefit of the member or One
22 Thousand Two Hundred Dollars (\$1,200.00) and
23 requires that the benefit may only be provided if
24 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,

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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,

5 h. which provides a cost-of-living benefit increase
6 pursuant to the provisions of:

7 (1) Section 49-143.7 of Title 11 of the Oklahoma
8 Statutes,

9 (2) Section 50-136.9 of Title 11 of the Oklahoma
10 Statutes,

11 (3) Section 1104K of Title 20 of the Oklahoma
12 Statutes,

13 (4) Section 2-305.12 of Title 47 of the Oklahoma
14 Statutes,

15 (5) Section 17-116.22 of Title 70 of the Oklahoma
16 Statutes,

17 (6) Section 930.11 of Title 74 of the Oklahoma
18 Statutes, or

19 i. which modifies the computation of the line-of-duty
20 disability benefit pursuant to the provisions of this
21 act, or

22 j. which modifies the provisions related to post-
23 retirement employment for the Oklahoma Public
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1 Employees Retirement System as provided by Section 2
2 of this act.

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

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

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

21 8. "Retirement bill having a fiscal impact" means any
22 retirement bill creating or establishing a retirement system and any
23 other retirement bill other than a nonfiscal retirement bill; and
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1 9. "Retirement system" means the Teachers' Retirement System of
2 Oklahoma, the Oklahoma Public Employees Retirement System, the
3 Uniform Retirement System for Justices and Judges, the Oklahoma
4 Firefighters Pension and Retirement System, the Oklahoma Police
5 Pension and Retirement System, the Oklahoma Law Enforcement
6 Retirement System, or a retirement system established after January
7 1, 2006.

8 SECTION 2. AMENDATORY 74 O.S. 2021, Section 914, is
9 amended to read as follows:

10 Section 914. A. The normal retirement date for a member of the
11 Oklahoma Public Employees Retirement System shall be as defined in
12 Section 902 of this title, provided members employed on or after
13 January 1, 1983, shall have six (6) or more years of full-time-
14 equivalent employment with a participating employer before receiving
15 any retirement benefits or if the member is a legislative session
16 employee of the Legislature, shall have three (3) or more years of
17 full-time-equivalent employment with a participating employer before
18 receiving any retirement benefits. In no event shall a normal
19 retirement date for a member be before six (6) months after the
20 entry date of the participating employer by whom he or she is
21 employed.

22 B. A member may be employed beyond the normal retirement date
23 by the appointing authority of the participating employer. However,
24 the member may not receive retirement pay so long as the member

1 continues employment under this act. Any member who has terminated
2 employment with a participating employer prior to the month
3 immediately preceding said member's normal retirement date must
4 elect a vested benefit pursuant to Section 917 of this title before
5 receiving any retirement benefits.

6 C. Notice for retirement shall be filed through the retirement
7 coordinator for the participating employer in such form and manner
8 as the Board shall prescribe; provided, that such notice for
9 retirement shall be filed with the office of the retirement system
10 at least sixty (60) days prior to the date selected for the member's
11 retirement; provided further, that the Executive Director may waive
12 the sixty-day notice for good cause shown as defined by the Board.

13 1. The participating employer shall provide the System with the
14 following information for a retiring member, no later than the
15 fifteenth day of the month of retirement: last day physically on
16 the job; last day on payroll; and final unused sick leave balance.

17 2. Failure to submit this information by the deadline, or
18 errors in submitted information that result in a disqualification of
19 retirement eligibility shall be the responsibility of the
20 participating employer. In cases where the error results in
21 disqualification of retirement eligibility, it is the participating
22 employer's responsibility to reemploy the member, or retain the
23 member on the payroll, for time period required to reach
24 eligibility, not exceeding two (2) months.

1 D. No retirement benefits shall be payable to any member until
2 the first day of the month following the termination of the member's
3 employment with any participating employer. The type of retirement
4 benefit selected by a member may not be changed on or after the
5 effective date of the member's retirement. Receipt of workers'
6 compensation benefits shall in no respect disqualify the retiree for
7 benefits.

8 E. If a retiree should be elected or appointed to any position
9 or office for which compensation for service is paid from levies or
10 taxes imposed by the state or any political subdivision thereof, the
11 retiree shall not receive any retirement benefit for any month for
12 which the retiree serves in such position or office after the
13 retiree has received compensation in a sum equal to the amount
14 allowable as wages or earnings by the Social Security Administration
15 in any calendar year. This subsection shall not apply to service
16 rendered by a retiree as a juror, as a witness in any legal
17 proceeding or action, as an election board judge or clerk, or in any
18 other office or position of a similar nature, or to an employer that
19 is not a participating employer. Provided, further, that any
20 participating employer who is employing such a retiree shall make
21 proper written notification to the System informing it of the
22 beginning date of such retiree's employment and the date such
23 retiree reaches the maximum compensation allowed by this section in
24 the calendar year. Any retiree returning to work for a

1 participating employer shall make contributions to the System and
2 the employer shall do likewise. All retirees who have returned to
3 employment and participation in the System following retirement
4 shall have post-retirement benefits calculated on one of the
5 following methods:

6 1. All service accumulated from date of reemployment shall be
7 computed based on the benefit formula applicable at that time and
8 the additional benefits shall be added to the previous benefits.
9 Such additional benefits shall be calculated each year based upon
10 additional service accrued from July 1 to June 30 of the previous
11 year and the additional benefit, if any, will be added to the
12 retiree's monthly benefit beginning January 1, 2000, and each
13 January 1 thereafter. However, the post-retirement service credit
14 shall be cumulative, beginning with service credit accrued after the
15 date of retirement, provided that the retiree has not received a
16 distribution of the post-retirement contributions.

17 2. Any retiree who returns to employment with a participating
18 employer may elect not to receive any retirement benefits while so
19 reemployed. If such an election is made and reemployment is for a
20 minimum period of thirty-six (36) consecutive months, all service
21 accumulated from date of reemployment shall be participating
22 service. For purposes of determining the retirement benefits of
23 such a member upon the termination of such reemployment all
24 creditable service of the member shall be computed based on the

1 benefit formula applicable at the time of termination of such
2 reemployment. Provided, a retiree who became reemployed prior to
3 July 1, 1982, and who is reemployed for a minimum of thirty-six (36)
4 consecutive months shall have all the creditable service of such
5 retiree computed based on the benefit formula applicable at the time
6 of termination of such reemployment if the retiree elects not to
7 receive retirement benefits prior to such termination of
8 reemployment. A retiree who has waived receipt of the monthly
9 benefit, but is not reemployed for the full thirty-six (36)
10 consecutive months, shall upon termination of such reemployment have
11 only the additional amount added to his or her benefit as if they
12 had not waived the benefit as provided in paragraph 1 of this
13 subsection.

14 3. All post-retirement additional benefits shall be calculated
15 using actual hours worked as well as the actual compensation
16 received and upon which contributions are paid. Post-retirement
17 service is not subject to the partial year round-up provisions of
18 subsection C of Section 913 of this title.

19 4. A retired member who returns to work for a participating
20 employer pursuant to this section shall be bound by the election
21 made pursuant to paragraph (2) of subsection A of Section 915 of
22 this title if the member had made such election prior to retirement.
23 If the member had not made such election prior to retirement, the
24 member may do so during the member's reemployment with a

1 participating employer pursuant to this section. A retired member
2 may not be rehired by their former employer, nor may the retired
3 member be permitted to enter into an employment contract of any kind
4 with a former employer, for a period of ~~one (1) year~~ six (6) months
5 after the retired member ended his or her employment with the former
6 employer unless the retired member waives his or her benefit under
7 paragraph 2 of this subsection and returns as a bona fide employee.

8 F. Except as otherwise provided by subsection G of this
9 section, any member may elect to retire before his or her normal
10 retirement date on the first day of any month coinciding with or
11 following the attainment of age fifty-five (55), provided such
12 member has completed ten (10) years of participating service, but in
13 no event before six (6) months after the entry date. Any member who
14 shall retire before the normal retirement date shall receive an
15 annual retirement benefit adjusted in accordance with the following
16 percentage schedule:

17		Percentage of Normal
18	Age	Retirement Benefit
19	62	100.00%
20	61	93.33%
21	60	86.67%
22	59	80.00%
23	58	73.33%
24	57	66.67%

1	56	63.33%
2	55	60.00%

3 G. Any member whose first participating service occurs on or
4 after November 1, 2011, may elect to retire before his or her normal
5 retirement date on the first day of any month coinciding with or
6 following the attainment of age sixty (60), provided such member has
7 completed ten (10) years of participating service, but in no event
8 before six (6) months after the entry date. Any member who shall
9 retire before the normal retirement date shall receive an annual
10 retirement benefit adjusted in accordance with the following
11 percentage schedule:

12		Percentage of Normal
13	Age	Retirement Benefit
14	65	100.00%
15	64	93.33%
16	63	86.67%
17	62	80.00%
18	61	73.33%
19	60	66.67%

20 SECTION 3. If the Emergency Clause is not approved pursuant to
21 the requirements of the Oklahoma Constitution as part of this
22 measure, the effective date of Section 1 of this act shall be
23 October 1, 2024.

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1 SECTION 4. If the Emergency Clause is not approved pursuant to
2 the requirements of the Oklahoma Constitution as part of this
3 measure, the effective date of Section 2 of this act shall be
4 November 1, 2024.

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

9 SECTION 6. Except as otherwise provided by Section 4 of this
10 act, Section 2 of this act shall become effective July 1, 2024.

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

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16 COMMITTEE REPORT BY: COMMITTEE ON BANKING, FINANCIAL SERVICES AND
17 PENSIONS, dated 02/27/2024 - DO PASS, As Amended and Coauthored.

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