

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:

1 Section 3103. As used in the Oklahoma Pension Legislation
2 Actuarial Analysis Act:

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

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

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

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

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

- 22 a. which does not affect the cost or funding factors of a
23 retirement system,
24

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

1 e. which requires membership in the defined benefit plan
2 authorized by Section 901 et seq. of Title 74 of the
3 Oklahoma Statutes for persons whose first elected or
4 appointed service occurs on or after November 1, 2018,
5 if such persons had any prior service in the Oklahoma
6 Public Employees Retirement System prior to November
7 1, 2015,

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

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

22 (2) the lesser of two percent (2%) of the gross
23 annual retirement benefit of the member or One
24 Thousand Two Hundred Dollars (\$1,200.00) and

1 requires that the benefit may only be provided if
2 the funded ratio of the affected retirement
3 system would be greater than eighty percent (80%)
4 but not greater than one hundred percent (100%)
5 after the benefit increase is paid,

6 (3) the lesser of two percent (2%) of the gross
7 annual retirement benefit of the member or One
8 Thousand Four Hundred Dollars (\$1,400.00) and
9 requires that the benefit may only be provided if
10 the funded ratio of the affected retirement
11 system would be greater than one hundred percent
12 (100%) after the benefit increase is paid, or

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

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

1 actuarial accrued liability of the applicable
 2 retirement system,

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

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

10 i. which authorizes the purchase of military service
 11 credit as provided by Sections 2 through 5 of this
 12 act.

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

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

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

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

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

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

20 Section 50-128. A. Any member who has heretofore left the
21 Police Department qualifying under this article to enter the
22 military service of the United States during World War II and who
23 returned to said department on or before July 1, 1947, or the Korean
24 conflict and who returned to said department on or before January 1,

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

12 B. A member who began participation in the System prior to July
13 1, 2003, and who retires on or after July 1, 1998, shall be entitled
14 to prior service credit, not to exceed five (5) years, for those
15 periods of military service on active duty prior to membership in
16 the Oklahoma Police Pension and Retirement System. All members who
17 initially begin participation with the System after June 30, 2003,
18 may acquire prior military service credit for a maximum of five (5)
19 years of such service credit upon payment of the actuarial cost of
20 such service in the manner prescribed by and subject to all of the
21 requirements of Section 50-111.4 of this title. For members of the
22 System hired or rehired on or after July 1, 2003, if the military
23 service credit authorized by this subsection is used to compute the
24 retirement benefit of the member and the member retires from the

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

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

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

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

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

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

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

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

22 (1) for the period from February 28, 1961, to August
23 4, 1964, military service shall only include
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1 service in the Republic of Vietnam during that
2 period, and

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

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

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

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

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

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

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

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

18 E. Any member who served in any branch of the United States
19 Armed Forces or any component thereof, who was honorably discharged,
20 and who began participation in the System on or after November 1,
21 2022, shall be entitled to prior service credit, not to exceed five
22 (5) years, upon payment of the actuarial cost of such service in the
23 manner prescribed by and subject to all of the requirements of
24 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
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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.

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