

1 STATE OF OKLAHOMA

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

3 COMMITTEE SUBSTITUTE
4 FOR ENGROSSED

5 SENATE BILL NO. 102

By: Garvin and Hamilton of the
Senate

and

Bashore of the House

11 COMMITTEE SUBSTITUTE

12 An Act relating to the Oklahoma Police Pension and
13 Retirement System; amending 62 O.S. 2021, Section
14 3103, as last amended by Section 1, Chapter 306,
15 O.S.L. 2022 (62 O.S. Supp. 2023, Section 3103), which
16 relates to the Oklahoma Pension Legislation Actuarial
17 Analysis Act; modifying term; amending 11 O.S. 2021,
18 Sections 50-101, as amended by Section 2, Chapter
19 306, O.S.L. 2022, 50-109, as amended by Section 1,
20 Chapter 53, O.S.L. 2023, 50-110, as amended by
21 Section 2, Chapter 53, O.S.L. 2023, and 50-111.1 (11
22 O.S. Supp. 2023, Sections 50-101, 50-109, and 50-
23 110), which relate to definitions, employee and
24 employer contributions, and termination of
employment; modifying definitions; increasing minimum
employee contribution for certain members of System;
increasing computation of certain monthly benefits;
providing for effective dates of certain increase;
increasing employer contribution; updating statutory
language; and providing effective dates.

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

2 SECTION 1. AMENDATORY 62 O.S. 2021, Section 3103, as
3 last amended by Section 1, Chapter 306, O.S.L. 2022 (62 O.S. Supp.
4 2023, Section 3103), is amended to read as follows:

5 Section 3103. As used in the Oklahoma Pension Legislation
6 Actuarial Analysis Act:

7 1. "Amendment" means any amendment, including a substitute
8 bill, made to a retirement bill by any committee of the House or
9 Senate, any conference committee of the House or Senate or by the
10 House or Senate;

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

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

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

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

- 1 pursuant to Section 2-305 of Title 47 of the Oklahoma
2 Statutes if the members were unable to complete twenty
3 (20) years of service as a result of the disability,
4 e. which requires membership in the defined benefit plan
5 authorized by Section 901 et seq. of Title 74 of the
6 Oklahoma Statutes for persons whose first elected or
7 appointed service occurs on or after November 1, 2018,
8 if such persons had any prior service in the Oklahoma
9 Public Employees Retirement System prior to November
10 1, 2015,
11 f. which provides for a one-time increase in retirement
12 benefits if the increase in retirement benefits is not
13 a permanent increase in the gross annual retirement
14 benefit payable to a member or beneficiary, occurs
15 only once pursuant to a single statutory authorization
16 and does not exceed:
17 (1) the lesser of two percent (2%) of the gross
18 annual retirement benefit of the member or One
19 Thousand Dollars (\$1,000.00) and requires that
20 the benefit may only be provided if the funded
21 ratio of the affected retirement system would not
22 be less than sixty percent (60%) but not greater
23 than eighty percent (80%) after the benefit
24 increase is paid,

- 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 50-115 of ~~this act~~ Title 11 of the Oklahoma Statutes,

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

12 (1) Section 49-143.7 of Title 11 of the Oklahoma
13 Statutes,

14 (2) Section 50-136.9 of Title 11 of the Oklahoma
15 Statutes,

16 (3) Section 1104K of Title 20 of the Oklahoma
17 Statutes,

18 (4) Section 2-305.12 of Title 47 of the Oklahoma
19 Statutes,

20 (5) Section 17-116.22 of Title 70 of the Oklahoma
21 Statutes, or

22 (6) Section 930.11 of Title 74 of the Oklahoma
23 Statutes, ~~or~~

24

- 1 i. which modifies the computation of the line-of-duty
 2 disability benefit pursuant to ~~the provisions of this~~
 3 ~~act~~ Sections 50-101 and 50-115 of Title 11 of the
 4 Oklahoma Statutes,
- 5 j. which increases the computation factor used to
 6 calculate the accrued retirement benefit and normal
 7 disability benefit pursuant to Section 50-101 of Title
 8 11 of the Oklahoma Statutes,
- 9 k. which increases the municipal contribution, employee
 10 contribution, or both for members of the Oklahoma
 11 Police Pension and Retirement System pursuant to
 12 Sections 50-109 and 50-110 of Title 11 of the Oklahoma
 13 Statutes, or
- 14 l. which modifies the computation of a retirement annuity
 15 pursuant to Section 50-111.1 of Title 11 of the
 16 Oklahoma Statutes.

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

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

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

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

15 9. "Retirement system" means the Teachers' Retirement System of
16 Oklahoma, the Oklahoma Public Employees Retirement System, the
17 Uniform Retirement System for Justices and Judges, the Oklahoma
18 Firefighters Pension and Retirement System, the Oklahoma Police
19 Pension and Retirement System, the Oklahoma Law Enforcement
20 Retirement System, or a retirement system established after January
21 1, 2006.

22 SECTION 2. AMENDATORY 11 O.S. 2021, Section 50-101, as
23 amended by Section 2, Chapter 306, O.S.L. 2022 (11 O.S. Supp. 2023,
24 Section 50-101), is amended to read as follows:

1 Section 50-101. As used in this article:

2 1. "System" means the Oklahoma Police Pension and Retirement
3 System and all predecessor municipal ~~Police Pension and Retirement~~
4 ~~Systems~~ police pension and retirement systems;

5 2. "Article" means Article 50 of this title;

6 3. "State Board" means the Oklahoma Police Pension and
7 Retirement Board;

8 4. "Fund" means the Oklahoma Police Pension and Retirement
9 Fund;

10 5. "Officer" means any duly appointed and sworn full-time
11 officer of the regular police department of a municipality whose
12 duties are to preserve the public peace, protect life and property,
13 prevent crime, serve warrants, enforce all laws and municipal
14 ordinances of this state, and any political subdivision thereof, and
15 who is authorized to bear arms in the execution of such duties;

16 6. "Member" means all eligible officers of a participating
17 municipality and any person hired by a participating municipality
18 who is undergoing police training to become a permanent police
19 officer of the municipality. Effective July 1, 1987, a member does
20 not include a "leased employee" as defined under Section 414(n)(2)
21 of the Internal Revenue Code of 1986, as amended. Effective July 1,
22 1999, any individual who agrees with the participating municipality
23 that the individual's services are to be performed as a leased
24 employee or an independent contractor shall not be a member

1 regardless of any classification as a common law employee by the
2 Internal Revenue Service or any other governmental agency, or any
3 court of competent jurisdiction. A member shall include eligible
4 commissioned officers of the Oklahoma State Bureau of Narcotics and
5 Dangerous Drugs Control, the Oklahoma State Bureau of Investigation,
6 and the Alcoholic Beverage Laws Enforcement Commission who elect to
7 participate in the System pursuant to Section 50-111.5 of this
8 title;

9 7. "Normal retirement date" means the date at which the member
10 is eligible to receive the unreduced payments of the member's
11 accrued retirement benefit. Such date shall be the first day of the
12 month coinciding with or following the date the member completes
13 twenty (20) years of credited service. If the member's employment
14 continues past the normal retirement date of the member, the actual
15 retirement date of the member shall be the first day of the month
16 after the member terminates employment with more than twenty (20)
17 years of credited service;

18 8. "Credited service" means the period of service used to
19 determine the eligibility for and the amount of benefits payable to
20 a member. Credited service shall consist of the period during which
21 the member participated in the System or the predecessor municipal
22 systems as an active employee in an eligible membership
23 classification, plus any service prior to the establishment of the
24 predecessor municipal systems which was credited under the

1 predecessor municipal systems or credited service granted by the
2 State Board;

3 9. "Participating municipality" means a municipality which is
4 making contributions to the System on behalf of its officers. The
5 Oklahoma State Bureau of Narcotics and Dangerous Drugs Control, the
6 Oklahoma State Bureau of Investigation, and the Alcoholic Beverage
7 Laws Enforcement Commission shall be treated in the same manner as a
8 participating municipality only regarding those members who elect to
9 participate in the System pursuant to Section 50-111.5 of this
10 title;

11 10. "Permanent total disability" means incapacity due to
12 accidental injury or occupational disease, to earn any wages in the
13 employment for which the member is physically suited and reasonably
14 fitted through education, training or experience. Further, the
15 member must be declared one hundred percent (100%) impaired as
16 defined by the ~~"American Medical Association's Guides to the~~
17 ~~Evaluation of Permanent Impairment"~~ American Medical Association
18 Guides to the Evaluation of Permanent Impairment on the basis of a
19 physical medical examination by a physician licensed to practice
20 medicine in this state, as selected by the State Board;

21 11. "Permanent partial disability" means permanent disability
22 which is less than permanent total disability as defined in this
23 section. The member must be declared no greater than ninety-nine
24 percent (99%) impaired as defined by the ~~"American Medical~~

1 ~~Association's Guides to the Evaluation of Permanent Impairment"~~
2 American Medical Association Guides to the Evaluation of Permanent
3 Impairment on the basis of a physical medical examination by a
4 physician licensed to practice medicine in this state, as selected
5 by the State Board;

6 12. "Permanent in-line disability" means when a police officer
7 serving in any capacity at a regular police department of a
8 participating municipality becomes so physically or mentally
9 disabled, as determined by an independent medical examiner,
10 psychiatrist, or psychologist selected by the State Board, while in,
11 and in consequence of, the performance of authorizing activities
12 while on duty as an officer that he or she is unable to perform the
13 required duties of a police officer;

14 13. "Beneficiary" means a member's surviving spouse or any
15 surviving children, including biological and adopted children, at
16 the time of the member's death. The surviving spouse must have been
17 married to the member for the thirty (30) continuous months
18 immediately preceding the member's death, provided a surviving
19 spouse of a member who died while in, and as a consequence of, the
20 performance of the member's duty for a participating municipality,
21 shall not be subject to the thirty-month marriage requirement for
22 survivor benefits. A surviving child of a member shall be a
23 beneficiary until reaching eighteen (18) years of age or twenty-two
24 (22) years of age if the child is enrolled ~~full-time~~ full-time and

1 regularly attending a public or private school or any institution of
2 higher education. Any child adopted by a member after the member's
3 retirement shall be a beneficiary only if the child is adopted by
4 the member for the thirty (30) continuous months preceding the
5 member's death. Any child who is adopted by a member after the
6 member's retirement and such member dies accidentally or as a
7 consequence of the performance of the member's duty as a police
8 officer shall not be subject to the thirty-month adoption
9 requirement. This definition of beneficiary shall be in addition to
10 any other requirement set forth in this article;

11 14. "Executive Director" means the managing officer of the
12 System employed by the State Board;

13 15. "Eligible employer" means any municipality with a municipal
14 police department;

15 16. "Entry date" means the date as of which an eligible
16 employer joins the System. The first entry date pursuant to this
17 article shall be January 1, 1981;

18 17. "Final average salary" means the average paid base salary
19 of the member for normally scheduled hours over the highest salaried
20 thirty (30) consecutive months of the last sixty (60) months of
21 credited service. Effective July 1, 2016, the following shall apply
22 in computing final average salary:
23
24

- 1 a. only paid base salary on which required contributions
2 have been made shall be used in computing a member's
3 final average salary,
- 4 b. for purposes of determining the normal disability
5 benefit only, final average salary shall be based on
6 the member's total service if less than thirty (30)
7 months,
- 8 c. in addition to other applicable limitations, and
9 notwithstanding any other provision to the contrary,
10 for plan years beginning on or after July 1, 2002, the
11 annual compensation of each ~~"Noneligible Member"~~
12 noneligible member taken into account under the System
13 shall not exceed the Economic Growth and Tax Relief
14 Reconciliation Act of 2001 (EGTRRA) annual
15 compensation limit. The EGTRRA annual compensation
16 limit is Two Hundred Thousand Dollars (\$200,000.00),
17 as adjusted by the Commissioner for increases in the
18 cost of living in accordance with Section
19 401(a)(17)(B) of the Internal Revenue Code of 1986, as
20 amended. The annual compensation limit in effect for
21 a calendar year applies to any period, not exceeding
22 twelve (12) months, over which compensation is
23 determined ("determination period") beginning in such
24 calendar year. If a determination period consists of

1 fewer than twelve (12) months, the EGTRRA annual
2 compensation limit will be multiplied by a fraction,
3 the numerator of which is the number of months in the
4 determination period, and the denominator of which is
5 twelve (12). For purposes of this section, a
6 ~~"Noneligible Member"~~ noneligible member is any member
7 who first became a member during a plan year
8 commencing on or after July 1, 1996,

9 d. for plan years beginning on or after July 1, 2002, any
10 reference in the System to the annual compensation
11 limit under Section 401(a)(17) of the Internal Revenue
12 Code of 1986, as amended, shall mean the EGTRRA annual
13 compensation limit set forth in this provision, and

14 e. effective January 1, 2008, back pay, within the
15 meaning of Section 1.415(c)-2(g)(8) of the Income Tax
16 Regulations, shall be treated as paid base salary for
17 the limitation year to which the back pay relates to
18 the extent the back pay represents wages and
19 compensation that would otherwise be included in this
20 definition;

21 18. "Accrued retirement benefit" means, for benefits computed
22 prior to the effective date of this act, two and one-half percent (2
23 1/2%) of the member's final average salary multiplied by the
24 member's years of credited service not to exceed thirty (30) years.

1 For a member who retires on or after the effective date of this
2 act, accrued retirement benefit shall mean:

3 a. for members who retire and terminate employment at
4 least one (1) year after the effective date of this
5 act, and have at least twenty-five (25) years of
6 credited service, three percent (3%) of the member's
7 final average salary multiplied by the member's years
8 of credited service, not to exceed thirty (30) years,

9 b. for members who retire and terminate employment at
10 least two (2) years after the effective date of this
11 act, and have at least twenty (20) years of credited
12 service, three percent (3%) of the member's final
13 average salary multiplied by the member's years of
14 credited service, not to exceed thirty (30) years,

15 c. for members who retire and terminate employment at
16 least five (5) years after the effective date of this
17 act, three percent (3%) of the member's final average
18 salary multiplied by the member's years of credited
19 service, not to exceed thirty (30) years, and

20 d. for members who retire and terminate employment on or
21 after the effective date of this act, but do not have
22 the minimum years of credited service to qualify for
23 the benefit outlined in subparagraphs a and b of this
24 paragraph, or retire and terminate employment prior to

1 the date outlined in subparagraph c of this paragraph,
2 two and one-half percent (2 1/2%) of the member's
3 final average salary multiplied by the member's years
4 of credited service, not to exceed thirty (30) years;

5 19. "Normal disability benefit" means:

6 a. for benefits computed prior to the effective date of
7 this act, the greater of:

8 a.

9 (1) two and one-half percent (2 1/2%) of the member's
10 final average salary multiplied by twenty (20)
11 years, notwithstanding the years of actual
12 credited service, or

13 b.

14 (2) two and one-half percent (2 1/2%) of the member's
15 final average salary multiplied by the years of
16 credited service of the member, not to exceed
17 thirty (30) years, if the officer has more than
18 twenty (20) years of credited service,

19 b. for benefits computed on or after the effective date
20 of this act, the greater of:

21 (1) three percent (3%) of the member's final average
22 salary multiplied by twenty (20) years,
23 notwithstanding the years of actual credited
24 service, or

1 (2) three percent (3%) of the member's final average
2 salary multiplied by the years of credited
3 service of the member, not to exceed thirty (30)
4 years, if the officer has more than twenty (20)
5 years of credited service;

6 20. "Limitation year" means the year used in applying the
7 limitations of Section 415 of the Internal Revenue Code of 1986, as
8 amended, which year shall be the calendar year;

9 21. "Paid base salary" means, effective July 1, 2016, any
10 compensation described in subparagraph a of this paragraph that is
11 not described in subparagraph b of this paragraph.

12 a. Paid base salary shall include only:

13 (1) normal compensation paid on a regularly scheduled
14 pay period including, but not limited to, regular
15 pay for holidays, paid time off, vacation or
16 annual leave, sick leave or compensatory time in
17 lieu of overtime, any lump sum payment paid in
18 lieu of a normal wage increase, provided such
19 lump sum payment is retroactively applied over
20 the prior twelve-month period ending with the
21 payment date, compensation for bomb squad pay,
22 education pay, incentive pay, K-9 pay,
23 negotiation pay, shift differential, sniper pay,
24 SWAT team pay, emergency response team pay, any

1 other special unit pay, and any incremental
2 increase in compensation which is not included by
3 the employer in a member's regular base pay for
4 salary increase purposes but is paid by the
5 employer to the member for group health benefits
6 based on an arrangement with a participating
7 municipality that was in place on December 31,
8 2015, so long as the arrangement continues
9 uninterrupted for a member employed by a
10 participating municipality on June 30, 2016, who
11 has not since terminated employment and been
12 rehired by such participating municipality,

13 (2) any amount of elective salary reduction under
14 Section 125 of the Internal Revenue Code of 1986,
15 as amended, that would have been treated as paid
16 base salary but for the salary deferral reduction
17 agreement,

18 (3) any amount of elective salary reduction not
19 includable in the gross income of the member
20 under Section 132(f)(4) of the Internal Revenue
21 Code of 1986, as amended, that would have been
22 treated as paid base salary but for the salary
23 deferral reduction agreement,
24

- 1 (4) any amount of elective salary reduction under
2 Section 457 of the Internal Revenue Code of 1986,
3 as amended, that would have been treated as paid
4 base salary but for the salary deferral reduction
5 agreement,
- 6 (5) any amount of elective salary reduction under
7 Section 401(k) of the Internal Revenue Code of
8 1986, as amended, that would have been treated as
9 paid base salary but for the salary deferral
10 reduction agreement,
- 11 (6) any amount of nonelective salary reduction under
12 Section 414(h) of the Internal Revenue Code of
13 1986, as amended,
- 14 (7) educational allowances paid to obtain training
15 certification or pursue an advanced degree,
- 16 (8) longevity payments made to members based upon a
17 standardized plan which recognizes length of
18 service to the participating municipality,
- 19 (9) paid base salary shall also include base salary,
20 as described in divisions (1) through (8) of this
21 subparagraph, for services, but paid by the later
22 of two and one-half (2 1/2) months after a
23 member's severance from employment or the end of
24 the calendar year that includes the date the

1 member terminated employment, if it is a payment
2 that, absent a severance from employment, would
3 have been paid to the member while the member
4 continued in employment with the participating
5 municipality,

6 (10) any payments not described in divisions (1)
7 through (9) of this subparagraph shall not be
8 considered paid base salary if paid after
9 severance from employment, even if they are paid
10 by the later of two and one-half (2 1/2) months
11 after the date of severance from employment or
12 the end of the calendar year that includes the
13 date of severance from employment, except
14 payments to an individual who does not currently
15 perform services for the participating
16 municipality by reason of qualified military
17 service within the meaning of Section 414(u) (5)
18 of the Internal Revenue Code of 1986, as amended,
19 to the extent these payments do not exceed the
20 amounts the individual would have received if the
21 individual had continued to perform services for
22 the participating municipality rather than
23 entering qualified military service,
24

1 (11) back pay, within the meaning of Section 1.415(c)-
 2 2(g) (8) of the Income Tax Regulations, shall be
 3 treated as paid base salary for the limitation
 4 year to which the back pay relates to the extent
 5 the back pay represents wages and compensation
 6 that would otherwise be included in this
 7 definition, and

8 (12) paid base salary shall also include differential
 9 wage payments under Section 414(u) (12) of the
 10 Internal Revenue Code of 1986, as amended.

11 b. Notwithstanding anything to the contrary in this
 12 section, paid base salary shall not include any:

13 (1) fringe benefits, reimbursements, or increases in
 14 compensation due to reimbursements to the extent
 15 not specifically included above in subparagraph a
 16 of this paragraph,

17 (2) incremental increase in compensation which is not
 18 included by the employer in a member's regular
 19 base pay for salary increase purposes but is paid
 20 by the employer to the member for group health
 21 benefits not otherwise included above in division
 22 (1) of subparagraph a of this paragraph,

23 (3) insurance benefits, including any reimbursements
 24 thereof, or insurance proceeds of any type not

1 otherwise included above in division (1) of
2 subparagraph a of this paragraph,

3 (4) bonuses, including signing bonuses, lump-sum
4 payments or stipends made to the member not
5 otherwise included above in division (1) of
6 subparagraph a of this paragraph,

7 (5) overtime compensation,

8 (6) payments whether prior to or upon termination of
9 employment for accumulated unused vacation or
10 unused annual leave, accumulated unused sick
11 leave, or accumulated unused paid time off or
12 other unused leave,

13 (7) payments made in error to a member,

14 (8) payments made by the participating municipality
15 for services rendered by the member, which
16 services are not part of the member's job duties
17 and responsibilities of his or her job position
18 with the participating municipality,

19 (9) severance pay,

20 (10) unemployment payments, and

21 (11) uniform and equipment allowances; and

22 22. "Actuarial equivalent" means equality in value of the
23 aggregate amounts expected to be received based on interest rate and
24 mortality assumptions set by the State Board, in a manner that

1 precludes employer discretion, and based upon recommendations from
2 independent professional advisors, and which shall be published
3 annually in the actuarial report.

4 SECTION 3. AMENDATORY 11 O.S. 2021, Section 50-109, as
5 amended by Section 1, Chapter 53, O.S.L. 2023 (11 O.S. Supp. 2023,
6 Section 50-109), is amended to read as follows:

7 Section 50-109. Any municipality participating in the Oklahoma
8 Police Pension and Retirement System shall appropriate funds, for
9 the use and benefit of the System, as provided in the following
10 schedule:

11 1. Prior to July 1, 1991, a minimum of ten percent (10%) of the
12 actual paid base salary of each member of the System employed by the
13 municipality;

14 2. Beginning July 1, 1991, a minimum of ten and one-half
15 percent (10 1/2%) of the actual paid base salary of each member of
16 the System employed by the municipality;

17 3. Beginning July 1, 1992, a minimum of eleven percent (11%) of
18 the actual paid base salary of each member of the System employed by
19 the municipality;

20 4. Beginning July 1, 1993, a minimum of eleven and one-half
21 percent (11 1/2%) of the actual paid base salary of each member of
22 the System employed by the municipality;

23

24

1 5. Beginning July 1, 1994, a minimum of twelve percent (12%) of
 2 the actual paid base salary of each member of the System employed by
 3 the municipality;

4 6. Beginning July 1, 1995, a minimum of twelve and one-half
 5 percent (12 1/2%) of the actual paid base salary of each member of
 6 the System employed by the municipality; ~~and~~

7 7. Beginning July 1, 1996, a minimum of thirteen percent (13%)
 8 of the actual paid base salary of each member of the System employed
 9 by the municipality; and

10 8. Beginning on the effective date of this act, a minimum of
 11 fourteen percent (14%) of the actual paid base salary of each member
 12 of the System employed by the municipality.

13 The sum appropriated shall be paid online to the System within
 14 ten (10) days following the payroll period on which the contribution
 15 is based.

16 The state shall make such appropriation as is necessary to
 17 assure the retirement benefits provided by the article.

18 SECTION 4. AMENDATORY 11 O.S. 2021, Section 50-110, as
 19 amended by Section 2, Chapter 53, O.S.L. 2023 (11 O.S. Supp. 2023,
 20 Section 50-110), is amended to read as follows:

21 Section 50-110. A. Each member in the Oklahoma Police Pension
 22 and Retirement System prior to the effective date of this act shall
 23 contribute to the System a minimum of eight percent (8%) of the
 24 member's actual paid base salary. On or after the effective date of

1 this act, each member shall contribute to the System a minimum of
2 nine percent (9%).

3 At the option of the participating municipality, the
4 participating municipality may pay all or any part of the member's
5 required contribution. The sums contributed shall be paid online to
6 the System as provided in this article within ten (10) days
7 following the payroll period on which the contributions are based.
8 Amounts deducted from the salary of a member and not paid to the
9 System after thirty (30) days from each ending payroll date shall be
10 subject to a monthly late charge of one and one-half percent (1
11 1/2%) of the unpaid balance to be paid by the municipality to the
12 System. All funds received by a participating municipality for
13 police retirement purposes shall be forwarded to the ~~State~~ Oklahoma
14 Police Pension and Retirement Board for credit to the Oklahoma
15 Police Pension and Retirement Fund.

16 B. Each municipality shall pick up under the provisions of
17 Section 414(h)(2) of the Internal Revenue Code of 1986 and pay the
18 contribution which the member is required by law to make to the
19 System for all compensation earned after December 31, 1988.
20 Although the contributions so picked up are designated as member
21 contributions, such contributions shall be treated as contributions
22 being paid by the municipality in lieu of contributions by the
23 member in determining tax treatment under the Internal Revenue Code
24 of 1986 and such ~~picked-up~~ picked-up contributions shall not be

1 includable in the gross income of the member until such amounts are
2 distributed or made available to the member or the beneficiary of
3 the member. The member, by the terms of this System, shall not have
4 any option to choose to receive the contributions so picked up
5 directly and the ~~picked-up~~ picked-up contributions must be paid by
6 the municipality to the System.

7 Member contributions which are picked up shall be treated in the
8 same manner and to the same extent as member contributions made
9 prior to the date on which member contributions were picked up by
10 the municipality. Member contributions so picked up shall be
11 included in gross salary for purposes of determining benefits and
12 contributions under the System.

13 The municipality shall pay the member contributions from the
14 same source of funds used in paying salary to the member, by
15 effecting an equal cash reduction in gross salary of the member.

16 SECTION 5. AMENDATORY 11 O.S. 2021, Section 50-111.1, is
17 amended to read as follows:

18 Section 50-111.1. A. A member who terminates service before
19 normal retirement date, other than by death or disability, shall,
20 upon application filed with the ~~State~~ Oklahoma Police Pension and
21 Retirement Board, be refunded from the Oklahoma Police Pension and
22 Retirement Fund an amount equal to the accumulated contributions the
23 member has made to the ~~Fund~~ fund, but excluding any interest or any
24 amount contributed by the municipality or state. If a member

1 withdraws the member's accumulated contributions, such member shall
2 not have any recourse against the System for any type of additional
3 benefits including, but not limited to, disability benefits. If a
4 member has completed ten (10) years of credited service at the date
5 of termination, the member may elect a vested benefit in lieu of
6 receiving the member's accumulated contributions.

7 If the member who has completed ten (10) or more years of
8 credited service elects the vested benefit, the member shall be
9 entitled to a monthly retirement annuity commencing on the date the
10 member reaches fifty (50) years of age or the date the member would
11 have had twenty (20) years of credited service had the member's
12 employment continued uninterrupted, whichever is later. The annual
13 amount of such retirement annuity shall be equal to two and one-half
14 percent (2 1/2%) of the annualized final average salary multiplied
15 by the number of years of credited service. For a monthly
16 retirement annuity commencing on or after the effective date of this
17 act, the annual amount of such retirement annuity shall be computed
18 pursuant to the annualized final average salary as defined pursuant
19 to paragraph 17 of Section 50-101 of this title multiplied by the
20 number of years of credited service.

21 If a terminated member has elected a vested benefit and
22 subsequently returns to work as a police officer of a participating
23 municipality, ~~their~~ his or her vested benefit will be set aside and
24 prior credited service will be reinstated.

1 B. If a member who terminates employment and elects a vested
2 benefit dies prior to being eligible to receive benefits, the
3 member's beneficiary shall be entitled to the member's normal
4 monthly accrued retirement benefits on the date the deceased member
5 would have been eligible to receive the benefit.

6 C. Whenever a member has terminated or hereafter terminates
7 covered employment and has withdrawn or hereafter withdraws the
8 member's accumulated contributions and has rejoined or hereafter
9 rejoins the System, the member, upon proper application and approval
10 by the Board, may pay to the System the sum of the accumulated
11 contributions the member has withdrawn or hereafter withdraws plus
12 ten percent (10%) annual interest from the date of withdrawal and
13 shall receive the same benefits as if the member had never withdrawn
14 the contributions. A lump-sum payment for repayment of any amounts
15 received because of a member's prior termination may be repaid by
16 trustee-to-trustee transfers of non-Roth funds from a Section 403(b)
17 annuity, an eligible Section 457(b) plan, and/or a Section 401(a)
18 qualified plan. Those members who at the time of termination of
19 employment could not withdraw any of their accumulated contributions
20 shall receive credited service for the time employed as an officer
21 prior to any such termination upon proper application and approval
22 by the Board. To receive credit for such service, all required
23 contributions and interest shall be paid within ninety (90) days of
24 Board approval of the application. The provisions of this

1 subsection shall not apply to any member who is receiving benefits
2 from the System as of July 1, 1987.

3 D. If an active member dies and does not leave a surviving
4 beneficiary under paragraph 13 of Section 50-101 of this title, the
5 accumulated contributions made to the System by the member shall be
6 paid to the member's estate or, if properly designated by the
7 member, a trust.

8 SECTION 6. Section 1 of this act shall become effective June 1,
9 2025.

10 SECTION 7. Sections 2 through 5 of this act shall become
11 effective July 1, 2025.

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